Registration No:
109273

THE NARBOROUGH PLANTATIONS, plc (109273)

(Incorporated in England and Wales)

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2013

Registration No:
109273

THE NARBOROUGH PLANTATIONS, plc (109273)

(Incorporated in England and Wales)

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THE NARBOROUGH PLANTATIONS, plc (109273)

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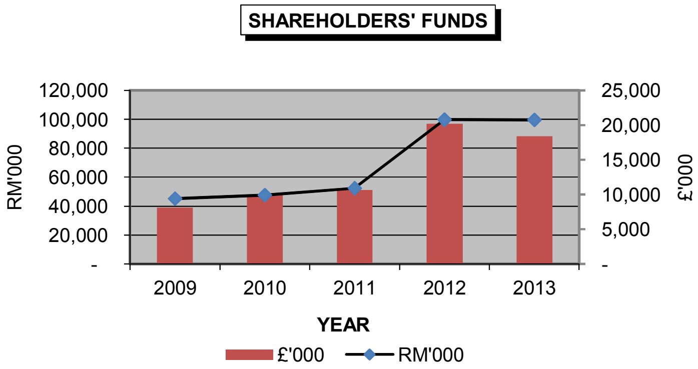
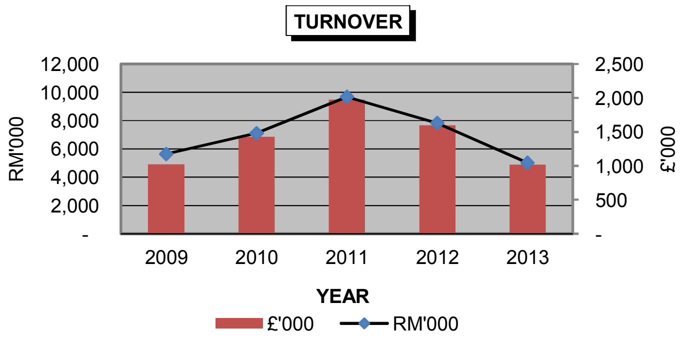
SHAREHOLDERS' FUNDS

YEAR	RM'000	£'000
2009	45,205	8,116
2010	47,559	9,948
2011	52,372	10,686
2012	99,677	20,176
2013	99,510	18,390



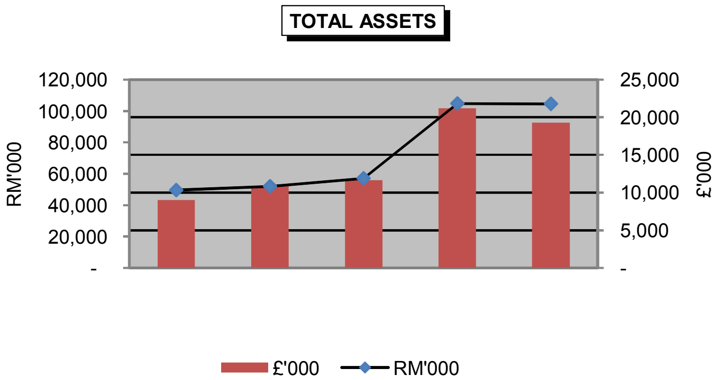
TURNOVER

YEAR	RM'000	£'000
2009	5,638	1,020
2010	7,103	1,429
2011	9,676	1,975
2012	7,820	1,596
2013	5,014	1,017



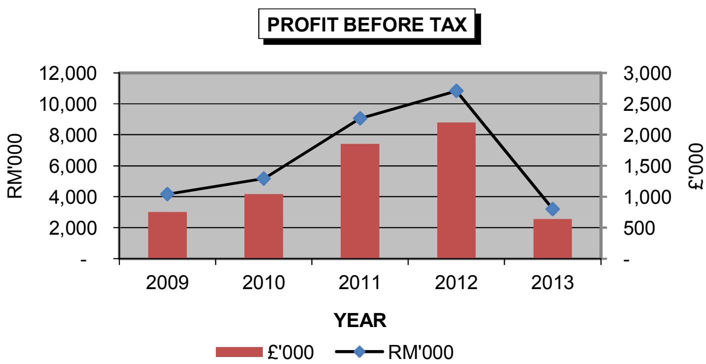
TOTAL ASSETS

YEAR	RM'000	£'000
2009	49,572	9,013
2010	52,043	10,888
2011	57,075	11,648
2012	104,789	21,212
2013	104,576	19,330



PROFIT BEFORE TAX

YEAR	RM'000	£'000
2009	4,178	756
2010	5,175	1,041
2011	9,070	1,851
2012	10,836	2,201
2013	3,207	639



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PLANTATION STATISTICS (UNAUDITED INFORMATION)

		FINANCIAL YEAR ENDED 31 DEC			
OIL PALM	2013	2012	2011	2010	2009
Average area in production (hectares)	419	491	542	544	555
Crop (tonnes FFB)	10,036	13,030	13,974	12,279	12,835
Yield per hectare (tonnes FFB)	24	27	26	23	23
Average price realised (RM per tonne FFB)	500	600	692	578	439
Operating profit per mature hectare (RM)	2,660	9,053	12,218	7,170	5,876

AREA STATEMENT AT 31 DECEMBER

		2013	2012	2011	2010	2009
Oil palm	- mature	414	447	542	544	555
	- immature	138	105	13	11	-
	- nursery	3	3	-	-	-
Total planted hectarage		555	555	555	555	555
Estate building sites		4	4	4	4	4
Reserve land and swamps		5	5	5	5	5
Total area (hectares)		564	564	564	564	564

The Company’s estate is located at Sungkai in the State of Perak Darul Ridzuan, Malaysia.

THE NARBOROUGH PLANTATIONS, plc (109273)

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CORPORATE INFORMATION

Domicile and Legal Form

A public company domiciled in Malaysia and listed on the London Stock Exchange in the United Kingdom.

Authorised Capital

£1,500,000
Divided into 190,237 20% Cumulative Preference Shares of 10 pence each and 14,809,763 Ordinary Shares of 10 pence each.

Issued Capital

£1,350,683
Divided into 190,237 20% Cumulative Preference Shares of 10 pence each and 13,316,590 Ordinary Shares of 10 pence each.

Registered Office

33 (1st Floor) Jalan Dato' Maharajalela
30000 Ipoh, Perak Darul Ridzuan, Malaysia
Telephone: 006-05-2559015
Fax: 006-05-2559016

Principal Place of Business

Narborough Estate, 35600 Sungkai
Perak Darul Ridzuan, Malaysia
Telephone: 006-05-4386185
Fax: 006-05-4386185

London Registrars

SMITH & WILLIAMSON LTD.
25 Moorgate
London EC2R 6AY
Switchboard: 0044-20 7131 4000
Fax: 0044-20 7131 4013

Malaysian Registrars

BUSINESS PROCESS OUTSOURCING SDN. BHD.
33 (1st Floor) Jalan Dato' Maharajalela
30000 Ipoh, Perak Darul Ridzuan, Malaysia
Telephone: 006-05-2559015
Fax: 006-05-2559016

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CORPORATE INFORMATION (continued)

Auditors

BAKER TILLY UK AUDIT LLP
25 Farringdon Street, London, EC4A 4AB

Bankers

NATIONAL WESTMINSTER BANK PLC
City of London Office, PO Box 12258, 1 Princes Street, London EC2R 8PA

HSBC BANK PLC
2, Market Place, Cirencester, Gloucestershire GL7 2NS

HSBC BANK MALAYSIA BERHAD
138 Jalan Sultan Yussuf, 30000 Ipoh, Perak Darul Ridzuan, Malaysia

HSBC AMANAH MALAYSIA BERHAD
8 Laluan Medan Rapat (Off Jalan Raja Dr Nazrin Shah), 31350 Ipoh, Perak Darul Ridzuan, Malaysia

RHB BANK BERHAD
18 & 19, Jalan Besar, 35600 Sungkai, Perak Darul Ridzuan, Malaysia

UBS AG
One Raffles Quay, #50-01 North Tower, Singapore 048583

THE NARBOROUGH PLANTATIONS, plc (109273)

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CHAIRMAN'S STATEMENT

Dear Shareholders

The year 2013 has been a year of renewal for the Company with the successful replanting of 43.77 Hectares and commencement of the rebuilding of labour quarters as mentioned in the 2012 Annual Report. The oil palm field replanted in year 2010 has also begun production with satisfactory fresh fruit bunches ("FFB") produced of 13.89 Metric Tonne ("MT") per hectare despite being only 3 years old.

The total replanted fields now stand at 138 Hectares, approximately a quarter of the Company's total planted hectarage of 555 Hectares. Due to the reduced FFB production capacity, yield per hectare has been reduced to 23.98 MT per hectare from 26.55 MT per hectare as compared to the year ended 31 December 2012. However, the Company's FFB production has managed to stay above average yield per hectare of FFB for Peninsular Malaysia of 19.26 MT (obtained from the Summary on the Performance of the Malaysian Oil Palm Industry, 2012 & 2013 published by the Malaysian Palm Oil Board) .

With reduced FFB producing hectarage, the focus is now to the maximise output of the matured oil palm trees and maintain the quality of FFB as the Oil Extraction Rate ("OER") is another factor that determines the price of the FFB. The Company's OER for palm oil and palm kernel from matured oil palm trees which consist of 98% of the producing oil palm trees was 20% and 5% respectively. The OER has remained unchanged since the financial year ended 31 December 2012.

The proposed rebuilding of the labour quarters has also commenced in 2013 with expected completion by the end of 2014. This has been very positively received by the estate field workers.

The revenue of the Company for the financial year ended 31 December 2013 was RM5,014,013 (£1,017,041) a reduction from RM7,819,763 (£1,595,870) for the financial year ended 31 December 2012. The reduction in revenue was mainly due to lower average Crude Palm Oil ("CPO") prices for year 2013 as compared to the previous year. The average CPO prices ranged from a low of RM2,221 (£451) in January 2013 to close at the highest of RM2,574 (£522) in December 2013.

The lower CPO prices were due to pressure from market forces and higher palm oil stock levels of 2.56 million tonnes and 2.43 million tonnes in January and February 2013 respectively. Weaker soyabean and rapeseed oil prices have also added to the bearish palm oil sentiment together with concerns over the uncertain global economic outlook during the first half of the year affecting world vegetable oils demand.

The Company's FFB prices increased in the 4th quarter of the year due to the recovering CPO prices, achieving an average of RM538 (£109) per MT for the 4th quarter ended 31 December 2013 as compared to RM445 (£91) per MT of the previous corresponding period. The 2013 annual average FFB price was RM500 (£101) as compared to RM600 (£122) of the previous year.

The Company's operating profit for the financial year ended 31 December 2013 was RM1,750,872 (£343,455) as compared to RM4,600,619 (£937,986) for the previous corresponding period. This is due to the lower FFB prices and reduction in FFB production as summarised above. There was also a write off of Property, Plant and Equipment of RM630 (£128) during the year ended 31 December 2013 due to non-repairable office equipment damaged in a lightning storm.

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CHAIRMAN'S STATEMENT (continued)

Earnings per share were 2013: 20.41 sen (4.05 pence) [2012: 71.86 sen (14.59 pence)] a reduction from the financial year ended 31 December 2012 due to the lower CPO prices and reduced FFB production.

The Company's objective remains the same in enhancing shareholders' value through better management of the estate for optimum FFB production for cash generation.

Despite lower revenue and profits achieved during the financial year ended 31 December 2013, the Company has paid an Interim Dividend of 1.5 pence on ordinary shares of 10 pence each in June 2013 and a Second Interim Dividend of 1.5 pence on ordinary shares of 10 pence each in December 2013, when added together gives a total dividend of 3.0 pence per ordinary share for the year. The Board do not recommend the payment of a final dividend for the current financial year end.

NARRATIVE REPORTING

The UK Government has issued new requirements requiring all qualifying companies to produce a strategic report, with additional requirements for listed companies which became effective on 1 October 2013 for companies with periods ending on or after 30 September 2013.

REMUNERATION

The information on directors' remuneration is provided in the new form as required by the Department of Business, Innovation and Skills in section B3 of this report.

SPECIAL MENTION

On 22nd July 2013, Mr William John Huntsman, a former Chairman of the Board passed away peacefully. He will be dearly missed by the management and staff as he has played an important role in building up the Company during his tenure on the Board until his retirement on 25th July 2008.

APPRECIATION

On behalf of the board, I would like to record our appreciation to the management and employees for their commitment, dedication and loyalty in achieving the satisfactory results in the financial year under review. I would also take this opportunity to thank our shareholders for their support.

Finally, I would like to thank my colleagues on the board for their invaluable advice and contributions during the year.

ROSLAN BIN HAMIR
Chairman
21 March 2014

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A. STRATEGIC REPORT

A1. REVIEW OF THE BUSINESS

A1.1 The Company's Business Model and Strategy

The Company was incorporated in the United Kingdom on 27 April 1910 and listed on the London Stock Exchange under FTSE Fledgling (ex IT) index on 21 April 1948. It is also registered as a foreign company in Malaysia under the Companies Act, 1965 in Malaysia.

The principal activity of the Company in the course of the financial year remained unchanged and consists of cultivation of oil palm at an area known as Sungkai in the state Perak, Malaysia. The oil palm is a perennial crop which starts yielding palm fruits for oil about three years after planting and it has a continual productive lifespan of 25-30 years

Income

The Company's income is mainly derived from the sale of oil palm Fresh Fruit Bunches ("FFB") and other income such as interest received from fixed deposits and supplemented by replanting subsidies from the Government of Malaysia as and when granted.

Sustainable growth and strong cash generation

The Company's oil palm estate spans approximately 564 hectares with a planted area of 555 hectares which was formerly planted with rubber trees. The oil palm trees are scheduled to be replanted approximately every 20 – 25 years to maintain quality FFB yield for sustainable revenue growth. The Company's strategy is to achieve higher profitability through disciplined allocation of resources towards achieving higher quality FFB yields with high oil extraction rates which increases the price that can be achieved from FFB leading to strong cash generation.

	2013	**2012**
Production - Oil Palm (FFB)	10,036 tonnes	13,030 tonnes

	2013		**2012**	
	RM	**£**	**RM**	**£**
Profit for the financial year	2,717,623	539,563	9,569,107	1,942,922

An analysis of the revenue by activity is given in Note 2 to the financial statements. An analysis of profit before taxation by activity is given in Note 6 to the financial statements.

A1.2 Principal Risk And Uncertainties

The principal risks and uncertainties of the Company's business are:
- Unexpected variations in crop, principally caused by unusual weather and pest infestation.
- Variations in commodity prices.
- Input cost inflation.

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A1.2 Principal Risk And Uncertainties (continued)

The above risks and uncertainties are beyond the control of the Company. However, the following measures are taken to lessen the impact of these risks and uncertainties:

- Unusual variations in crops

  These are mostly due to excessive rainfall arising from the La Nina effect or low rain fall due to the El Nino effect and sudden pest outbreak i.e. infestation of rats, bagworms and rhinoceros beetles. Drains and water retention ponds have been constructed strategically around the estate to ensure sufficient supply of water to the trees in the event of drought brought on by the El Nino effect. The drains are also to ensure sufficient drainage to avoid flooding.

  Pest control measures

  Pest control through natural means are given priority such as the building of barn owl boxes to attract owls for rat control, planting of Turnera Subulata plants as a habitat for wasp which is a predator of bagworms and pheromone bait for rhinoceros beetles. Spraying of pesticides are applied under stringent controls according to professional agronomist recommendations and occupational health and safety standards in Malaysia.

- Variations in commodity prices

  Commodity prices are governed by market forces. Hence, to ensure stable revenue for the Company in the event of a fall in palm oil futures, measures have been taken to optimise the production level of the trees. The Company also places emphasis on producing quality FFB that will command a better Oil Extraction Rate (“OER”) from the mills, which in turn will affect the price of our FFB.

- Input cost inflation

  The mitigation of input cost inflation is done through proper planning of major resource usage such as, the purchase of fertilisers which is reviewed every 6 months to fix the best possible fertilisers prices based on the requirements as recommended by the Agronomist by way of tender to lessen the effect of fluctuating fertiliser prices. Transportation contractors are re-evaluated every 6 months to ensure efficiency is maintained to avoid additional transport costs.

The Company is a member of the Malayan Agricultural Producers Association (“MAPA”), and the Malaysian Palm Oil Association (“MPOA”) which keeps its members updated on the latest developments of the Government of Malaysia’s requirements for the industry. MAPA also advises on how best to comply with the requirements in the best interests of the Company. MPOA provides the information on the latest technology available to protect against pest attacks and how to increase yield.

Other risks faced by the Company are explained under the Note 23 to the financial statements.

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A1.3 Financial Performance

	2013 RM	2012 RM	2013 £	2012 £
Revenue	5,014,013	7,819,763	1,017,041	1,595,870
Cost of sales	(2,356,349)	(2,304,239)	(477,961)	(470,253)
Gross profit	2,657,664	5,515,524	539,080	1,125,617
Gain arising on revaluation of biological assets	649,544	553,995	120,063	112,145
Operating profit	1,750,872	4,600,619	343,455	937,986
Share of profit of associate after tax pre-fair value of the investment properties and biological asset adjustment	741,822	422,705	150,471	86,266
Fair value of the investment properties adjustment	605,473	4,796,428	122,814	970,937
Deferred tax recognised on the investment properties	(181,643)	(1,195,208)	(36,844)	(241,945)
Fair value of the biological asset adjustment	11,079	2,481,379	2,048	502,303
Deferred tax recognised on the biological asset	(2,770)	(620,345)	(512)	(125,576)
Share of operating profit in associate after tax	**1,173,961**	**5,884,959**	**237,977**	**1,191,985**
Profit before tax	3,206,778	10,836,061	638,783	2,201,484
Earnings per share	20.41 sen	71.86 sen	4.05 pence	14.59 pence

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A1.3 Financial Performance (continued)

As discussed by the Chairman in his statement, the Company will be facing a temporary period of reduced FFB production due to a quarter of the estate being replanted with new oil palm trees. The Company's replanting activities will halt in year 2014 and 2015 to allow for concentration on the cultivation of the newly planted oil palm trees and enhancement of the FFB production potential of the matured trees.

Due to high palm oil stocks and a weak vegetable (soya bean and rapeseed) oil market, the Crude Palm Oil ("CPO") prices were lower in 2013 with slow recovery in the 4th quarter of 2013 as stocks reduced due to strong demand lead mainly by China P.R. and Indonesia's increase in biofuel consumption.

The Company recorded the lowest FFB price in January 2013 of RM455 (£92) per MT with an increase in February 2013 to RM497 (£101) per MT, dipping again to RM468 (£95) per MT in May 2013 and finally rising to RM563 (£114) in December 2013. In addition to the reduction in average planted hectarage, the production of FFB was also affected by lower rainfall towards the end of 2012. The total FFB production for the financial year ended 31 December 2013 was 10,036 MT as compared to the previous corresponding period of 13,030 MT.

The lower FFB price and FFB production was reflected in the Company's revenue which was reduced to RM5,014,013 (£1,017,041) from RM7,819,763 (£1,595,870) recorded in the previous financial year ended 31 December 2012. This in turn resulted in a drop in operating profit from RM4,600,619 (£937,986) for financial year ended 31 December 2012 to RM1,750,872 (£343,455) for the current financial year.

A Gain Arising on the Revaluation of Biological Assets of RM649,544 (£120,064) included in the Operating Profit was recorded despite the lower revenue of the current financial year. Biological assets are carried at fair value, which is calculated as the present value of the estate's operating cash flows over the next twenty years, based on Directors' best estimates of future selling prices of fresh fruit bunches as shown in Note 9 in section F of this annual report. Replanting costs are not capitalised but are expensed through the income statement. Replanting costs in the year amounted to RM813,172 (£164,944) [2012: RM717,639 (£146,457)].

The increase in value of the Company's Associate investment properties and biological assets was recognised in the Income Statement as part of the Share of Profit of Associate after Tax of RM1,173,961 (£237,977). After accounting for the share of profit of associate, the profit before tax for the current financial year ended 31 December 2013 of RM3,206,778 (£638,783) was lower as compared with RM10,836,061 (£2,201,484) of the previous financial year. This was due to the financial year ended 31 December 2012 being the first year that the fair value of the associate's biological assets and investment properties totalling RM5,884,959 (RM1,191,985) was recognised under IFRS leading to unusually higher gains in that year.

Earnings Per Share was reduced from 71.86 sen (14.59 p) to 20.41 sen (4.05p). Due to lower revenue earned, operating margin was reduced to 33.77% from 58.78% of the previous corresponding financial year ended 31 December 2012. Return on Capital Employed has been reduced to 3.03% from 10.13% of the previous corresponding financial year ended 31 December 2012. The Net Asset Value per share has decreased to 138.10 pence mostly due to the weakened Ringgit Malaysia against the Pound Sterling. The Net Asset Value per share in Ringgit Malaysia remain consistent at RM7.47 against RM7.49 for year ended 31 December 2012

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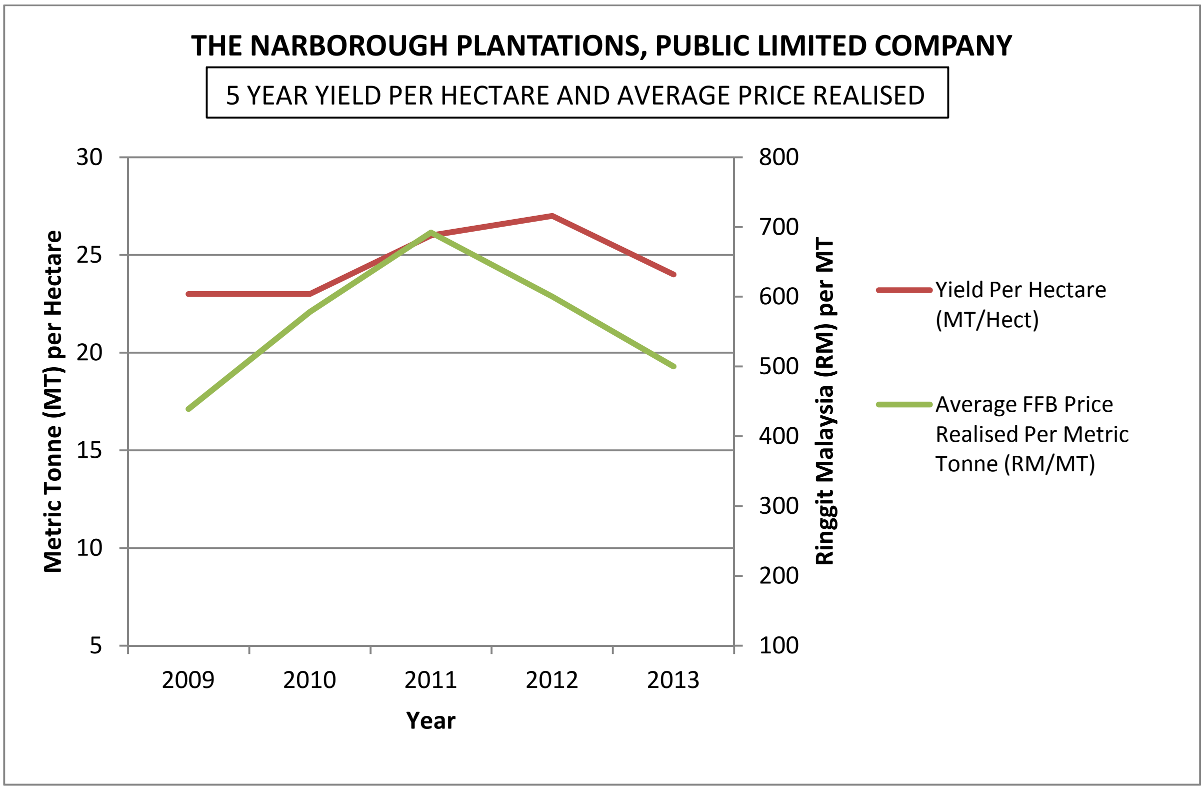
A1.3 Financial Performance (continued)

A graphical presentation of the movement of the Company's 5 year yield per hectare and average price of FFB realised is shown below.

Graph - 5 Year Yield Per Hectare and Average Fresh Fruit Bunches Price Realised



Fundamental Key Performance Ratios

	31-Dec-13	31-Dec-12	31-Dec-11	31-Dec-10	31-Dec-09
Earnings Per Share	4.05 p	14.59 p	10.68 p	6.04 p	4.57 p
PE Ratio	21.72	5.62	7.49	12.75	8.32
Net Asset Value per Share (incl. Intangibles)	138.10 p	151.51 p	80.25 p	74.70 p	66.66 p
Net Gearing	n/a	n/a	n/a	n/a	n/a
Operating Margin	33.77%	58.78%	81.27%	55.14%	58.38%
Return on Capital Employed	3.03%	10.13%	15.52%	9.35%	8.14%
Dividend Cover	2.70	5.12	5.34	3.83	4.35
Dividend Yield	3.41%	3.48%	2.50%	2.05%	2.49%

* Source of ratios for 2009 to 2013 (where applicable): London Stock Exchange Technical Analysis - Fundamentals)

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A1.3 Financial Performance (continued)

Overall, the Company's Price to Earnings ratio has increased from 5.62 at a market price of 82 pence for the year ended 31 December 2012 to 21.72 at a market price of 88 pence for the current financial year. The company has paid out in total 3.0 p per ordinary share of 10 pence each for the year ended 31 December 2013 which contributed to a Dividend Yield of 3.41% as at the year ended 31 December 2013.

A1.4 Operations review

The results from the operations for the financial year under review are satisfactory given the factors affecting the Company and the measures implemented to counter detrimental elements. However, the Company will continue practising its prudent approach in its operations consistent with those adopted in the previous years as we must remain guarded against the uncertain world economy.

(* Source of CPO Performance Data : Malaysian Palm Oil Board)

A1.5 Funding review

The Company has continued to maintain a strong financial position as at 31 December 2013, with net assets of RM99,510,481 (£18,390,337) as compared with the net assets as at 31 December 2012 of RM99,677,243 (£20,175,593). Cash and short term deposits totalled RM12,838,794 (£2,373,159) as compared with RM14,877,621 (£3,011,664) of the previous financial year. The company has no bank borrowings.

Current Year's Prospects

Despite the sluggish world economy and unpredictable weather, the prospects for the palm oil industry continues to look bright as the demand for edible oil remains strong, especially with the progress in biodiesel development and application in Indonesia which has contributed to the reduction of palm oil stocks towards the end of Year 2013. Export taxes of 5% for Malaysia and 12% for Indonesia as at December 2013 also reinforced the appeal of turning crude palm oil (CPO) into biofuel for local use inside Indonesia and Malaysia.

The Company has built and will continue to build a solid foundation over the years to ensure the sustainability of the oil palms' production potential. Notwithstanding unpredictable factors such as adverse weather conditions and pest attacks, crop will be expected to increase in the foreseeable future with a slight drop in the intervening years of replanting. The Company should see another profitable year ahead given the improved management of the fields to produce better FFB yields.

A2. GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in section A1. The financial position of the Company, its cash flows and liquidity position is shown in the financial statements and notes to financial statements on section F of this annual report. In addition, Note 23 to the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposures to credit risk and liquidity risk.

The Company has considerable financial resources together with contracts from a major oil mill that has the ability to take all production, which has been selected based on the best oil expression rates and payment terms offered. The risk of dependence on a single customer is mitigated by the readily available market of FFB purchasers in Malaysia especially from palm oil mills located within the vicinity of the estate in the state of Perak, Malaysia. Payment for FFB is made in advance by the oil mill based on the FFB supplied to the 15th of every month and the balance payable before the 10th of the next month. Suppliers of fertilisers are selected through open tender to control the cost of operations. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of signing this statement. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts in accordance with the Going Concern and Liquidity Risk Guidance for Directors of UK Companies 2009 published by the Financial Reporting Council.

A3. CORPORATE SOCIAL RESPONSIBILITY

A3.1 Health and Safety

The Company is committed to providing a safe and healthy working environment for its workforce through effective and stringent implementation of the Occupational Safety and Health Act (OSHA) in its operations. Appropriate training and guidance is given to the workforce on OSHA. External OSHA consultants are engaged to assist in effective development, implementation and continuous improvement in occupational safety and health in accordance with current best practices. The Company began with rebuilding of housing for field workers in 2013 with housing line 1 and 2 almost 100% completed at the end of the year. Another 4 more housing lines have begun earthworks and construction is scheduled to be completed by the end of 2014. This exercise has been met with positive feedback from the field workers as they are delighted with the Company's commitment to provide them with reasonable housing and amenities.

A3.2 Environmental Management

The Company has a firm commitment to reduce its environmental impact and manages its business in a sustainable way. It cultivates oil palm which is a perennial crop on former rubber plantation according to regulations overseen by the Malaysian Palm Oil Board ("MPOB"). Hence, its overall environmental impact is considered to be low.

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A3. CORPORATE SOCIAL RESPONSIBILITY (continued)

A3.2 Environmental Management (continued)

The Company practices zero burning in clearing the old stand during replanting, i.e. the old palms are pushed over, shredded and left to decompose in situ. Thus, no air pollution from burning the old palms and, most importantly, the nutrients in the old crop are recycled into the new. The use of organic fertilizers such as empty fruit bunches ("EFB"), biomass from the mills are given preference over inorganic fertilisers which are applied when necessary, according to a programme drawn out by the Agronomist annually.

The Company does not have a specific environmental policy as the oil palm industry in Malaysia is highly regulated according to the law of the land. These include laws pertaining to;

- Land Matters:
  - National Land Code 1965
  - Land Acquisition Act 1960
- Environmental Matters:
  - Environmental Land Conservation Act 1960 revised in 1989
  - Quality Act 1974 (Environmental Quality) (Prescribed Premises) (Crude Palm Oil) Regulation 1977
  - Environmental Quality (Clean Air) Regulation 1978
  - Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order 1987
- Labour and Employee Matters:
  - Labor Law
  - Workers' Minimum Standard of Housing & Amenities Act 1990
  - Occupational Safety & Health Act 1977
- Pesticide Use:
  - Pesticides Act 1974 (Pesticides Registration) Rules 1988
  - Pesticides (Licensing for sale & storage) Rules 1988
  - Pesticides (Labeling) Regulations 1984
  - Factories & Machinery (Noise Exposure) Regulations 1989
- Wildlife Matters:
  - Protection of Wildlife Act 1972

Several of the Good Agricultural Practices ("GAP") adopted by the Malaysian oil palm industry that are applied by the Company are as follows:

- Recycling of oil palm biomass and optimization of fertilizer inputs
- Adopting Zero Burning & Re-planting Policy: accumulation of soil carbon in the plantation
- Land Management & planting of leguminous cover crops
- Integrated Pest Management
  - Natural pest control such as the use of barn owls for rat control.
  - Pheromone traps for rhinoceros beetles.
  - Planting of tunera subulata plants to attract wasps which preys on bagworms
  - Approved pesticides and herbicides are only applied under strict control under OSHA recommended guidelines and Agronomist recommendations.

Further elaboration of the above information could be obtained from the Palm Oil World website maintained by MPOB at http://www.palmoilworld.org/sustainability.html.

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A3. CORPORATE SOCIAL RESPONSIBILITY (continued)

A3.2 Environmental Management (continued)

Greenhouse Gas Emissions

This is the first year the directors have been requested to make disclosure for Greenhouse Gas ("GHG") emissions. The Company's operations and management is fully based in Malaysia which does not have any published GHG emission factors for most of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

As the GHG Regulations of the United Kingdom provide that disclosure only needs to be made to the extent that it is practical for the Company to obtain the information, the following is the GHG data obtained through emission sampling of the Company's running machinery which falls under Scope 1, such as emissions from tractors. The tractors' emission sampling was done with the protocol and equipment as approved by the US EPA environmental protection agency in accordance with Malaysia's Department Of Environment ("MDOE") requirements.

The common methodology for measuring CO_2 emission in Malaysia recognised by MDOE are Sirim MS1596:2003 (equivalent to US EPA (Environmental Protection Agency) Test Methods) for isokinetic sampling and air emission monitoring for vehicle, ISO14000 series standards and US EPA Test Methods for CO_2 emissions from other sources.

Our reporting year is the same as our financial year, being 1 January 2013 to 31 December 2013.

Greenhouse Gas Emission Data

For period 1 January 2013 to 31 December 2013

Emissions from :	**Tonnes of CO_2e**
Combustion of fuel	206.64
Intensity measure :	
Emissions reported above normalised to per tonne of product output	0.02059Tonnes Co_2e / Metric Tonne FFB produced

Notes:

1. Emissions relate to those generated by tractors running in the estate located in Sungkai, Perak, Malaysia
2. Emission from electricity, heat, steam and cooling purchased for own use which falls under Scope 2 of the GHG emissions has been omitted due to non availability of published related GHG factors. However, the Company consider this immaterial as electricity and water are purchased by the company for staff housing and the estate office which is considered to represent low consumption.
3. Transport emissions, which are considered to be Scope 3, have not been included because our distribution network is sub-contracted to a third party.
4. Emissions from the associate company have also been omitted as it is under the control of the holding company, Riverview Rubber Estates, Berhad and outside of our responsibility.

A3. CORPORATE SOCIAL RESPONSIBILITY (continued)

A3.3 Corporate Contributions

The Company's Benevolent Fund set up in 2008 consists of approximately 0.5% of its yearly profit after tax for the purpose of contributing back to the community. The Company has donated RM9,258 (£1,878) during the financial year ended 31 December 2013 from the said fund for educational, health and welfare purposes to the local welfare organisations and the less fortunate. As a responsible corporate citizen, the Company will continue to identify more eligible candidates who will benefit from the Benevolent Fund.

A3.4 Employees

Equality and Diversity

The Company is committed to providing equal opportunities to all employees without discrimination. As the palm oil industry is heavily regulated, employment policies are based on collective agreements signed between the Malayan Agricultural Producers Association ("MAPA") of which the Company is a member and the respective labour unions representing administrative employees, The All Malayan Estates Staff Union ("AMESU") and field workers, National Union of Plantation Workers ("NUPW"). The collective agreements are renewable every three (3) years after due deliberation between MAPA and AMESU / NUPW. MAPA and NUPW renewed their collective agreement in 2011 expiring in 2014. The latest collective agreement between MAPA and AMESU is currently being deliberated after the expiry the previous agreement on 31 December 2012. Notwithstanding any unforeseen circumstances, the expired agreement will still be effective until the new agreement is signed by both parties. Appointments are determined solely by application of job criteria and competency.

MAPA will also issue regular circulars and guidelines to its members regarding human resource policy changes for the palm oil industry as issued by the Human Resource Ministry of Malaysia.

In addition to complying with the human resource policies of the palm oil industry, the Company's main aim is that employees are able to work in an environment free from discrimination, harassment and bullying, and that our employees, job applicants and contractors should be treated fairly regardless of:

a. Race, colour, nationality, ethnicity
b. Gender, marital or family status
c. Sexual orientation
d. Religious or political beliefs or affiliations
e. Disability, impairment or age
f. Membership of a workers union

Training and Development

Recruitment, selection, promotion, training and development practices are monitored to ensure that all employees have the opportunity to train and develop according to their abilities.

The Company organises yearly seminars for the administration and management staff to be updated with the latest oil palm plantation developments. The field workers are provided with training on the handling of new harvesting equipment, spraying apparatus and other related equipments. The field workers are also constantly given guidance by the relevant estate heads on safety and the use of safety equipment according to OSHA requirements.

A4. CORPORATE SOCIAL RESPONSIBILITY (continued)

A4.4 Employees (continued)

Information on the composition of the workforce at the year end on 31 December 2013 is summarised below:

WORKFORCE COMPOSITION		2013		2012	
		Male	Female	Male	Female
Field workers	%	70%	11%	68%	10%
	Number	37	6	28	4
Administration staff	%	6%	2%	5%	2%
	Number	3	1	2	1
Management grade staff	%	2%	0%	2%	0%
	Number	1	0	1	0
Directors	%	6%	4%	7%	5%
	Number	3	2	3	2
Total	%	83%	17%	83%	17%
	Number	44	9	34	7

A4.5 Human Rights

The Company operates wholly in Malaysia where human rights are overseen by The Human Rights Commission of Malaysia (SUHAKAM) which was established by the Malaysian Parliament under the Human Rights Commission of Malaysia Act 1999, Act 597. The rights of its workforce are incorporated in their respective union's collective agreements as explained above.

The Company respects all human rights and in conducting its business, the Company regards those rights relating to non-discrimination, fair treatment and respect for privacy to be most relevant and to have the greatest impact on its employees, contractors, suppliers and customers.

The Board has the overall responsibility that these rights are upheld at all times and seeks to anticipate, prevent and mitigate any potential negative human rights impacts. Positive impacts are enhanced through equality and diversity for employees, fair treatment of customers and information security.

As at the date of this report, the Board have not been made aware of any human rights abuse issues arising from the Company's activities.

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A5. APPROVAL OF STRATEGIC REPORT

The Strategic Report set out in Section A of this Annual Report has been drawn up and presented in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 ("the Regulations) as and where it is applicable. The liabilities of the directors in connection with this report shall be subjected to the limitations and restrictions provided under Chapter 4A of the Regulations

The Strategic Report from page 1 to 12 has been reviewed and approved by the Board of Directors by way of Director's Circular Resolution on 21 March 2014 and signed for on behalf of the Board.

Adrian Tsen Keng Yam
Executive Director
21 March 2014

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B. CORPORATE GOVERNANCE

B1. PROFILE OF DIRECTORS

ROSLAN BIN HAMIR
Independent Non-Executive Chairman

Malaysian. He was appointed to the Board on 7 August 2002. On 7 December 2012, he took over the role of Chairman from Mdm Juliana Manohari Devadason and relinquished his chair on both the Audit Committee and Remuneration and Nomination Committee to Mdm Lim Hu Fang.

He is an ACCA graduate with Bachelor of Arts (Honours) in Accounting and Finance. He was previously with Ernst & Young Consultants Sdn Bhd in Malaysia as an auditor as well as a management consultant from 1993 until 1998 when he joined Kumpulan Fima Berhad, as Senior Vice President, Corporate Services. He was appointed to the Board of Kumpulan Fima Berhad on 11 October 2002 and he is currently the Group Managing Director. He is also the Managing Director of Fima Corporation Berhad of which he was appointed to the Board on 8 December 1998. Kumpulan Fima Berhad and Fima Corporation Berhad are companies listed on Bursa Malaysia Securities Berhad. He is also a Director of Malaysian Transnational Trading (MATTRA) Corporation Berhad and Fima Bulking Services Berhad

On 25 July 2008, he was appointed as an Independent Non-Executive Director of Riverview Rubber Estates, Berhad ("RREB"), a company listed on Bursa Malaysia Securities Berhad which is a substantial shareholder of the Company in an exercise to streamline the Boards of both companies. He was redesignated as Chairman of RREB on 7 December 2012. As with all the other Directors of the Company he is subjected to retirement by rotation and re-appointment by the shareholders in the Annual General Meeting in accordance with Article 36 of the Company's Articles of Association.

In compliance with Provision B.7.1 of the UK Corporate Governance Code, he has offered himself for re-election annually at the Company's Annual General Meeting as he has been serving as Non-Executive Director for more than nine (9) years.

Although he holds cross Directorship in both the Company and Riverview Rubber Estates, Berhad, which is the major controlling shareholder, he is neither related to any Director or major shareholder of both the companies nor has he entered into any transaction which has a conflict of interest with both companies.

B1. PROFILE OF DIRECTORS (continued)

ADRIAN TSEN KENG YAM
Non-Independent Executive Director

Malaysian. He was appointed to the Board on 17 March 2006 as an alternate to Mr William John Huntsman. On 25 July 2008, he ceased to be an alternate to Mr William John Huntsman and was appointed as an Executive Director of the Company. He is also Secretary to the Company.

He is a Fellow of the Institute of Chartered Accountants in England & Wales, a Chartered Accountant under the Malaysian Institute of Accountants and a Certified Public Accountant under the Malaysian Institute of Certified Public Accountants. He was a former partner of Arthur Andersen & Co from 1988 to June 2003.

He currently holds a Directorship in Talam Transform Berhad (Formerly known as Trinity Corporation Berhad), a company listed on Bursa Malaysia Securities Berhad.

He has been appointed to the Board of Riverview Rubber Estates, Berhad on 26 February 2007.

He is neither related to any Director or major shareholder of the Company nor has entered into any transaction which has a conflict of interest with the Company.

JULIANA MANOHARI DEVADASON
Non-Independent Non-Executive Chairman

Malaysian. She was appointed to the Board in 1987 and had been Chairman of the Board since 1 July 1995. She was also the Chairman of the Board of Riverview Rubber Estates, Berhad, a company listed on Bursa Malaysia Securities Berhad in Malaysia. She stepped down from her role as Chairman of both Companies on 7 December 2012 and was replaced by Encik Roslan Bin Hamir an Independent Non-Executive Director. She remains on the Board as a Non-Independent Non-Executive Director.

She holds a Bachelor of Arts (Honours) degree in Law and is a Barrister-at-Law, Grays Inn. She was a partner at Maxwell, Kenion, Cowdy & Jones from 1984 to 2003. She had been in practice as an advocate and solicitor for 28 years.

She is not related to any Director or major shareholder of the Company. She has not entered into any transaction which has a conflict of interest with the Company.

B1. PROFILE OF DIRECTORS (continued)

STEPHEN WILLIAM HUNTSMAN
Non-Independent Non-Executive Director

Malaysian. He was appointed to the Board on 1 August 2001 and was redesignated as a Non-Independent Non-Executive Director in July 2007. In July 2008, he was appointed as a member of the Audit Committee and Remuneration and Nomination Committee of the Board.

Mr Huntsman joined Riverview Rubber Estates, Berhad in 1997 as a Manager and was appointed that company's Managing Director in August 2001. He was redesignated as a Non-Independent Non-Executive Director of Riverview Rubber Estate in July 2007. Prior to his employment with Riverview Rubber Estates, Berhad, he was employed by the Automobile Association as a Manager from 1986 to 1996 and Plessey Plc as a Manager from 1980 to 1986. He has a Masters in Business Administration and is an Associate Member of the Chartered Institute of Secretaries.

In compliance with Provision B.7.1 of the UK Corporate Governance Code, he has offered himself for re-election annually at the Company's Annual General Meeting as he has been serving as Non-Executive Director for more than nine (9) years.

Mr Huntsman has not entered into any transaction which has a conflict of interest with the Company

LIM HU FANG
Independent Non-Executive Director

Malaysian. She was appointed to the Board on 29 October 2010. She was appointed as Chairman of both the Audit Committee as well as the Remuneration and Nomination Commitee of the Board on 7 December 2012.

She is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants.

She was appointed to the Board of Riverview Rubber Estates, Berhad, a company listed on Bursa Malaysia Securities Berhad in 2002.

She is neither related to any Director or major shareholder of the Company nor has she entered into any transaction which has a conflict of interest with the Company. Further information on directors' interest and indemnity provision could be found in section C under title Directorate and Directors' Shareholding.

B2. CORPORATE GOVERNANCE

The Board is satisfied that it has implemented a framework for corporate governance which is appropriate for the Company to enable the directors to discharge their responsibilities to protect and enhance shareholders' value and the long-term financial performance of the Company. The Board of directors supports the principles and objectives of the UK Corporate Governance Code ("the Code") issued by The Financial Reporting Council which applies to financial years beginning on or after 1 October 2012 and are available at www.frc.org.uk. The Company's compliance throughout the year with the main principles of the UK Corporate Governance code (September 2013) in addition to the Listing Rules of the Financial Conduct Authority is set out below. The UK Coprorate Governance code is also published on the Financial Reporting Council's website (www.frc.org.uk)

THE BOARD

The Board comprises four non-executive directors (two of whom are independent) and an executive director. All the directors are individuals of ability and integrity who possess the necessary skills, knowledge, experience and expertise competencies to address the risks and issues of the Group with the requisite depth and quality in its deliberation and decision making. The profile of the directors in office at the date of this report is set out under Section B1.

There is clear segregation of responsibilities between the Chairman and the Executive Director to ensure a balance of power and authority. The Executive Director is answerable to the Board of Directors as a whole to ensure a balance of power and authority, such that no individual has unfettered powers of decision. The Senior Independent Director of the Board is Mdm Lim Hu Fang who has a wide range of experience to provide effective challenge and balance.

The Chairman's other business commitments are stated in his profile under Section B1 with no significant changes during the period to those commitments.

The Board operates through a number of committees covering specific matters, as follows:

Board Committees

- The Audit Committee during the year consisted of Lim Hu Fang (Chairman), Stephen William Huntsman and the Chairman of the Company, Roslan Bin Hamir. Other than Stephen William Huntsman the other members are independent non-executive directors.

  This is in compliance with Provision C.3.1 of the Code for companies below FTSE 350 throughout the year immediately prior to the reporting year, whereby the company Chairman may be a member of, but not chair, the committee in addition to the independent non-executive directors, provided he or she was considered independent on appointment as Chairman. The Board is satisfied that all members on the Committee have sufficient and current financial experience as stated in their profile under Section B1.

- The Remuneration and Nomination Committee during the year consisted of Lim Hu Fang (Chairman), Stephen William Huntsman and the Chairman of the Company, Roslan Bin Hamir. Other than Stephen William Huntsman the other members are independent non-executive directors.

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B2. CORPORATE GOVERNANCE (continued)

THE BOARD (continued)

Executive Committees

- The Risk Management Committee during the year consisted of managerial staff, an appointed non-executive director and chaired by Adrian Tsen Keng Yam, the Executive Director. The Committee meets regularly to monitor operating and financial risk.

All the Board Committees operate within defined terms of reference and sufficient resources are made available to them to undertake their duties. The terms of reference of all the Committees are available upon request from the Company's Secretariat and Malaysian Registrar office in Malaysia as stated under Corporate Information.

Attendance at scheduled meetings of the board and its committees

Directors	Board	Audit Committee	Remuneration and Nomination Committee
Roslan Bin Hamir	5	6	1
Juliana Manohari Devadason	5	6	1
Adrian Tsen Keng Yam	5	6	1
Stephen William Huntsman	5	6	1
Lim Hu Fang	5	6	1
Total Number of Meetings Held in 2013	5	6	1

* The Board committees' work is described further in sections B2.1 and B2.2

The Board meets at least four times a year to discuss the Company's affairs and all important business decisions are formally discussed and documented. The Board has reserved certain specific matters for its collective review and decision. These include approval of annual and interim results, approval of annual budget, declaration of dividends and authorisation of major transactions.

B2. CORPORATE GOVERNANCE (continued)

THE BOARD (continued)

Board Effectiveness

The terms of appointment for all the directors are in accordance with the Article 31 of the Company's Articles of Association. There are no specific periods of appointment for the non-executive directors to ensure stability and to maintain historical knowledge.

The Non-Executive Directors are independent of the Management. Their function is to constructively question the Management and monitor its ability to deliver on targets and business plans within the risk appetite set by the Board. They have free and open interaction with the Management at all levels, and they engage with the external and internal auditors on matters regarding the overseeing of the business and operations

The roles and responsibilities of Non-Executive Directors include the following:
- providing impartial (where the Director is also Independent) and objective views, appraisals and opinions in deliberations of the Board;
- safeguarding the principle of check and balance in proceedings of the Board;
- mitigating occurrences of conflict in interest in policy making and daily operations of the Group; and
- constructively challenging and contributing to the development of the Group.

The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board and acts as a facilitator at Board meetings to ensure no Board member dominates discussion and relevant opinions amongst Board members are presented.

The Chairman in conjunction with the Company Secretary draws up the agenda, which is circulated together with the relevant support papers, at least seven (7) days prior to each meeting to enable the Directors to have full and timely access to all relevant information to aid their decision-making and to obtain further information, if necessary.

The executive director is the chief executive officer supported by the Management team, is responsible for day-to-day Management of the business as well as effective implementation of the strategic plan and policies established by the Board.

All the independent Non-Executive Directors met on their own during 2013. The non-executive directors meet with the Chairman, from time to time, without the presence of the executive director. All of the non-executive directors except for the senior independent director who is not required to stand for re-election in 2013 in accordance with Provision B.7.1 of the Code were re-elected at the Annual General Meeting ("AGM") on 21 June 2013.

The executive director was re-elected at the same AGM in accordance with Article 36 of the Company's Article of Association.

B2. CORPORATE GOVERNANCE (continued)

THE BOARD (continued)

Board Effectiveness

This year, to be in line with the Code and as a matter of best practise, all the directors will submit themselves for re-election at the forthcoming AGM regardless whether or not they have served on the Board for less than nine years.

All directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that board procedures are complied with. Both the appointment and removal of the Company Secretary are matters for the Board as a whole. In furtherance of its duties, it is also the norm for the Board to seek independent professional advice if necessary.

Training and Development

All directors are required to attend mandatory accreditation programmes organised by accredited professional bodies in Malaysia to ensure continuous professional development.

New appointments through the Remuneration and Nomination Committee ("the Committee") are subjected to Article 32 of the Company's Articles of Association. Ultimately, the appointment of any new director is a matter for the Board who will only approves the appointment after careful consideration. Further details on the role and activities of the Remuneration and Nomination Committee are set out in section B2.2.

B2. CORPORATE GOVERNANCE (continued)

INTERNAL CONTROL

The Turnbull Guidance has been followed in applying Section C.2 of the Code for the Company's Internal Control. The directors acknowledge that they have overall responsibility for the Company's system of internal control and for reviewing its effectiveness in safeguarding shareholders' investment and the Company's assets from inappropriate use or from loss and fraud, and ensuring that liabilities are identified and managed. However, such a system is designed to manage and control risk rather than to eliminate them, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is committed in maintaining a system of internal control with the following key elements.

Organisation

The Company has a defined organisational structure for planning, executing, controlling and monitoring business operations in order to achieve Company's objectives. The Board presides over an organisational structure that is decentralised, but with defined lines of responsibility and specific delegation of authority.

Risk Management

The directors are responsible for identifying and evaluating key risks applicable to the business. These risks have been and are being assessed on a continual basis, as they are associated with a variety of internal or external factors. An external professional firm has been engaged to carry out Enterprise Risk Management review on the operations of the Company on an annual basis starting from 2011 in addition to the Risk Management Committee, comprising a Director, the Company Secretary, the Senior Manager and the Manager, which was formed to assist the directors in identifying and evaluating key risks applicable to the business. Issues are periodically reviewed and discussed in order to form a basis for determining how the risks should be managed and thereon report to the Board.

Information and Communication

The directors undertake periodical strategic reviews, which include consideration of long term objectives and evaluation of business alternatives. The management prepares annual budget and monthly management accounts for submission to the Board for approval. The Board meets regularly to evaluate the performance of the operations and gauge against approved budgets.

Through these mechanisms, the Company's performance is continually monitored, risks identified in a timely manner, their financial implications assessed and corrective actions agreed and implemented.

Control Procedures

The Company has adequate control procedures designed to ensure complete and accurate accounting for transactions and to limit the potential exposure to loss of assets or fraud. Measures taken include physical controls, segregation of duties, review by the directors and management, and external audit to the extent necessary to arrive at their audit opinion.

B2. CORPORATE GOVERNANCE (continued)

INTERNAL CONTROL (continued)

Monitoring and Corrective Action

The Board regularly reviews the overall operations of the Company. The Audit Committee is tasked to review the assurance procedures to obtain the level of assurance required and reports to the Board.

During the financial year, the Internal Audit function has been outsourced to a professional audit firm. The Audit Committee has reviewed the internal audit programme before commencement of the internal audit. After completion of the internal audit, the results were presented to the Audit Committee for discussion as to whether or not appropriate action is to be taken.

In addition, the Executive Director conducts regular field, office inspections and chairs the monthly managers' meetings to discuss the effectiveness and control procedures of estate operations. A copy of the minutes of these meetings will thereafter be submitted to the Board for review. The Audit Committee and the Board also reviewed the plantation visit reports submitted by the independent Planting Advisor, whose main duties are to assess the operations and condition of the estates at least twice a year. An Agronomist has also been appointed to conduct field visits at least twice a year to assess the condition of the trees and provide necessary recommendation to assist in improving productivity and control pest damage. The Audit Committee is of the opinion that the internal audit activities are adequately covered.

The Audit Committee also reviews the Enterprise Risk Management report from the external professional firm to identify and mitigate internal risk arising from estate operations.

Further details of the role and activities of the Audit Committee and its relationship with the internal and external auditors are set out in section B2.1.

REMUNERATION

Information on how remuneration is set by the Company is set out in section B3, the Directors' Remuneration Report.

RELATIONS WITH SHAREHOLDERS

The directors maintain a policy of keeping all our shareholders, irrespective of size, informed about the Company's policies and progress as the directors value a constructive relationship with our investors. Communication with shareholders is given high priority. The Annual Report together with Notice of Annual General Meeting are sent to shareholders well in advance. Quarterly and final results are duly announced on the London Stock Exchange website and the Company's own website at www.narboroughplantations.com upon approval from the Board. The Company's announcements and financial reports are also available for public inspection on the National Storage Mechanism located at www.morningstar.co.uk/uk/nsm.aspx. Shareholders' participation is most welcomed at the Annual General Meeting.

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B2. CORPORATE GOVERNANCE (continued)

B2.1 AUDIT COMMITTEE

The Audit Committee, consist of three non-executive directors, two of whom are independent and its terms of reference complies with the Disclosure and Transparency Rule 7.1 and the UK Corporate Governance Code with the following main responsibilities :

- monitor the integrity of the Company's financial reporting process;
- monitor and review the effectiveness of the Company's internal control, internal audit where applicable, and risk management systems;
- monitor the statutory audit of the Company's annual accounts;
- monitor and review the independence of the statutory auditor, and in particular the provision of additional services (if any)
- monitor the integrity of the financial statements of the company, and any formal announcements relating to the company's financial performance, and review significant financial reporting judgements contained in them

Meetings

The Audit Committee has met six times during the financial year under review. The main activities of the Audit Committee during the financial year under review are as follows:

1. Reviewed the quarterly and final results and recommend to the Board for approval prior to release to the London Stock Exchange;
2. Reviewed the scope and audit plan of the internal auditors;
3. Reviewed the scope and audit plan of the external auditors;
4. Reviewed the internal audit report, which highlighted the audit issues and findings, recommendations and management's responses thereto;
5. Reviewed the enterprise risk management report, which highlighted the Company's internal risk, recommendations to counter such risk and management's responses thereto;
6. Reviewed the audited financial statements and annual report; and
7. Conducted informal high-level risk assessment and review of the business operations through monthly estate managers' report.
8. Ensure that arrangements are in place to enable staff to raise, in confidence, concerns about possible improprieties in matters of financial reporting or other matters.

The Audit Committee normally invites the executive director and other non-executive directors to attend meetings of the Committee. The external and internal auditors are invited to attend the Committee meetings to present their reports when applicable.

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B2. CORPORATE GOVERNANCE (continued)

B2.1 AUDIT COMMITTEE (continued)

Significant issues addressed in relation to the financial statements

The Audit Committee considers whether the accounting policies adopted by the Company are suitable and whether significant estimates and judgements made by the management are appropriate. In its review of the Company's financial statements for the year ended 31 December 2013, the Committee considered the following for compliance to the International Financial Reporting Standards ("IFRS") adopted by the UK:

- Biological assets, which comprise Palm Oil Trees within a plantation, have been valued in accordance with IAS 41 ("Agriculture") by the directors at their assessment of fair value based on a discounted cash flow model. The fair value derived is sensitive to assumptions that are made regarding the discount rate, the area of land under cultivation, yield, future commodity prices and associated costs of sales and the integrity of the underlying cash flow model.
- Freehold land is accounted using the revaluation model permitted by IAS 16 ("Property Plant and Equipment"). The latest formal valuation was in 2012 and there were no revaluation performed in 2013.
- The Company equity accounts for its 33.33% interest in Rivaknar Holdings S/B. This company, through its subsidiary CG Plantations S/B and Rivaknar Properties (WA) Pty Ltd, have biological assets, investment properties and leasehold land that are held at valuation in accordance with IAS 41 ("Agriculture") and IAS 16 ("Property Plant and Equipment") respectively. The valuations applied to these assets have a material impact on the carrying value of the Company's interest in the associate.

The Audit Committee was provided with the relevant information on the assumptions and calculation methods adopted for the above recognition and shown the impact on the Company's financial statements. These were reviewed in detail and discussed with the other members of the Board together with the testing results from the external auditor.

The Audit Committee has reviewed this Annual Report as a whole and has recommend it to the Board who have concluded that it is fair, balanced and understandable and provides the necessary information for shareholders to assess the Company's performance, business model and strategy.

External auditor

The following are a number of areas that the Committee considers in relation to the external auditors:

- their performance in discharging the audit and interim review of the financial statements
- their independence and objectivity; and
- their reappointment and remuneration

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B2. CORPORATE GOVERNANCE (continued)

B2.1 AUDIT COMMITTEE (continued)

External auditor (continued)

The external auditor, Baker Tilly UK Audit LLP were appointed on 14 October 2013 to fill the casual vacancy left by the resignation of the previous auditor, BDO LLP. The auditors provided the Committee with their plan for undertaking the year end audit at the Committee meeting in December 2013. This highlighted the proposed approach and scope of the audit for the coming year. The key areas highlighted in their audit engagement letter were:

- Report on whether the Company has applied the financial report framework of the Companies Act 2006, other applicable legislation and regulations and International Financial Report Standards ("IFRS")
- Directors' responsibilities in the preparation of the financial statements and compliance to relevant regulations for corporate governance and going concern

The Audit Committee meets with the External Auditor at least two (2) times a year and at least once (1) without the presence of the Executive Director. In addition, the External Auditor will also attend the Annual General Meeting of the Company and are available to answer questions from shareholders' with regards to the conduct, preparation and contents of their audit report.

Independence and Reappointment

The Audit Committee reviews the independence of the auditor when considering their reappointment following the year end close each year, and during the year. The external auditor is required to rotate the lead audit partner every five years. As Baker Tilly UK Audit LLP was recently appointed, the need to put the audit out to tender in accordance with the provisions of Code would not arise until 2023.

The Audit Committee also reviews annually the terms of appointment of the auditors to ensure that an objective, professional and cost-effective relationship is maintained. During the financial period under review there was no non-audit fees paid by the Company to the external auditors.

Following the review of effectiveness, the Audit Committee recommended to the Board that reappointment of the auditor be proposed to shareholders at the 2014 AGM.

Internal auditor

The Company's internal audit function was conducted for the period by KPMG. During the year, the internal auditors provided the Audit Committee with their Internal Audit Plan and Cycle for 2013 to 2015 for undertaking the internal audit of the Company.

B2. CORPORATE GOVERNANCE (continued)

B2.1 AUDIT COMMITTEE (continued)

Internal auditor (continued)

The Audit Committee assists the Board to fulfil its responsibilities relating to the adequacy of the resourcing and plans of the Internal Audit function. To fulfil these duties the Audit Committee reviewed:

- Internal Audit's methodology, scope and access to the Audit Committee and all members of the Board;
- Internal Audit's plans and its achievement of the planned activity;
- the results of key audits and other significant findings, the adequacy of management's response and action; and
- the timeliness of reporting.

The results of this work together with the Audit Committee's engagement with the management and executive director has enabled them to conclude that the Company's system of internal control as stated in B2 and its management of risks are appropriate.

B2.2 REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee ("the Committee") comprises entirely of non-executive directors, namely Mdm Lim Hu Fang (Chairman), Encik Roslan Bin Hamir and Mr Stephen William Huntsman. This Committee oversees the Remuneration and Nomination functions as a single committee. The Remuneration function of the Committee is described in section B3.3.

Nomination Function

The Board has delegated to the Committee responsibility for reviewing and proposing appointments to the Board and for recommending any other changes to the composition of the Board or the Board Committees. The Committee ensures that there is clarity in respect of the role description and capabilities required for such appointments. The Committee is also responsible for the annual evaluation of the Board, its commitments and its Directors.

Appointments to the Board are made on merit, against objective criteria and with due regard for the benefits of diversity on the Board. This process is led by the Committee which, after evaluating the balance of skills, knowledge and experience of each Director, makes recommendations to the Board. The Board's appointments reinforce the Board's principle that appointments are made on merit, in line with its current and future requirements, and reflect the size of the Group. This policy also reflects the benefits of diversity, including gender diversity. The Board endorses the recognition of "Women on Boards" and has been at the forefront of exemplifying gender diversity in the boardroom.

An internal performance assessment was undertaken by the Board during the year, as the Board believes that it has the appropriate resources and experience to undertake such reviews. The Chairman acted as the sponsor of the evaluation process and each Director was required to conduct a qualitative assessment on each other based on pre-determined criteria. The Company Secretary acted as facilitator to the Board and issues arising from the process were evaluated and acted upon.

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B2. CORPORATE GOVERNANCE (continued)

B2.2 REMUNERATION AND NOMINATION COMMITTEE (continued)

Nomination Function (continued)

The Board's evaluation process in 2013 requires each Director to score a questionnaire for review by the Committee and the Board in the same way as that undertaken in Year 2012.

The evaluation prompted a discussion on the following:
- Roslan Bin Hamir's role as an Independent Non-Executive Chairman after having served on the Board for a cumulative period of more than nine (9) years; and
- The objectivity of a qualitative assessment based on pre-determined criteria; and

As a result of the evaluation, the Committee recommended, and the Board agreed, on the following:

- That Roslan Bin Hamir be retained as an Independent Non-Executive Chairman as until the conclusion of the next Annual General Meeting in accordance with the Code based on the following justifications:

  i. *He has fulfilled the criteria under Provision B.1.1 of the Code on Independent Director except for serving on the Board for a cumulative period of more than nine (9) years which was rectified with having him stand for annual re-election at the AGM, and therefore is able to bring independent and objective judgment to the Board;*

  ii. *His experience in the industry enables him to provide the Board with a diverse set of experience, expertise, skills and competence;*

  iii. *He has been with the Board for more than nine years and therefore understands the Group's business operations which enable him to participate actively and contribute during deliberations or at discussions at Audit Committee and Board Meetings;*

  iv. *He has contributed sufficient time and effort and attended all the Board and Committee Meetings as well visiting all the estates in order to obtain independent information required for balanced decision making; and*

  v. *He has exercised due care during his tenure as an Independent Non-Executive Chairman of the Company and carried out his duties in the interest of the Company and its shareholders.*

  - For the ensuing year, another evaluation process which requires each Director to score a questionnaire for review by the Committee and the Board will be conducted.

The Board considers each of the two Independent Non-Executive Directors, including the Non-Executive Chairman, who served during the year to be independent in character and judgement and does not consider that there are any relationships or circumstances which affect, or could appear to affect, their independent judgement.

The Board is satisfied about the balance, and effectiveness and commitment of each Director and that the Board is able to operate effectively. In particular the Board contributes valuably to strategy, has appropriate matters reserved to it for its decision and commits the necessary time to be effective.

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B3. DIRECTORS' REMUNERATION REPORT

This report is on the activities of the Remuneration function of the Remuneration and Nomination Committee for the year ended 31 December 2013 and sets out the remuneration policy and remuneration details for the executive and non-executive directors of the Company. It has been prepared as far as practical in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2008, as amended in August 2013, and the principles of the UK Corporate Governance Code. This is the first time that the Company has reported under these new regulations, and we would welcome any feedback on the format and content of this report in order to assist us in determining what, if any, revisions should be made to it in future years.

The report is split into three main areas: the Statement by the Chairman of the Committee (B3.1), the Policy Report (B3.2) and the Annual Report on Remuneration (B3.3). The Policy Report will be subject to a binding shareholder vote at the Annual General Meeting to be held on 20 June 2014 and the policy will take effect on approval. The Annual Report on Remuneration provides details on remuneration in the period and some other information required by the Regulations. It will be subject to an advisory shareholder vote at the Annual General Meeting.

The Companies Act 2006 requires the auditors to report to the shareholders on certain parts of the report and to state whether, in their opinion, those parts of the report have been properly prepared in accordance with the Regulations. The parts of the Annual Report on Remuneration that are subject to audit are indicated in that report. The Statement by the Chairman of the Remuneration and Nomination Committee and the Policy Report are not subject to audit.

B3.1 STATEMENT BY CHAIRMAN OF THE REMUNERATION AND NOMINATION COMMITTEE

The information provided in this part of the Directors' Remuneration Report is not subject to audit.

Dear Shareholder

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2013 for your consideration. It has been a challenging year for the Company with major replanting and rebuilding of staff quarters. The price of CPO has remained low for most of the year due to market sentiments which in turn adversely affected the price of FFB and consequently the Company's revenue and profits.

In ensuring continuing improvement in the performance of the Company, the overall remuneration policy is aimed at attracting, retaining and motivating high calibre management. Although performance is central, the focus is on long and short term qualitative and quantitative objectives.

Consistent with this policy, the component parts of the remuneration package are designed to link rewards to individual and corporate performance in the case of executive director consistent with the consideration of pay and employment conditions of other employees of the Company. For non-executive directors, the fee levels are intended to commensurate with the experience and level of responsibilities of the non-executive directors concerned. This policy is currently to be applied in subsequent years.

B3. DIRECTORS' REMUNERATION REPORT (continued)

B3.1 STATEMENT BY CHAIRMAN OF THE REMUNERATION AND NOMINATION COMMITTEE (continued)

Non-executive directors of the Company are paid a fixed fee and annual allowance and is not entitled to any performance bonuses or share plans, hence, there are no specific incentive policy based on performance other than the additional allowance for the executive director for his visits to the estates. There was an increase in fees for the directors in 2013 of approximately 21% as it have remained unchanged since 2011 to be consistent with our Company's market competitive policy. However, the directors' annual allowance has been reduced by the same percentage point to manage fluctuation in director cost to the Company.

The Company is domiciled in Malaysia and all remuneration paid to employees and directors who are residents in Malaysia, will not be subjected to income tax in the United Kingdom. However, in the Regulations the definition of "emoluments" of a person is to include salary, fees and bonuses, sums paid by way of expenses allowance, so far as they are chargeable to United Kingdom income tax or would be if the person were an individual or would be if the person were resident in the United Kingdom.

Hence, the ensuing Directors' Remuneration Report is based on the assumption that the directors and employees were resident persons who were chargeable to income tax in United Kingdom.

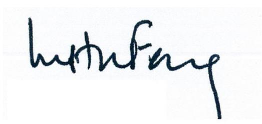
Further details of the directors' remuneration are shown in the remuneration policy report.

Other key decisions made by the Committee during the year are as follows:

- Increment in staff salary in accordance with the respective Collective Agreements and awarding of bonuses to staff based on personal performance during the year
- Awarding appreciation bonus to Senior Manager who left the Company at the end of the year upon expiration of his contract.

The Company is part of a larger group of companies where the directors are awarded according to performance on group level, hence, there is no definite award policy for the Company on its own.

An advisory vote will be put to shareholders to approve the Directors' Remuneration Report at the forthcoming Annual General Meeting on 20 June 2014.



Lim Hu Fang
Remuneration & Nomination Committee Chairman
21 March 2014

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B3. DIRECTORS' REMUNERATION REPORT (continued)

B3.2 REMUNERATION POLICY REPORT

The information provided in this part of the Directors' Remuneration Report is not subject to audit.

Our business strategy as stated in section A1.1 of the Strategic Report and is based on disciplined allocation of resources to ensure sustainable growth to preserve shareholders' value.

The Committee believes that this requires the provision of a simple, transparent and competitive total remuneration policy that can help attract, retain and inspire the calibre of senior executive talent to deliver the Company's growth plans.

In order for this to materialise, it would require:

- Competitively positioned base remuneration and incentive levels taking into account both the industry and other companies of a similar size and scope.
- An incentive mix that balances our short and medium priorities to ensure sustained long-term value preservation and creation for our shareholders.
- An incentive structure that provides an appropriate degree of variability to only reward excellent performance with superior pay opportunity.
- Beneficial arrangements sufficient to maintain the overall reward package

The Committee regularly reviews the remuneration policy to ensure there is enough flexibility to account for future changes in the company's business operations and environment, provides alignment to shareholder interests and that it recognises key developments in remuneration practice.

The Committee believes our long-standing remuneration policy as described in this report continues to remain appropriate and that the incentive structures do not raise environmental, social or governance risks by inadvertently motivating irresponsible behaviour.

The Committee also takes account of general workforce pay and conditions when determining the remuneration of the Executive Director and is kept abreast of all relevant issues through regular updates from MAPA. In areas where our pay policy for directors differs to our pay policies for employees, this reflects wider market-related influences and industry practice.

Pertaining to usual practice, the Committee did not consult with employees or shareholders in relation to our executive remuneration policies but believes that these policies are entirely justified and appropriate in light of our wider remuneration practices. The directors of the Company do not draw a fixed salary. The remuneration policy of the directors and executives are shown in section B3.2. Remuneration on performance for the executive director was to be paid at the Group level and the performance measures used are considered to be commercially sensitive.

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B3. DIRECTORS' REMUNERATION REPORT (continued)

B3.2 REMUNERATION POLICY REPORT (continued)

Further details on how we apply these overriding principles to each element of the executives' (non-directors) and administrative staff remuneration packages are shown below.

Type	**Description**	**Policy**	**Operations and Performance Measures**	**Implementation of policy in the year**
Base Salary	A core element of fixed salary which reflects the individual's role and position within the Company.	To position the role and the individual fairly around mid-market derived from a peer group of similar sized listed palm oil companies (UK and Asia) The Committee used this data when giving consideration to the appropriate pay level having regard to other relevant factors including corporate and individual performance and any changes in an individual's role and responsibilities.	Base salaries are paid in cash and reviewed annually with any changes normally taking effect from 1 January of every year.	The salary of Mr Ang Chai Poa, the Estate Manager, was increased by RM500 (£101). The other administrative staff were given an increment of around the same rate as the Estate manager according to each individual performance with reference to the union agreed salary range for each grade of staff. When determining this increase, the Committee considered the Company's overall salary review budget which was 6% in 2013 but considered this increase appropriate for the reasons set out in the Committee Chairman's introduction above.

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B3. DIRECTORS' REMUNERATION REPORT (continued)

B3.2 REMUNERATION POLICY REPORT (continued)

Further details on how we apply these overriding principles to each element of the executives' (non-directors) and administrative staff remuneration packages are shown below. (continued)

Type	**Description**	**Policy**	**Operations and Performance Measures**	**Implementation of policy in the year**
Benefits	To provide other standard benefits which should be valued by recipient	To provide market competitive benefits in kind. Values may fluctuate without the Committee taking action. The company may amend the benefits available to staff from time to time, and the Executive Director would normally be subject to the same changes.	Main benefits include: • Annual car benefit (manager only) • Motorcycle benefit (for field supervisors only) • Medical expense claim of consultation and medicine as prescribed by medical practitioners. • Monthly telephone allowance (manager only)	There were no other changes made in the current year to benefits provided and no changes are proposed in the forthcoming year.
Pension	To provide post-retirement benefits	To provides funds to be saved for retirement according to statutory contribution requirement of the Malaysian's Employee Provident fund. The Executive Director is not entitled to this benefit.	Contribution rate for Malaysia's Employee Provident Fund are as follow : Age ≤ 60 years - Employer portion : 15% - Employee portion : 15% Age > 60 years - Employer portion : 6.5% - Employee portion : 5.5%	There were no other changes made in the current year to benefits provided and no changes are proposed in the forthcoming year.

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B3. DIRECTORS' REMUNERATION REPORT (continued)

B3.2 REMUNERATION POLICY REPORT (continued)

The table below summarises the policy applied to setting the remuneration of the all the Directors:

Type	**Description**	**Policy**	**Operations and Performance Measures**	**Implementation of policy in the year**
Directors Fee	Fees paid to the Chairman, non-executive Directors and Executive Director	The fees paid to the Chairman and the fees of the other Directors aim to be competitive with other fully listed companies of equivalent size and complexity. Fee levels are periodically reviewed by the board (for Non-Executives) and the Committee (for the Chairman). All the Directors do not participate in any of the Company's incentive arrangements (if any), and do not receive any form of pension provision	Fees are paid in cash and reviewed annually with any changes normally taking effect from 1 January the next year. Directors' fees were last increased in 2011, and it was proposed that an increase was due in year 2013 taking into consideration the amount of time spent for executing their duties. However, a reduction in annual allowance at the same rate of increase was proposed to offset the increase to avoid fluctuation in director cost.	On 1 January 2013, the fees were increased as follows: £1,500 for the Chairman of the board (from £8,000), £1,500 for the role of Non-Executive Director (from £7,000) and £1,500 for the role of Executive Director (from £7,000) * The Chairman is paid an additional £1,000 compared to the other directors as recognition for the extra effort required for organising Board activities.
Benefits	To provide other standard benefits	To provide market competitive benefits in kind. Values may fluctuate without the Committee taking action. The company may amend the benefits available to directors from time to time, and the Executive Director would normally be subject to the same changes.	Main benefits include: • Annual car benefit • Annual allowance for attending to Company matters as and when is required. • Medical expense claim of consultation and medicine as prescribed by medical practitioners. • Meeting allowance and reimbursement of expense in relation to attending meeting • Travelling allowance for attending meeting by outstation directors • Estate visit allowance payable per visit – *only applicable to Executive Director*	Other than the Executive Director who was provided with an additional allowance of RM1,000 (£203) for each estate visit undertaken, there were no other changes made in the current year to benefits provided to the directors and no changes are proposed in the forthcoming year.

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B3. DIRECTORS' REMUNERATION REPORT (continued)

B3.2 REMUNERATION POLICY REPORT (continued)

During the financial year under review or the prior period, the directors were not provided with the following:

- incentive payment;
- payment in respect of qualifying services by way of expenses allowance that was chargeable to UK income tax;
- compensation in respect of loss of office or in connection with termination of qualifying services;
- share option scheme;
- awards under long-term schemes held by directors; and
- pension scheme.

The significant difference between directors and employees remuneration policy are :

i) Employees remuneration packages are according to conditions stipulated by respective employees' union.
ii) Directors' are not entitled to any bonuses or retirement benefits such as, contributions to the Employee Provident Fund or provided with retirement benefits.
iii) Directors' remuneration consists mainly of fixed fees and an annual allowance whereas employees are entitled to an incremental increase every year at minimum per amount as stipulated in agreement with respective employees' union.

Recruitment policy

The Company's recruitment policy allows the Committee sufficient flexibility to appointment and promote high-calibre executives to strengthen the management team and secure the skill sets to achieve the Company's objectives.

Remuneration for newly recruited directors will be set to reflect their skills and experience, the Company's intended pay positioning and the market rate for the role. A new appointment would be offered benefits comparable to existing directors. A new external appointment may be invited to participate in any other benefit scheme on the same terms as those offered to existing directors.

The fees and allowances for existing directors will not be exceeded for any newly recruited director and would be pro-rated to reflect the proportion of the year worked. It may be necessary to set different performance measures and targets initially, dependent on the timing of the appointment and the nature of the role taken up.

In the event that an existing employee is promoted to the Board, any contractual commitments made to the employee prior to such promotion will continue to be honoured even if they would not otherwise be consistent with the policy prevailing when the commitment is fulfilled.

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B3. DIRECTORS' REMUNERATION REPORT (continued)

B3.2 REMUNERATION POLICY REPORT (continued)

Current service contracts and terms of engagement

Terms of engagement and termination of Directors are governed by Articles 31 to 43 of the Company's Article of Association. The Company do not compensate for any early termination of Directors' Office.

All the directors are not on a service contract but they are obligated under Article 36 of the Company's Articles of Association to retire by rotation, where at each annual General Meeting at least one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation.

Directors' Service Period

Director	**Designation**	**Date Of Appointment**	**Date Of Last Re-Election**
Roslan Bin Hamir	Chairman, Independent Non-Executive	07.08.2002	21.06.2013
Adrian Tsen Keng Yam	Executive Non-Independent	17.03.2006	21.06.2013
Juliana Manohari Devadason	Non-Executive Non-Independent	12.11.1987	21.06.2013
Lim Hu Fang	Senior Independent Non-Executive	29.10.2010	24.06.2011
Stephen Willian Huntsman	Non-Executive Non-Independent	01.08.2001	21.06.2013

All the directors are not under any formal service contracts, hence, none have a definite notice period. Although as they offer themselves for annual re-election the directors consider that in accordance with Provision B.7.1 of the Code their service period is renewable annually.

As a matter of best practice all directors shall submit themselves for re-election at the forthcoming AGM.

No provision exists for additional compensation in the event of termination due to a change of control of the Company. Executive directors may accept an external non-executive appointment with the approval of the Board.

Policy on termination payments

Termination of directors is based on Articles 34 and 35 of the Company's Articles of Association and termination payments will be determined by the Committee upon consultation with the Board on a case to case basis.

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B3. DIRECTORS' REMUNERATION REPORT (continued)

B3.2 REMUNERATION POLICY REPORT (continued)

Illustration of application of remuneration policy

The chart below indicates the level of remuneration that would be received by the Company's sole executive director, Mr Adrian Tsen Keng Yam in accordance with the directors' remuneration policy in the first year to which the policy applies.

In developing the above scenario, the following assumptions have been used:

Minimum - Fixed remuneration is based on the latest fixed fee and allowance calculated on a basis consistent with those shown in the single total remuneration table for year ended 31 December 2013.

	Fees	Annual Allowance	Total Fixed Remuneration
	£	£	£
Executive Director			
Adrian Tsen Keng Yam	8,500	1,927	10,427

In line with expectation - Based on additional allowance of RM1,000 (£203) per visit, due to the executive director upon completing scheduled estate visits of 7 times in year.

Maximum - Based on additional allowance of RM1,000 (£203) per visit, due to the executive director upon completing maximum scheduled estate visits of 12 times in year.

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B3. DIRECTORS' REMUNERATION REPORT (continued)

B3.3 ANNUAL REPORT ON REMUNERATION

The information provided in this part of the Directors' Remuneration Report is not subject to audit.

Remuneration function

The Remuneration and Nomination Committee ("the Committee") comprises entirely of non-executive directors, Mdm Lim Hu Fang (Chairman), Encik Roslan Bin Hamir and Mr Stephen William Huntsman.

The Remuneration function of the Committee carries out the annual review of the overall remuneration policy for the Executive Director, Management Officers and Staff and recommends this to the Board for approval.

The terms of reference of the Remuneration and Nomination Committee include:

- Determining and agreeing with the Board the policy for the remuneration of the Executive Director, Chairman, Management and such members of the staff that it chooses to consider;
- Reviewing remuneration trends across the Group including the salary increases proposed annually for all Group employees;
- Appointment and termination agreements for executives (non directors);
- Determining targets for bonuses;

The Committee's aim is to ensure that the structure of executive remuneration supports the achievement of the Company's performance objectives and, in turn increases shareholder value. The Company's guiding policy on executive remuneration is as follows:

- Executive remuneration packages should take into account the linkage between pay, performance and nature of work by rewarding both effective management and by making the enhancement of shareholder value a critical success factor in setting of incentives, both short and long term; and
- The overall level of salary, incentives pension and other benefits should be competitive when compared with other companies of similar size and within the industry.

Key remuneration elements for employees are as follows:

Type	Description	Purpose
Base Salary	Cash salary based on individual contribution which is reviewed annually. Members of unions are paid in accordance with the respective Collective Agreements. The Base Salary adopted by the Group was last revised in 2010 where it was higher than the minimum wage of RM900 which became effective for the Malaysia on 1st January 2013	Reflects the competitive market salary level for the role and takes account of personal performance and contribution to corporate performance
Pension	15% of employee remuneration is contributed by the Company to the Employees Provident Fund. The prescribed statutory rate is 12%	Provides funds to be saved for retirement
Annual Bonus	Paid in cash based on the Company's annual financial performance and the individuals personal performance	Rewards the achievement of meeting annual financial targets.

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B3. ANNUAL REPORT ON REMUNERATION (continued)

B3.3.1 IMPLEMENTATION OF POLICY

In setting remuneration levels, the Committee considers experience, responsibilities and individual performance during the previous year; and takes account of salary levels with other companies of similar size, within the industry and the rates of increases of other employees.

The Committee operates within agreed terms of reference and in respect of directors' remuneration, is responsible for making recommendations to the Board on the performance related packages for the Executive Director and Executives as well as directors.

In its consideration of directors' remuneration matters for the financial period under review, the following persons provided advice or services to the Committee.

- Thomson Financial was responsible for preparing Total Shareholder Return (TSR) calculations for the purpose of this Report. Thomson Financial did not provide any other advice or services to the Company.

The implementation of remuneration policy usually takes effect on 1st January of the next calendar year.

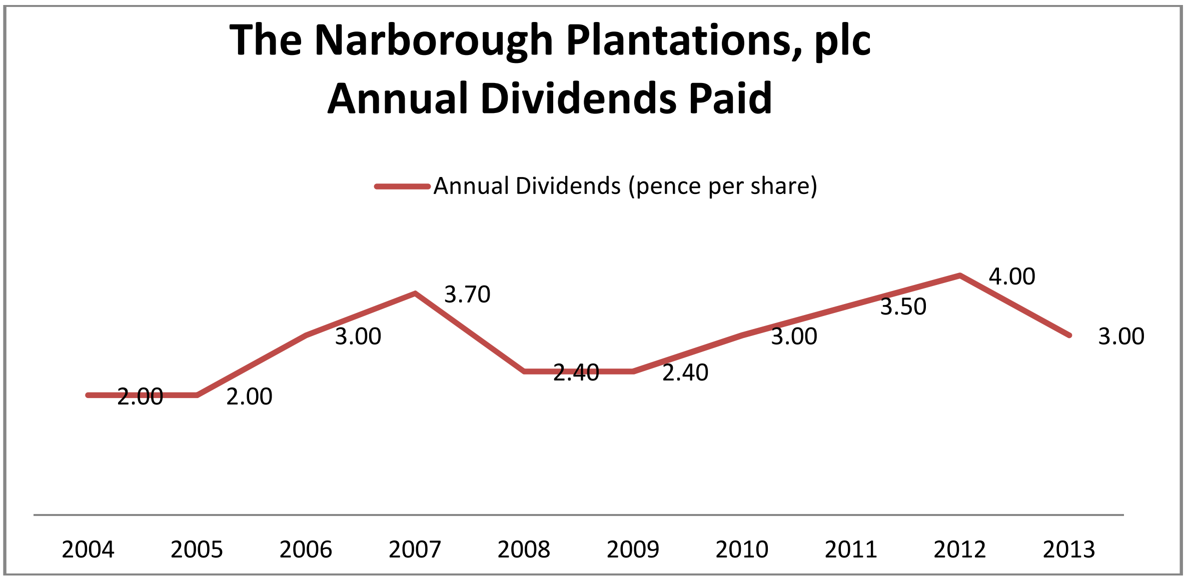
Elements of Remuneration

The directors' remuneration comprises directors' basic fee, annual allowance, benefits in kind and variable allowances for travelling and meeting, as per terms and conditions as set out in Article 44 of the Company's Article of Association.

Performance Graph

The Committee considers the FTSE All Share Index as a relevant index for total shareholder return and comparison disclosure as it represents a broad equity market index in which the company is a constituent member.

The following graph shows the dividends paid by the Company over the preceding ten years, 2004 to 2013.



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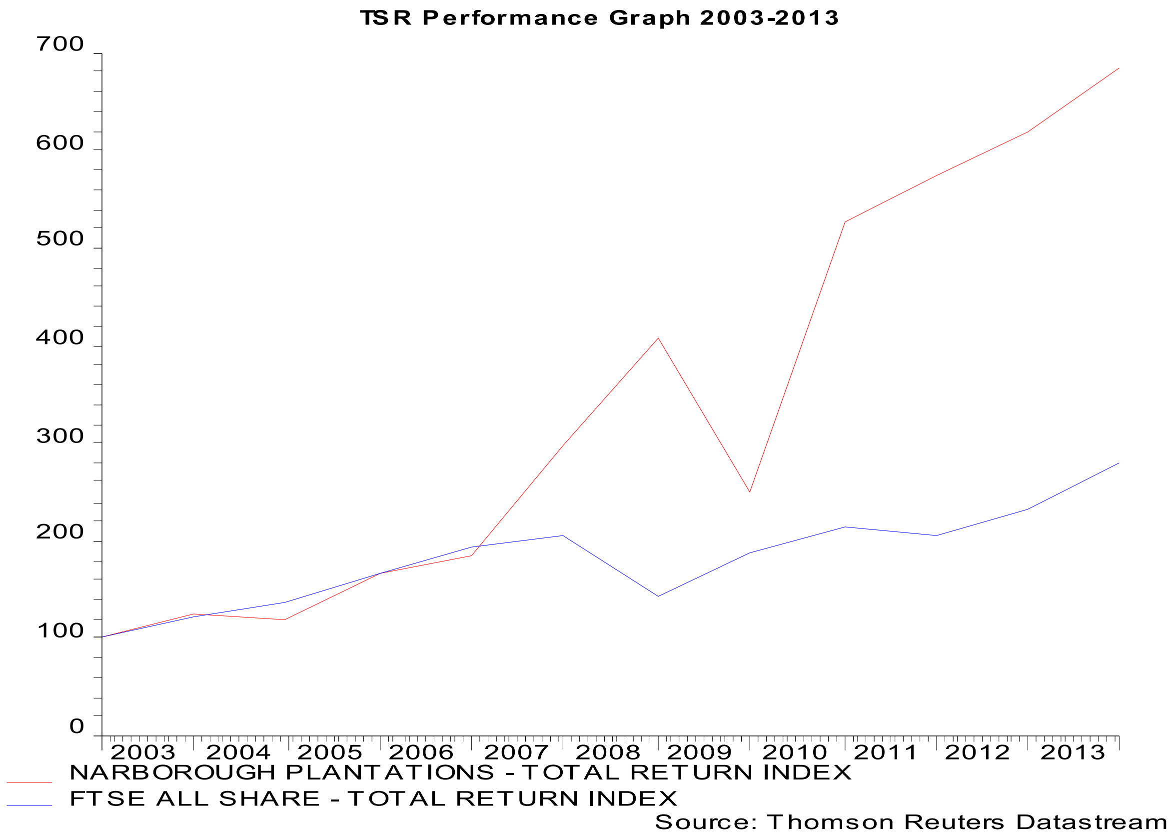
B3. ANNUAL REPORT ON REMUNERATION (continued)

Performance Graph (continued)

This performance graph set out below illustrate the Company's TSR performance over the preceding ten years, 2004 to 2013, compared with that of the FTSE All Share Index and has been prepared in accordance with the Regulations.



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B3. ANNUAL REPORT ON REMUNERATION (continued)

B3.3.2 DIRECTORS' REMUNERATION

The new disclosure regulations require companies to set out certain details of the chief executive officer including the Executive Director's pay in the years covered by the chart above. Details of the payments the CEO received under short and long-term incentive plans over these financial years is set out below:

Financial Year	**2013**	**2012**	**2011**	**2010**	**2009**
Adrian Tsen Keng Yam Single figure of total remuneration (£) *(most of the remuneration is paid in Ringgit Malaysia and will contain an element of translation difference)*	17,797	13,213	13,602	10,899	9,580
Annual variable elements incentive rates against maximum opportunity (£)	19% 2,434	0	0	0	0
Long term incentive rates against maximum opportunity (£)	0	0	0	0	0

Note: There were no incentives paid to Mr Adrian Tsen Keng Yam throughout 2009 - 2012

Percentage change in the remuneration of the Executive Director

The following table shows the change in the certain aspects of the remuneration of Mr Tsen:

Component	**2013** **£**	**2012** **£**	**Change** **%**
Director's fee	8,500	7,000	21.0%
Annual Allowance	1,927	2,449	(21.0%)
Estate Visit Allowance	1,420	-	100.0%
Benefits	5,950	3,764	58.0%

Notes :

a. *Estate visit allowance was granted to the Executive Director from 1 January 2013 onwards as incentive for regular visits to the estate.*
b. *The increase in benefits was due to the increase in petrol price and motor vehicle maintenance expenses.*
c. *The Board had proposed an increase in directors' fees receivable by all directors and a reduction in the directors' annual allowance at the same rate for Year 2013 .*

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B3. ANNUAL REPORT ON REMUNERATION (continued)

B3.3.2 DIRECTORS' REMUNERATION (continued)

Percentage change in the remuneration of the Executive Director (continued)

The following table shows the change in the salaries and bonuses of administrative employees :

	2013	**2012**	**Change**
	£	**£**	**%**
Administrative employees			
- salaries	41,412.00	34,277.00	21.0%
- bonus	13,731.00	14,832.00	(7.0%)

The Company's pay review which took effect on 1 January 2013 awarded average percentage increases in salaries to administrative employees as a whole of 21%. The administrative employees were used as a comparative group as the employees taken as a whole is considered to be inappropriate due to other employees of the company, mainly field workers, having fixed rate of wages and incremental changes according to their contract of employment for foreign workers and union agreement for local workers.

The nature and level of benefits available to the administrative employees in the year ended 31 December 2013 was broadly similar to that in the previous year.

The total amount of bonus' paid to employees (directors' are not entitled to any bonus), in respect of the year ended 31 December 2013 was 7% lower than in 2012 due to new employees employed during the year being ineligible for a full year bonus and a reduction in bonus' for employees with weak performance as decided by the management through rating system during the bi-annual staff review.

Relative importance of spend on pay

The Regulations require an illustration of the significance of the Company's expenditure on pay in the context of its operations. Set out below is a summary of the Company's levels of expenditure on pay and other significant cash outflows.

	Note	**2013**	**2012**	**Change**
		£	**£**	**%**
Wages & salaries	5	225,023	186,946	20.4%
Dividend paid	21	399,498	532,664	(25.0%)
Corporate income tax	7	99,220	258,562	(61.6%)

** Wages and salaries have increased by 20.4% due to the implementation of minimum wage for all employees with effect from 1 January 2013 and through fixed increment rate as per agreement with the employees' respective unions.*

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B3. ANNUAL REPORT ON REMUNERATION (continued)

B3.3.2 DIRECTORS' REMUNERATION (continued)

Statement of voting at a general meeting

The new regulations state that the Directors' Remuneration Report should include details of how shareholders cast their votes on remuneration-related resolutions at the last AGM. At the AGM held on 21 June 2013, all resolutions were passed on a show of hands. Proxy votes lodged in respect of directors' remuneration

Resolution	Votes for	% for	Votes against	% against	Votes witheld	% witheld	Discretion	Total votes cast
Approve Directors' Remuneration Report	10,420,296	100	0	0	0	0	0	0

Statement of directors' shareholding and share interest

Stephen William Huntsman, a director of the Company, is deemed interested in Riverview Rubber Estates Berhad, which holds 6,632,340 shares of the Company, representing 49.8% of the issued and paid up share capital as at 31 December 2013 through his family's shareholdings in the ultimate holding company, Buloh Akar Holdings Sdn Bhd.

Single total figure for Directors' Individual Remuneration

The information provided in this section of the Directors' Remuneration Report has been audited.

The following tables has been prepared according to the measures prescribed by the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

For Year Ended 31 December 2013

	Fees	**Taxable Benefits in kind**	**Allowance - Taxable Benefits (cash term)**	**Total 2013**
	£	**£**	**£**	**£**
Executive Director				
Adrian Tsen Keng Yam [1]	8,500	0	9,297	17,797
Non-Executive Directors				
Roslan Bin Hamir [2]	9,500	0	5,862	15,362
Juliana M. Devadason [3]	8,500	924	5,662	15,086
Lim Hu Fang	8,500	0	5,862	14,362
Stephen William Huntsman	8,500	0	5,862	14,362
	43,500	924	32,545	76,969

THE NARBOROUGH PLANTATIONS, plc (109273)

(Incorporated in England and Wales)

B3. ANNUAL REPORT ON REMUNERATION (continued)

B3.3.2 DIRECTORS' REMUNERATION (continued)

The information provided in this section of the Directors' Remuneration Report has been audited.

For Year Ended 31 December 2012

	Fees £	Taxable Benefits in kind £	Allowance - Taxable Benefits (cash term) £	Total 2012 £
Executive Director				
Adrian Tsen Keng Yam [1]	7,000	0	6,213	13,213
Non-Executive Directors				
Roslan Bin Hamir [2]	7,000	0	5,265	12,265
Juliana M. Devadason [3]	8,000	1,012	4,898	13,910
Lim Hu Fang	7,000	0	5,265	12,265
Stephen William Huntsman	7,000	0	5,265	12,265
	36,000	1,012	26,906	63,918

1. The Executive Director is allowed reimbursement claims on telephone, car maintenance, road toll and petrol in excess of fixed remuneration and other incentives.
2. Roslan Bin Hamir took over the chair from Juliana Manohari Devadason on 7 December 2012, this change in roles is reflected in their fees.
3. The benefits in kind refers to a car provided to Mdm Juliana Manohari Devadason during her tenure as the Chairman of the Company and the Board has granted her continued use of the motor vehicle for her continuing term as a director of the company.

B3.3.3 OTHERS

Consideration of employment conditions elsewhere in the Company

All members of staff whose performance has been exceptional are eligible for a discretionary bonus.
In determining pay levels for the employees as a whole, the Company annually considers externally provided benchmark levels for comparable jobs as well as individual development and performance.

The general level of increase resulting from this review informs the Committee's deliberations on appropriate pay levels for all staff, together with external data specific to their roles which is used to ensure that the levels of remuneration are appropriate.

The Committee does not formally consult employees on executive remuneration or on activities carried out in the Company. However, they have the opportunity to make comments on any aspect of the Company's activities through bi-annual staff review interview conducted by the management, and their comments and grievances are compiled and presented to the Committee for consideration on whether any further action is required.

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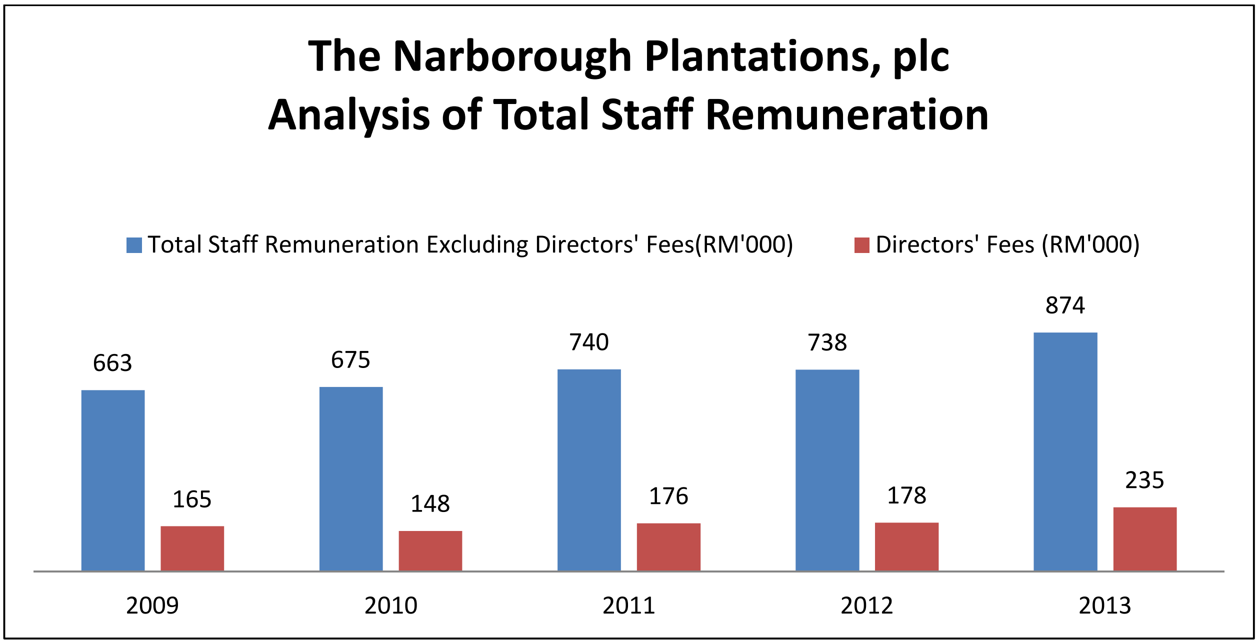
B3. ANNUAL REPORT ON REMUNERATION (continued)

B3.3.3 OTHERS (continued)

The total remuneration received by all the employees of the company excluding the directors' fees for the past 5 years are presented in the graph below:



**Staff remuneration is shown in Ringgit Malaysia, the functional currency to show effect of actual amount paid.*

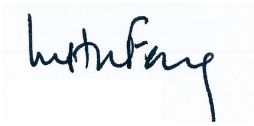
Consideration of shareholders' views

The Committee considers shareholder feedback received in relation to the AGM each year by way of verbal or written communication from shareholders received before or after the AGM. This feedback, plus any additional feedback received during any meetings from time to time, is then considered as part of the Company's annual review of remuneration policy.

In addition, the Chairman of the Committee and the Chairman of the Company would engage directly all shareholders, major or minor and their representative bodies and report their views back to the Committee, who take them into account when formulating any material changes to the remuneration policy.

Details of votes cast for and against the resolution to approve last year's remuneration report are set out in the Annual Report on Remuneration.

The Directors' Remuneration Report was approved by the Board of Directors and signed on its behalf by:



Lim Hu Fang
Chairman
Remuneration & Nomination Committee Chairman
21 March 2014

THE NARBOROUGH PLANTATIONS, plc (109273)

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C. DIRECTORS' REPORT

The directors present their report and the audited financial statements for the financial year ended 31 December 2013.

In support of the new requirements introduced by The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 which became effective on 1 October, 2013, the directors have voluntarily included disclosures in this annual report in relation to gender and human rights and on the company's greenhouse gas (GHG) emissions which may be found under Corporate Social Responsibility in section A3.

Certain information required for disclosure in this report is provided in other appropriate sections of the annual report. These include the Business Review, the Corporate Governance, Audit Committee, Nomination Committee and Directors' Remuneration Reports, and these are, accordingly, incorporated into this report by reference.

DIRECTORATE AND DIRECTORS' SHAREHOLDINGS

The present directors of the Company together with brief biographical details are listed in section B1.

The directors of the Company during the year were :

Roslan Bin Hamir*
Juliana Manohari Devadason*
Adrian Tsen Keng Yam
Lim Hu Fang*
Stephen William Huntsman*

** Non-executive directors*

The directors' interest in the shares of the Company are disclosed in the Directors' remuneration report in section B. None of the Directors have direct share interest in the Company. There have been no changes in the directors' interests in the share capital of the Company since 31 December 2013.

No directors had any interest either during or at the end of the year in any material contract or arrangement with the Company.

The appointment and replacement of the Company's directors is governed by its Articles of Association, the UK Corporate Governance Code, the Companies Acts and related legislation and the individual service terms and terms of appointment of the directors.

The powers of the directors, and their service terms and terms of appointment, are described in the Corporate Governance section, Section B2. The Articles of Association may only be amended by the Company's shareholders in general meeting.

THE NARBOROUGH PLANTATIONS, plc (109273)

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C. DIRECTORS' REPORT (continued)

As at the date of this report, indemnities are in force under which the company has agreed, to the extent permitted by law and Article 145 of the Company's Articles of Association, to indemnify:

- any liability incurred by that relevant officer in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or an associated company;
- any liability incurred by that relevant officer in connection with the activities of the Company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Act); and
- any other liability incurred by that relevant officer as an officer of the Company or an associated company;

The UK Corporate Governance Code recommends that all directors should be subject to re-appointment annually and therefore all of the directors, Encik Roslan Bin Hamir, Mdm Juliana Manohari Devadason, Mr Adrian Tsen Keng Yam, Mdm Lim Hu Fang and Mr Stephen William Huntsman have agreed to voluntarily retire from the Board at the end of the forthcoming Annual General Meeting, and, being eligible, will offer themselves for re-election.

From 1 October 2008, a director has had a statutory duty to avoid a situation in which he or she has, or can have, an interest that conflicts or possibly may conflict with the interests of the Company. A director will not be in breach of that duty if the relevant matter has been authorised in accordance with Article 22 of the Company's Articles of Association by the other directors. The Articles of Association include the relevant authorisation for directors to approve such conflicts.

None of the directors had, either during or at the end of the year, any material interest in any contract of significance with the Company or its associates.

SHARE CAPITAL

The structure of the Company's capital and the rights and obligations, if any, attached to each class of shares at the end of the year, are disclosed in Notes 20 and 21 of the financial statements.

DIVIDENDS

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 2013:		
Interim dividend of 1.5 pence per ordinary share of 10 pence each, single tier, paid on 14 June 2013	916,049	199,749
2nd Interim dividend of 1.5 pence per ordinary share of 10 pence each, single tier, paid on 7 December 2013	1,026,590	199,749
	1,942,639	399,498

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

THE NARBOROUGH PLANTATIONS, plc (109273)

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C. DIRECTORS’ REPORT (continued)

AMENDMENT OF COMPANY’S ARTICLES OF ASSOCIATION

Any amendment to the Company’s Articles of Association can only be made after shareholders’ approval at a General Meeting.

SUBSTANTIAL SHAREHOLDINGS

At the date of this report, the only notice received by the Company regarding substantial beneficial shareholdings in its issued ordinary share capital were as follows:-

Name of shareholder	**No. of ordinary of 10p each**	**Percentage of issued ordinary share capital**
Riverview Rubber Estates Berhad*	6,632,340	49.8%
Hamidah binti Abdul Rahman	3,466,260	26.0%

* A company incorporated in Malaysia and listed on Bursa Malaysia.

PURCHASE OF OWN SHARES

The powers of directors, for example in relation to the issuing or buying back by the Company of its own shares, are contained in the Company’s Articles of Association.

TAX RESIDENCE

The Company is tax resident in Malaysia.

INFORMATION PRESENTED IN OTHER SECTIONS

Certain information required to be included in a directors’ report by Schedule 7 can be found in the other sections of the Annual Report, as described below. All of the information presented in these sections is incorporated by reference into this Directors’ report and is deemed to form part of this report.

- Commentary on the likely future developments in the business of the Group is included in the Strategic report (Section A).
- A description of the Company’s financial risk management objectives and policies, and its exposure to risks arising from its use of financial instruments are set out in note 23 to the accounts.
- Information concerning the involvement of employees in the business is given in section A3.4 – ‘Employees’
- Disclosures concerning greenhouse gas emissions are given in Section A3.2 – ‘Environmental policy’
- Rule DTR7.2.1 of the Disclosure and Transparency Rules requires the Group’s disclosures on Corporate governance to be included in the Directors’ report. This information is presented in sections B2, B2.1 and B2.2 and the information in these sections is incorporated by reference into this Directors’ report and is deemed to form part of this report.
- Section C of this Annual Report, together with the other sections of the Annual Report incorporated by reference, comprise a Directors’ report for the Company which has been drawn up and presented in accordance with, and in reliance upon, applicable English company law and their abilities of the directors in connection with this report shall be subject to the limitations and restrictions provided by such law.

C. DIRECTORS' REPORT (continued)

AUDITOR

a) Reappointment of the Auditor

A resolution to reappoint Baker Tilly UK Audit LLP as auditor will be proposed at the forthcoming Annual GeneralMeeting.

b) Statement as to Disclosure of Information to the Auditor

The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By Order of the Board,

Adrian Tsen Keng Yam
Executive Director

THE NARBOROUGH PLANTATIONS, plc (109273)

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D. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors Report, the Directors Remuneration Report, the Corporate Governance Statement and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The Directors are required under the Listing Rules of the Financial Conduct Authority to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have elected under company law to prepare the Company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the Company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the and of the profit or loss for the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare a director's report and director's remuneration report which comply with the requirements of the Companies Act 2006.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Having taken advice from the Audit Committee, the Board considers that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.
Financial statements are published on the Company's website – www.narboroughplantations.com.

THE NARBOROUGH PLANTATIONS, plc (109273)

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D. STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the Directors, whose names and functions are listed in the Directors' Report, confirms that, to the best of their knowledge:

a) the financial statements, prepared in accordance with IFRS as adopted by the EU give a true and fair view of the assets, liabilities, financial position and profit of the Company taken as a whole; and

b) the Strategic report and other reports contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole together with a description of the principal risks and uncertainties that they face.

The report of the auditors can be found in section E.

This statement is made in accordance with the resolution of the Board of Directors dated 21 March 2014 and authorised for issue on 21 March 2014.

By Order of the Board

Adrian Tsen Keng Yam
Executive Director

E. INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE NARBOROUGH PLANTATIONS, plc

Opinions arising from our audit

We have audited the financial statements on pages 53 to 101**.** The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As more fully explained in the Directors' Responsibilities Statement set out on page 49, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- The part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 13 to 26 in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook issued by the Financial Conduct Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structures) is consistent with the financial statements.

E. INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE NARBOROUGH PLANTATIONS, plc

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland) we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the company acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the company.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 7, in relation to going concern;
- the part of the Corporate Governance Statement on page 13 to 26 relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Our assessment of risks of material misstatement

We identified the following risks as being those which had the most significant impact on our audit strategy and set out below how each of these were addressed by the scope of our audit:

Valuation of Biological assets

- Biological assets, which comprise Palm Oil Trees within a plantation, have been valued in accordance with IAS 41 ("Agriculture") by the directors at their assessment of fair value based on a discounted cash flow model. The fair value derived is sensitive to assumptions that are made regarding the discount rate, the area of land under cultivation, yield, future commodity prices and associated costs of sales and the integrity of the underlying cash flow model.

We evaluated the discounted cash flow calculations and the integrity of the underlying valuation model. We corroborated the key inputs to the model, including commodity prices, yield and the area of land under cultivation either to market data, customer contracts or to records of historical performance as appropriate. We compared the applied discount rate to supporting third party data and comparators provided by our in-house valuation team. We challenged the directors' sensitivity analysis and performed our own sensitivity analysis on the model.

E. INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE NARBOROUGH PLANTATIONS, plc

Valuation of Freehold Land

- Freehold land is accounted using the revaluation model permitted by IAS 16 ("Property Plant and Equipment"). The latest formal valuation was in 2012 and there were no revaluation performed in 2013.

We evaluated the valuation methodology applied by comparing the carrying value of the freehold land to advertised prices of similar pockets of land in similar geographical locations. We also discussed and challenged the valuation methodology with the valuer and considered their qualifications.

Carrying amount of the Investment in Associate

- The Company equity accounts for its 33.33% interest in Rivaknar Holdings S/B. This company, through its subsidiaries CG Plantations S/B and Rivaknar Properties (WA) Pty Ltd, have biological assets, investment properties and leasehold land that are held at valuation in accordance with IAS 41 ("Agriculture") and IAS 16 ("Property Plant and Equipment") respectively. The valuations applied to these assets have a material impact on the carrying value of the Company's interest in the associate.

Our audit procedures included challenging the models used by management in valuing the biological assets held within the associate and comparing the assumptions with those used in the biological asset valuation model for the Company. The fair value of investment properties and leasehold land were audited by comparing the carrying values to advertised prices of similar assets in the same location.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures and to evaluate the effects of misstatements, both individually and on the financial statements as a whole. During planning we determined the threshold that we judge would be material for the financial statements as a whole (FSM). During planning FSM was calculated as £162,000, which was updated at completion to £154,000. The final FSM was considered to remain suitable for all balances

We agreed with the Audit Committee that we would report to them all unadjusted misstatements in excess of £5,000, as well as differences below those thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

For the purposes of the Company's audit, our audit work was supplemented by audit work performed by our network firm in Malaysia. However, the team in London planned and reviewed the work performed by the local team and conducted additional audit procedures. In addition Baker Tilly UK Audit LLP attended the audit committee meeting, visited the plantation and participated in conference calls with management of the Company.

The Company's associate Rivaknar Holdings S/B is audited by a component firm. Baker Tilly UK Audit LLP instructed the component auditors regarding the significant audit areas to be considered as part of their audit (which included the relevant risks of material misstatement detailed above), set out the information to be reported upon and reviewed the audit work performed by the component auditor.

Baker Tilly UK Audit LLP

Mark Harwood (senior statutory auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, statutory auditor
25 Farringdon Street, London EC4A 4AB
Date: 21 March 2014

THE NARBOROUGH PLANTATIONS, plc (109273)

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F. FINANCIAL STATEMENTS

F.1 INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		2013		2012	
	NOTE	**RM**	**£**	**RM**	**£**
Revenue	2	5,014,013	1,017,041	7,819,763	1,595,870
Cost of sales		(2,356,349)	(477,961)	(2,304,239)	(470,253)
Gross profit		2,657,664	539,080	5,515,524	1,125,617
Gain arising on revaluation of biological assets		649,544	120,063	553,995	112,145
Other operating income		89,300	18,113	35,159	7,175
Administrative expenses		(1,091,037)	(221,306)	(811,502)	(165,613)
Foreign exchange gain		258,573	52,449	25,082	5,119
Replanting expenditure		(813,172)	(164,944)	(717,639)	(146,457)
Operating profit		1,750,872	343,455	4,600,619	937,986
Share of profit of associate after tax pre fair value of the investment properties and biological asset adjustment		741,822	150,471	422,705	86,266
Fair value of the investment properties adjustment		605,473	122,814	4,796,428	970,937
Deferred tax recognised on the investment properties		(181,643)	(36,844)	(1,195,208)	(241,945)
Fair value of the biological asset adjustment		11,079	2,048	2,481,379	502,303
Deferred tax recognised on the biological asset		(2,770)	(512)	(620,345)	(125,576)
Share of profit of associate after tax		1,173,961	237,977	5,884,959	1,191,985
Property, plant & equipment written off		(630)	(128)	-	-
Finance income	3	302,129	61,284	369,058	75,318
Finance costs	4	(19,554)	(3,805)	(18,575)	(3,805)
Profit before tax	6	3,206,778	638,783	10,836,061	2,201,484
Tax expense	7	(489,155)	(99,220)	(1,266,954)	(258,562)
Profit from continuing operations		2,717,623	539,563	9,569,107	1,942,922
Profit for the financial year attributable to:					
- Owners of the parent		2,717,623	539,563	9,569,107	1,942,922
Earnings per share - basic and diluted (sen/pence)	8	20.41 sen	4.05 pence	71.86 sen	14.59 pence

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F2. STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	2013		2012	
	RM	**£**	**RM**	**£**
Profit for the financial year (after tax)	2,717,623	539,563	9,569,107	1,942,922
Items that may be subsequently reclassified to income statement:				
Gain on revaluation of freehold land	-	-	37,807,020	7,653,243
Share of other comprehensive income/(expense) of associates				
- capital reserve	(941,746)	(174,075)	(55,300)	(11,194)
- revaluation reserve	-	-	3,460,092	700,423
- deferred tax attributable to revaluation reserve			(860,525)	(174,195)
	(941,746)	(174,075)	40,351,287	8,168,277
Items that will not be reclassified to income statement:				
Foreign exchange gains / losses on translation to Pound Sterling				
- foreign exchange reserve	-	(1,751,246)	-	(89,236)
	-	(1,751,246)	-	(89,236)
Total other comprehensive income	(941,746)	(1,925,321)	40,351,287	8,079,041
Total comprehensive income for the year	1,775,877	(1,385,758)	49,920,394	10,021,963
Total comprehensive income attributable to:				
- Owners of the parent	1,775,877	(1,385,758)	49,920,394	10,021,963

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

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F3. STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	NOTE	2013 RM	2013 £	2012 RM	2012 £
ASSETS					
Non-current assets					
Property, plant and equipment	9 (i)	54,345,201	10,045,324	53,215,228	10,772,313
Biological assets	9 (ii)	16,981,414	3,138,894	16,331,870	3,306,046
Prepaid lease payments	10	-	-	17,614	3,566
Investment in associate	11	19,555,934	3,614,775	19,323,719	3,911,684
Total non-current assets		90,882,549	16,798,993	88,888,431	17,993,609
Current assets					
Deferred nursery expenditure	12	13,264	2,452	7,943	1,608
Inventories	13	30,641	5,664	85,994	17,408
Trade and other receivables	14	376,544	69,601	289,349	58,573
Current tax assets		434,565	80,326	639,942	129,543
Cash and cash equivalents	15	12,838,794	2,373,159	14,877,621	3,011,664
Total current assets		13,693,808	2,531,202	15,900,849	3,218,796
Total assets		104,576,357	19,330,195	104,789,280	21,212,405
Liabilities					
Non-current liabilities					
Provision for retirement benefits	16	(7,521)	(1,390)	(10,340)	(2,093)
Deferred tax liabilities	17	(4,324,779)	(799,405)	(4,127,607)	(835,548)
Cumulative preference shares	18	(84,163)	(19,024)	(84,163)	(19,024)
Total non-current liabilities		(4,416,463)	(819,819)	(4,222,110)	(856,665)
Current liabilities					
Trade and other payables	19	(649,413)	(120,039)	(889,927)	(180,147)
Total current liabilities		(649,413)	(120,039)	(889,927)	(180,147)
Total liabilities		(5,065,876)	(939,858)	(5,112,037)	(1,036,812)
TOTAL NET ASSETS		99,510,481	18,390,337	99,677,243	20,175,593

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

THE NARBOROUGH PLANTATIONS, plc (109273)

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F3. STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

		2013		2012	
	NOTE	**RM**	**£**	**RM**	**£**
Issued capital and reserves attributable to owners of the parent					
Share capital	20	4,891,969	1,331,659	4,891,969	1,331,659
Revaluation reserve	21	51,225,647	10,510,886	51,225,647	10,510,886
Capital reserve	21	1,703,945	378,993	2,645,691	553,068
Foreign exchange reserve	21	-	(2,399,432)	-	(648,186)
General reserve	21	874,698	182,991	874,698	182,991
Retained earnings	21	40,814,222	8,385,240	40,039,238	8,245,175
TOTAL EQUITY		99,510,481	18,390,337	99,677,243	20,175,593

The financial statements were approved and authorised for issue by the Board of Directors on 21 March 2014 and were signed on its behalf by:

Adrian Tsen Keng Yam
Executive Director

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

THE NARBOROUGH PLANTATIONS, plc (109273)

(Incorporated in England and Wales)

F4. STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Attributable to the owners of the Parent	Share capital RM	Capital reserve RM	Revaluation reserve net of attributable deferred tax RM	General reserve RM	Retained earnings RM	Total RM
At 1 January 2012	4,891,969	2,700,991	20,856,520	874,698	23,047,719	52,371,897
Profit for the financial year	-	-	-	-	9,569,107	9,569,107
Other comprehensive income						
- Exchange differences from translation into presentational currency	-	-	-	-	-	-
- Gain on revaluation of freehold land	-	-	37,807,020	-	-	37,807,020
Share of other comprehensive income/ (expense) of associates						
- capital reserve	-	(55,300)	-	-	-	(55,300)
- revaluation reserve	-	-	3,460,092			3,460,092
- deferred tax attributable to revaluation reserve	-		(860,525)			(860,525)
Total other comprehensive income	-	(55,300)	40,406,587	-	-	40,351,287
Transfers (Note 21)	-	-	(10,037,460)	-	10,037,460	-
	4,891,969	2,645,691	51,225,647	874,698	42,654,286	102,292,291
Transaction with owners						
Dividends	-	-	-	-	(2,615,048)	(2,615,048)
At 31 December 2012	4,891,969	2,645,691	51,225,647	874,698	40,039,238	99,677,243
Profit for the financial year	-	-	-	-	2,717,623	2,717,623
Other comprehensive income						
- Exchange differences from translation into presentational currency	-	-	-	-	-	-
Share of other comprehensive income/ (expense) of associates						
- capital reserve	-	(941,746)	-	-	-	(941,746)
Total other comprehensive income	-	(941,746)	-	-	-	(941,746)
Transaction with owners						
Dividends	-	-	-	-	(1,942,639)	(1,942,639)
At 31 December 2013	4,891,969	1,703,945	51,225,647	874,698	40,814,222	99,510,481

The accompanying notes form an integral part of this statement of changes in equity.

THE NARBOROUGH PLANTATIONS, plc (109273)

(Incorporated in England and Wales)

F4. STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (continued)

Attributable to the owners of the Parent	Share capital £	Capital reserve £	Revaluation reserve net of attributable deferred tax £	Foreign exchange reserve £	General reserve £	Retained earnings £	Total Equity £
At 1 January 2012	1,331,659	551,222	4,256,433	(335,146)	178,510	4,703,616	10,686,294
Prior year adjustments	-	13,040	106,856	(223,804)	4,481	99,427	-
Restated balance as at 1 January 2012	1,331,659	564,262	4,363,289	(558,950)	182,991	4,803,043	10,686,294
Profit for the financial year	-	-	-	-	-	1,942,922	1,942,922
Other comprehensive income							
- Exchange differences from translation into presentational currency	-	-	-	(89,236)	-	-	(89,236)
- Gain on revaluation of freehold land	-	-	7,653,243	-	-	-	7,653,243
Share of other comprehensive income/ (expense) of associates							
- capital reserve	-	(11,194)	-	-	-	-	(11,194)
- revaluation reserve	-	-	700,423	-	-	-	700,423
- deferred tax attributable to revaluation reserve	-	-	(174,195)	-			(174,195)
Total other comprehensive income	-	(11,194)	8,179,471	(89,236)	-	-	8,079,041
Transfers (Note 21)	-	-	(2,031,874)	-	-	2,031,874	-
	1,331,659	553,068	10,510,886	(648,186)	182,991	8,777,839	20,708,257
Transaction with owners							
Dividends	-	-	-	-	-	(532,664)	(532,664)
At 31 December 2012	1,331,659	553,068	10,510,886	(648,186)	182,991	8,245,175	20,175,593
Profit for the financial year	-	-	-	-	-	539,563	539,563
Other comprehensive income that will be reclassified to profit or loss							
- Exchange differences from translation into presentational currency	-	-	-	(1,751,246)			(1,751,246)
Share of other comprehensive income/ (expense) of associates							
- capital reserve	-	(174,075)	-	-			(174,075)
Total other comprehensive income	-	(174,075)	-	(1,751,246)	-	-	(1,925,321)
	1,331,659	378,993	10,510,886	(2,399,432)	182,991	8,784,738	18,789,835
Transaction with owners							
Dividends	-	-	-	-	-	(399,498)	(399,498)
At 31 December 2013	1,331,659	378,993	10,510,886	(2,399,432)	182,991	8,385,240	18,390,337

The accompanying notes form an integral part of this statement of changes in equity.

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F5. STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	2013		2012	
	RM	**£**	**RM**	**£**
Operating activities				
Profit before tax	3,206,778	638,783	10,836,061	2,201,484
Adjustments for:				
Depreciation of property, plant and equipment	115,601	23,448	86,606	17,675
Amortisation of prepaid lease payment	17,614	3,573	26,420	5,392
Finance costs	19,554	3,805	18,575	3,805
Reversal of provision for retirement benefits	(2,819)	(572)	(2,150)	(439)
Property, plant & equipment written off	630	128	-	-
Share of profit of associate after tax	(1,173,961)	(237,977)	(5,884,959)	(1,191,985)
Finance income	(302,129)	(61,284)	(369,058)	(75,318)
Gain arising on revaluation of biological assets	(649,544)	(120,063)	(553,995)	(112,145)
Operating cash flow before changes in working capital	1,231,724	249,841	4,157,500	848,469
Decrease/(Increase) in deferred nursery expenditure	(5,322)	(984)	90,368	18,293
(Increase)/Decrease in inventories	55,354	10,232	(73,833)	(14,946)
(Increase)/Decrease in trade and other receivables	(87,195)	(16,117)	144,110	29,172
Increase/(Decrease) in trade and other payables	(240,514)	(44,457)	276,437	55,959
Cash generated from operations	954,047	198,515	4,594,582	936,947
Retirement benefits paid	-	-	(12,666)	(2,585)
Tax paid	(86,606)	(17,567)	(1,636,250)	(333,929)
Net cash flow from operating activities	867,441	180,948	2,945,666	600,433
Investing activities				
Purchases of property, plant and equipment	(1,246,204)	(230,352)	(660,246)	(133,652)
Interest received	302,129	61,284	369,058	75,318
Net cash flow (used in)/from investing activities	(944,075)	(169,068)	(291,188)	(58,334)

THE NARBOROUGH PLANTATIONS, plc (109273)

(Incorporated in England and Wales)

F5. STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (continued)

	2013		2012	
	RM	£	RM	£
Financing activities				
Dividends paid on ordinary shares	(1,942,639)	(399,498)	(2,615,048)	(532,664)
Dividends paid on cumulative preference shares	(19,554)	(3,805)	(18,575)	(3,805)
Net cash flow used in financing activities	(1,962,193)	(403,303)	(2,633,623)	(536,469)
Increase in cash and cash equivalents	(2,038,827)	(391,423)	20,855	5,630
Effects of exchange rate changes	-	(247,082)	-	(25,959)
Cash and cash equivalents at beginning of financial year	14,877,621	3,011,664	14,856,766	3,031,993
Cash and cash equivalents at end of financial year (Note 15)	12,838,794	2,373,159	14,877,621	3,011,664

The accompanying notes form an integral part of this statement of cash flows.

THE NARBOROUGH PLANTATIONS, plc (109273)

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F6. NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2013

1. SIGNIFICANT ACCOUNTING POLICIES

The Company was incorporated in the United Kingdom on 27 April 1910 and registered as a foreign company in Malaysia where it is domiciled. Further information on the Company is shown within the Corporate Information page III and IV.

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 under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, financial assets and financial liabilities (including derivative financial instruments at fair value through profit or loss) and certain biological assets.

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and IFRS Interpretations Committee (IFRS IC) as adopted by the European Union ('EU'), and the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires the Company's management to exercise judgements and estimates have been made in preparing the financial statements and their effects are disclosed in Note 1.14 to the financial statements.

(a) New standards, interpretations and amendments effective from 1 January 2013

The following new standards, interpretations and amendments, are effective for the first time in these financial statements but none have had a material effect on the financial statements:

- ***Amendments to IAS 1 Presentation of Items of Other Comprehensive Income***
- ***Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)***
- ***Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters (Amendments to IFRS 1)***
- ***IFRS 13 Fair Value Measurement***
- ***IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine***
- ***Amendments to IFRS 7 Financial Instruments : Disclosures - Offsetting Financial Assets and Financial Liabilities***
- ***Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Government Loans***
- ***Amendments to IAS 19 – Employee benefits***

F6. NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.1 Basis of preparation (continued)

(a) New standards, interpretations and amendments effective from 1 January 2013 (continued)

- ***Annual Improvements to IFRSs 2009-2011 Cycle***

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

(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 2014 or later periods and which the Company has decided not to adopt early. These are:

- ***Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities : Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)***
- ***Amendments to IAS 32 Financial Instruments : Presentation - Offsetting Financial Assets and Financial Liabilities***
- ***IFRS 9 Financial Instruments****
- ***IFRS 10 Consolidated Financial Statements****
- ***IFRS 11 Joint Arrangements****
- ***IFRS 12 Disclosure of Interests in Other Entities****
- ***IFRS 14 Regulatory Deferral Accounts****
- ***Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)***
- ***Annual Improvements to IFRSs 2010–2012 Cycle****
- ***Annual Improvements to IFRSs 2011–2013 Cycle****
- ***IAS 27 Separate Financial Statements***
- ***IAS 28 Investments in Associates and Joint Ventures***
- ***Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)***
- ***Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)***
- ***Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)***
- ***IFRIC Interpretation 21 Levies****

* 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.

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 land was revalued in 2012. These are revalued at regular intervals of at least once in every five (5) 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, net of deferred tax, is credited to shareholders' equity as a revaluation reserve and any subsequent deficit is charged against the surplus in respect of the asset with any excess recognised in profit or loss.

For a revaluation gain 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 gain 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 on asset under construction does not commence until they are complete and available for use. 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%
Vehicles	15% - 20%
Machinery	10% - 20%
Fixtures, fittings and electrical installation	10%
Furniture and equipment	10%
Information technology equipment	25%
Asset under construction	0%

Assets under construction are recognised at carrying amount and transfer upon completion to the appropriate property, plant and equipment item and depreciation commencing on obtaining certificate of fitness for use from the authorities.

At the end of each reporting period, 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 non-financial assets).

The residual values, useful life and depreciation method are reviewed at each reporting period 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)
F6. NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.3 Leasehold land

The Company applies the revaluation model for leasehold land. The leasehold land is revalued at regular intervals of at least once in every five (5) 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 leasehold estate land was revalued in 2012.

The surplus arising from such valuations, net of deferred tax, is credited to shareholders' equity as a revaluation reserve and any subsequent deficit is charged against the surplus in respect of the asset with any excess recognised in profit or loss

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

For one lease there is doubt over the continuation of the lease, which is at the option of the land authorities, and the expired lease term is less than one year, on this basis it is classified as a prepaid lease payments and held at amortised cost.

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 one (1) year.

1.4 Biological assets

Biological assets comprise palm oil plantations.

The fair value of oil palms excludes the land upon which the trees are planted or the fixed assets utilised in the upkeep of planted areas. The biological process starts with preparation of land for planting seedlings and ends with the harvesting of crops in the form of fresh fruit bunches ('FFB'). Thereafter, crude palm oil and palm kernel oil is extracted from FFB. Consistently with this process, the fair value of oil palms is determined using a discounted cash flow model, by reference to the estimated FFB crop harvest over the full remaining productive life of the trees of up to 20 years, applying an estimated produce value for transfer to the manufacturing process and allowing for upkeep, harvesting costs and an appropriate allocation of overheads excluding replanting expenditure which is charged out to income statement in the year it is incurred. The estimated produce value is derived from a long term forecast of crude palm oil prices to determine the present value of expected future cash flows over the next 20 years. The estimated FFB crop harvest used to derive the fair value is derived by applying palm oil yield to plantation size.

Costs to sell include the incremental selling costs, including auctioneers' fees and commission paid to brokers and dealers. Changes in fair value of palm oil plantations are recognised in the income statement

1.5 New planting, replanting expenditure 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 included within the Biological Asset and is not amortised.

THE NARBOROUGH PLANTATIONS, plc (109273)
F6. NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.5 New planting, replanting expenditure and deferred nursery expenditure (continued)

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

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associate but is not control or joint control of those policies.

Investments in associate are accounted using the equity method of accounting. Under the equity method, on initial recognition 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.

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. Distributions received from an associate reduce the carrying amount of the investment.

Adjustments to the carrying amount may also be necessary for a change in the Company's proportionate interest in the associate arising from changes in the associate's other comprehensive income. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange differences. The Company's share of those changes is recognised in Company's other comprehensive income.

The associate's financial statements are prepared using uniform accounting policies for like transactions and events in similar circumstances. If the associate uses accounting policies other than those of the Company for like transactions and events in similar circumstances, adjustments are made to make the associate's accounting policies conform to those of the Company when associate's financial statements are used by the Company in applying the equity method

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.7 Impairment of non-financial assets

The carrying amounts of the Company's property, plant and equipment and investment in associate, are reviewed at the end of each reporting period 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 Investment properties

The Associate's investment properties are revalued annually to open market value, with changes in the carrying value recognised in the statement of comprehensive income.

1.9 Inventories

Inventories comprise stores and consumables which are initially recognised at cost being the fair value at the point of harvest, 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.

Fresh Fruit Bunches (FFB) are valued at fair value less costs to sell at the point of harvest. As the FFB are sold to the mill within 24 hours of harvest, any fair value adjustment on FFB at the point of harvest will be immaterial. The Company does not hold inventories of FFB.

The movement in inventories are shown in Note 13.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.10 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 1.17.2) 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 measurement prescribed in 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.

Full provision has been made for retirement benefits payable to all eligible employees who have completed their qualifying period of between 5 to 10 years of service, based on the length of service to date and rates set out in the said agreements. Should an employee leave after completing their qualifying period of service but before attaining the retirement age, the provision made for the employee is written back. No actuarial valuation has been conducted on the retirement benefits provision, as the directors are of opinion that the amount is insignificant to the Company.

1.11 Taxation

1.11.1 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 end of each reporting period, and any adjustment to tax payable in respect of previous years.

1.11.2 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:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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 end of each reporting period. 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 Company has not recognised deferred tax in relation to surplus recognised on revaluation of freehold land. The ultimate disposal of freehold land would not be subject to tax under current Malaysian Real Property Gains Tax law for landed properties held for more than five (5) years.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.12 Foreign currencies

1.12.1 Functional and presentation currency

The financial statements are presented 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 also presented in both RM and Pound Sterling for ease of reference by the majority of shareholders who reside in the United Kingdom. The statement of financial position is translated to Pound Sterling for presentation purpose at an exchange rate of RM1 = 18.48p (2011: RM1 = 20.24p) whereas the income statement is translated at an average exchange rate of RM1 = 20.28p (2011: RM1 = 20.41p).

1.12.2 Transactions during the financial 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 end of each reporting period are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange rate differences are taken to the income statement.

1.12.3 Translation into sterling at financial year end

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

	2013 RM	**2012 RM**
Pound Sterling	5.41	4.94

The opening balances of reserves (excluding the exchange translation reserve and revaluation reserve) at the reporting period are translated from Ringgit Malaysia into Pound Sterling at the rate of exchange at 31 December 2013 of RM1 = 18.48p (2011: RM1 = 20.24p). The Ringgit Malaysia equivalent of the share capital has been translated using historic rate at the point of issue. Exchange differences on translation are dealt with through the foreign exchange reserve.

1.13 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)
F6. NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.14 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.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

Note 9 – Valuation method of biological assets and freehold estate land and building
Note 11 – Recognition of share of fair value of associate
Note 17 – Recognition of deferred tax liabilities

1.15 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.

1.16 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.

1.17 Employee benefits

1.17.1 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.

THE NARBOROUGH PLANTATIONS, plc (109273)
F6. NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.17 Employee benefits (continued)

1.17.2 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.

1.18 Cumulative preference shares

The cumulative preference shares are recorded at fair value at the point of issue.

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.

1.19 Financial assets

The Company classifies its financial assets into one category. 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 measured 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.19 Financial assets (continued)

Loans and receivables (continued):

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.

1.20 Financial liabilities

The Company classifies its financial liabilities into one category. 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 measured at amortised cost.

1.21 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 23 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. 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 financial year.

1.22 Going concern

The consolidated financial statements have been prepared on the going concern basis. The directors’ reasons for the adoption of this basis are given in the Strategic Report in section A2.

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:-

	2013		**2012**	
	RM	**£**	**RM**	**£**
Fresh fruit bunches (FFB)	5,014,013	1,017,041	7,819,763	1,595,870

THE NARBOROUGH PLANTATIONS, plc (109273)
F6. NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013 (continued)

3. FINANCE INCOME

	2013		2012	
	RM	**£**	**RM**	**£**
Interest income from short term deposits	302,129	61,284	369,058	75,318

4. FINANCE COSTS

Finance costs represent dividends on cumulative preference shares as follows:

	2013		2012	
	RM	**£**	**RM**	**£**
Interim: Single tier 20% (2012: Single tier 20%)	19,554	3,805	18,575	3,805

5. STAFF COSTS

The number of employees (including directors) employed by the Company as at end of the financial year were as follows:-

	2013	2012
	No.	**No.**
Management	6	6
Administration	4	3
Field workers	43	32
Total number of employees	53	41

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

	2013		2012	
	RM	**£**	**RM**	**£**
Wages and salaries	1,109,365	225,023	916,033	186,946
Contributions to a defined contribution plan	45,895	9,309	35,297	7,203
Social security costs	5,165	1,048	3,951	806
Total staff cost before retirement benefits	1,160,425	235,380	955,281	194,955
Retirement benefits	(2,819)	(572)	(2,150)	(439)
	1,157,606	234,808	953,131	194,516

THE NARBOROUGH PLANTATIONS, plc (109273)

F6. NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013 (continued)

5. STAFF COSTS (continued)

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 disclosed in section B3, the remuneration of key management personnel during the financial year comprised the remuneration of the Manager as follows:

	2013		2012	
	RM	**£**	**RM**	**£**
Salary and bonus	149,350	30,291	152,000	31,020
Contributions to defined contribution plan	9,708	1,969	9,964	2,033
	159,058	32,260	161,964	33,053

The information required by the UK Companies Act 2006 and the listing rules of the Financial Services Authority in connection with directors' remuneration is contained in the Directors' Report on Remuneration in section B.

6. PROFIT BEFORE TAX

	2013		2012	
	RM	**£**	**RM**	**£**
Profit before tax is arrived at after charging:-				
Amortisation of prepaid lease payments (Note 10)	17,614	3,573	26,420	5,392
Auditor remuneration				
- audit services	220,170	44,659	106,450	21,582
Directors' remuneration – fees	235,260	43,500	177,840	36,000
Depreciation on property, plant and equipment (Note 9(i))	115,601	23,448	86,606	17,675
Windfall tax levy	4,368	886	162,774	33,219
Total staff costs (Note 5)	1,160,425	235,380	955,281	194,955

THE NARBOROUGH PLANTATIONS, plc (109273)
F6. NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013 (continued)

6. PROFIT BEFORE TAX (continued)

	2013		2012	
	RM	**£**	**RM**	**£**
and crediting:-				
Gain on foreign exchange	258,573	52,449	25,082	5,119
Reversal of provision for retirement benefits	(2,819)	(572)	2,150	439

7. TAX EXPENSE

	2013		2012	
	RM	**£**	**RM**	**£**
Malaysian income tax:				
- current financial year	323,908	65,701	1,129,279	230,465
- (over)/under provision in prior years	(31,925)	(6,476)	(9,394)	(1,917)
Deferred tax for the financial year (Note 17)				
- current financial year	184,868	37,498	140,893	28,754
- under/(over) provision in prior years	12,304	2,497	6,176	1,260
	489,155	99,220	1,266,954	258,562

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	
	2013	**2012**
Malaysian income tax rate	25.0	25.0
Increase/(Decrease) resulting from:		
Non allowable expenses	0.3	0.6
Non taxable income	(9.1)	(13.7)
Crystallisation of deferred tax liabilities on revaluation reserves	(0.2)	(0.1)
	16.0	11.8
Over provision in prior years	(0.5)	(0.1)
Effective tax rate	15.5	11.7

THE NARBOROUGH PLANTATIONS, plc (109273)
F6. NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013 (continued)

8. EARNINGS PER SHARE

The calculation of basic earnings per share at 31 December 2012 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	2013		2012	
	RM	£	RM	£
Profit for the financial year attributable to owners of the parent	2,717,623	539,563	9,569,107	1,942,922

	2013	2012
Weighted average number of ordinary shares of 10p each	13,316,590	13,316,590
Basic and diluted earnings per share (sen)	20.41 sen	71.86 sen
Basic and diluted earnings per share (pence)	4.05 pence	14.59 pence

9. (i) PROPERTY, PLANT AND EQUIPMENT

	LAND AND <---- BUILDINGS ---->					
2013	**Freehold estate land £**	**Freehold residential land, buildings and estate building £**	**Vehicles, machinery and field equipment £**	**Asset under construction £**	**Total £**	**Total RM**
At Cost or Valuation						
At 1 January 2013	10,583,401	149,348	147,259	44,387	10,924,395	53,966,515
Additions	-	44,878	1,447	184,027	230,352	1,246,204
Revaluations	-	-	-	-	-	-
Written off	-	(114)	(1,004)	-	(1,118)	(5,509)
Transfer	-	40,531	-	(40,531)	-	-
Exchange differences	(919,445)	(12,963)	(12,705)	(3,856)	(948,969)	-
At 31 December 2013	9,663,956	221,680	134,997	184,027	10,204,660	55,207,210
Representing items at:						
Cost	-	221,680	134,997	184,027	540,704	2,925,210
Valuation	9,663,956	-	-	-	9,663,956	52,282,000
	9,663,956	221,680	134,997	184,027	10,204,660	55,207,210

THE NARBOROUGH PLANTATIONS, plc (109273)

F6. NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013 (continued)

9. (i) PROPERTY, PLANT AND EQUIPMENT (continued)

	LAND AND <------ BUILDINGS ------>					
2013	**Freehold estate land**	**Freehold Residential land, buildings and estate Building**	**Vehicles, machinery and field equipment**	**Asset under construction**	**Total**	**Total**
	£	**£**	**£**	**£**	**£**	**RM**
Accumulated Depreciation						
At 1 January 2013	-	50,380	101,702	-	152,082	751,287
Charge for the financial year	-	8,872	14,577	-	23,449	115,601
Written off	-	(113)	(877)	-	(990)	(4,879)
Exchange differences	-	(5,154)	(10,051)	-	(15,205)	-
At 31 December 2013	-	53,985	105,351	-	159,336	862,009

THE NARBOROUGH PLANTATIONS, plc (109273)
F6. NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013 (continued)

9. (i) PROPERTY, PLANT AND EQUIPMENT (continued)

	LAND AND <----- BUILDINGS ----->					
2012	**Freehold estate land £**	**Freehold Residential land, buildings and estate Building £**	**Vehicles, Machinery and field Equipment £**	**Asset under Construction Total £**	**Total £**	**Total RM**
At Cost or Valuation						
At 1 January 2012	2,954,078	68,584	140,451	-	3,163,113	15,499,249
Additions	-	81,320	7,945	44,387	133,652	660,246
Revaluation	7,653,243	-	-	-	7,653,243	37,807,020
Exchange differences	(23,920)	(556)	(1,137)	-	(25,613)	-
At 31 December 2012	10,583,401	149,348	147,259	44,387	10,924,395	53,966,515
Representing items at:						
Cost	-	149,348	147,259	44,387	340,994	1,684,515
Valuation	10,583,401	-	-	-	10,583,401	52,282,000
	10,583,401	149,348	147,259	44,387	10,924,395	53,966,515

THE NARBOROUGH PLANTATIONS, plc (109273)

F6. NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013 (continued)

9. (i) PROPERTY, PLANT AND EQUIPMENT (continued)

	LAND AND <---- BUILDINGS ---->					
2012	**Freehold estate land £**	**Freehold Residential land, buildings and estate Building £**	**Vehicles, Machinery and field Equipment £**	**Asset under Construction £**	**Total £**	**Total RM**
Accumulated Depreciation						
At 1 January 2012	-	46,425	89,224	-	135,649	664,681
Charge for the financial year	-	4,367	13,308	-	17,675	86,606
Exchange differences	-	(412)	(830)	-	(1,242)	-
At 31 December 2012	-	50,380	101,702	-	152,082	751,287

9. (i) PROPERTY, PLANT AND EQUIPMENT (continued)

	LAND AND <---- BUILDINGS ---->					
	Freehold estate land £	**Freehold residential land, buildings and estate building £**	**Vehicles, machinery and field equipment £**	**Asset under construction £**	**Total £**	**Total RM**
Carrying amount						
At 31 December 2013	9,663,956	167,695	29,646	184,027	10,045,324	54,345,201
At 31 December 2012	10,583,401	98,968	45,557	44,387	10,772,313	53,215,228
At 31 December 2011	2,954,078	22,159	51,227	-	3,027,464	14,834,568

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

	£	**RM**
Freehold estate land, including biological assets - cost and carrying amount		
At 31 December 2013	675,771	3,655,920
At 31 December 2012	740,065	3,655,920
At 31 December 2011	746,106	3,655,920

9. (i) PROPERTY, PLANT AND EQUIPMENT (continued)

Freehold Estate Land

The Company practices valuation of its estate land and buildings on regular intervals of at least once in every five (5) 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.

An independent valuation of the company's estate land and buildings was performed by valuers to determine the fair value of the estate land as at 31 December 2012. Support facilities such as infrastructure, buildings, machinery, vehicles, equipment, etc were regarded as an integral part of the estate and not separately assessed.

The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and shown in the revaluation reserve.

The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Company's freehold estate land that are measured as fair value at 31 December 2013:

	Freehold Estate Land	
	RM	**£**
Level 1	-	-
Level 2	-	-
Level 3	52,282,000	9,663,956

There were no transfers between any levels during the year.

Fair value measurements using significant unobservable inputs (Level 3):

	2013		**2012**	
	RM	**£**	**RM**	**£**
Opening balance	52,282,000	10,583,401	14,474,980	2,954,078
Transfers to/ (from) Level 3	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Exchange difference	-	(919,445)	-	(23,920)
Gains and losses recognised in other comprehensive income	-	-	37,807,020	7,653,243
Closing balance	52,282,000	9,663,956	52,282,000	10,583,401

9. (i) PROPERTY, PLANT AND EQUIPMENT (continued)

Freehold Estate Land (continued)

The fair value valuations were carried out by independent valuers, Messrs Asiapacific Appraisal Sdn. Bhd., Chartered Surveyors, in accordance with the appraisal and valuation manual of The Members' Institution of Surveyors, Malaysia on the Company's properties and biological assets

The external valuations of the level 3 land and buildings have been performed using a sales comparison approach. However, there have been a limited number of similar sales in the local market and the valuations have been performed using unobservable inputs. The external valuers have determined these inputs based on location, access, terrain, age of trees, condition of holding, standard of maintenance, time element and other relevant factors.

Information about fair value measurements using significant unobservable inputs (Level3):

Description	**Fair value at 31 December 2013**	**Valuation technique(s)**	**Unobservable inputs**	**Range of unobservable inputs (probability-weighted average**	**Relationship of unobservable inputs to fair value**
Oil palm estates in Perak, Malaysia	52,282,000	Sales Comparison approach	Price per Hectare (Ha)	RM74,665/ Ha To RM134,386/Ha (RM96,369/Ha)	The higher the price per hectare, the higher the fair value

(ii) BIOLOGICAL ASSET

In measuring the fair value of palm oil plantations various management estimates and judgements are required:

Oil palm plantations

Oil palm plantations are bearer biological assets which starts yielding palm fruits about three years after planting and it has a continual productive lifespan of 25-30 years.

Estimates and judgements in determining the fair value of palm oil plantations relate to determining the palm oil yield, the long term crude palm oil price, palm kernel oil price and the discount rates. The Company's policy for valuation of biological assets are disclosed under Note 1.4.

The following table presents the Company's biological assets that are measured as fair value at 31 December 2013:

	Palm oil plantation matured	
	RM	**£**
Level 1	-	-
Level 2	-	-
Level 3	16,981,414	3,138,894

There were no transfers between any levels during the year.

THE NARBOROUGH PLANTATIONS, plc (109273)
F6. NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013 (continued)

9. (ii) BIOLOGICAL ASSETS (continued)

The movement in the fair value of the assets within level 3 of the hierarchy is as follows:

	2013		2012	
	RM	**£**	**RM**	**£**
As At 1 January	16,331,870	3,306,046	15,777,875	3,219,974
Gain arising on revaluation of biological assets	649,544	120,063	553,995	112,145
Currency translation difference	-	(287,217)	-	(26,073)
At 31 December	16,981,414	3,138,894	16,331,870	3,306,046
Total gains or losses for the period included in other income and expenses for assets and liabilities held at the end of the period	649,544	120,063	553,995	112,145
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	649,544	(167,154)	553,995	86,072

The following unobservable inputs were used to measure the Company's palm oil plantation:

Description	Fair value at 31 December 2013	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability – weighted averages)	Relationship to unobservable inputs to fair value
Palm oil plantation	16,981,414	Discounted cash flows	• Palm oil yield – tonnes per hectare	12 – 28 (24) per year	The higher the oil palm yield, the higher the fair value.
			• Crude palm oil price • Palm kernel oil price	RM900 – 3,200 (2,300) per tonne RM1,600 – 4,200 (2,700) per tonne	The higher the market price, the higher the fair value
			• Discount rate	7% - 16% (11.22%)	The higher the discount rate the lower the fair value

9. (ii) BIOLOGICAL ASSETS (continued)

Sensitivity analysis for effect of changes in price, discount rate and cost of sales

	2013		**2012**	
	RM	**£**	**RM**	**£**
A change of 5% in price assumption of CPO				
+ 5% in price assumption	1,307,643	241,709	1,440,635	291,626
- 5% in price assumption	(1,307,643)	(241,709)	(1,440,635)	(291,626)
A change of 5% in discount rate				
+ 5% in discount rate	(345,723)	(63,904)	(325,705)	(65,932)
- 5% in discount rate	363,015	67,101	336,962	68,211
A change of 5% in cost of sales				
+ 5% in cost of sales	(670,883)	(124,008)	(398,787)	(81,385)
- 5% in cost of sales	670,883	124,008	398,787	81,385

During the year, a replanting subsidy of RM1,000 per hectare was granted to the Company upon application to the Malaysian Palm Oil Board ("MPOB") under its replanting subsidy scheme for 48.77 hectares cleared and replanted in 2013. The replanting subsidy has been accounted for under Other Income in the Income Statement for year ended 31 December 2013. The replanting subsidy is not offered by MPOB on a perpetual basis, hence, will only be granted when there are grants by the Government for eligible planters.

10. PREPAID LEASE PAYMENTS

2013	**Prepaid lease payments**	
	RM	**£**
Cost		
At 1 January 2013	200,000	40,486
Exchange difference	-	(3,517)
At 31 December 2013	200,000	36,969
Accumulated amortisation		
At 1 January 2013	182,386	36,920
Charge for the year	17,614	3,573
Exchange difference	-	(3,524)
At 31 December 2013	200,000	36,969

THE NARBOROUGH PLANTATIONS, plc (109273)
F6. NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013 (continued)

10. PREPAID LEASE PAYMENTS (continued)

2012	Prepaid lease payments	
	RM	£
Cost		
At 1 January 2012	200,000	40,816
Exchange difference	-	(330)
At 31 December 2012	200,000	40,486
Accumulated amortisation		
At 1 January 2012	155,966	31,830
Charge for the year	26,420	5,392
Exchange difference	-	(302)
At 31 December 2012	182,386	36,920

	Prepaid lease payments	
	RM	£
Carrying amount		
At 31 December 2013	-	-
At 31 December 2012	17,614	3,566

The prepaid lease payments were due for renewal on 6 September 2013, and requires payment of renewal premium, the quantum of which is subject to the confirmation from the land office.

11. INVESTMENT IN ASSOCIATE

	2013	2012
	RM	RM
Investment in associate (unquoted)		
At cost	118,301	118,301
Share of reserves of associate	5,178,210	6,119,956
Share of profits of associate	14,259,423	13,085,462
	19,555,934	19,323,719

	2013	2012
	£	£
Investment in associate (unquoted)		
At cost	23,948	24,143
Share of reserves of associate	2,886,856	2,661,475
Share of profits of associate	1,064,782	1,244,767
	3,975,586	3,930,385
Exchange adjustments	(360,811)	(18,701)
	3,614,775	3,911,684

11. INVESTMENT IN ASSOCIATE (continued)

	2013 RM	2012 RM	2013 £	2012 £
Investment in Associate (Unquoted)				
Cost of investment in associates				
At 1 January	118,301	118,301	23,948	24,143
Exchange adjustments	-	-	(2,081)	(195)
At 31 December	118,301	118,301	21,867	23,948
Share of post acquisition profit				
At 1 January	13,085,462	7,200,503	2,648,879	1,469,490
- Current	1,173,961	5,884,959	237,977	1,191,985
Exchange adjustments	-	-	(251,103)	(12,596)
	14,259,423	13,085,462	2,635,753	2,648,879
Share of reserves				
- At 1 January	6,119,956	3,575,689	1,238,857	729,733
- Current	(941,746)	2,544,267	(174,075)	515,034
Exchange adjustments	-	-	(107,627)	(5,910)
	5,178,210	6,119,956	957,155	1,238,857
Total share of reserves of associate	19,437,633	19,205,418	3,951,638	3,906,242
Total exchange adjustments on share of reserves	-	-	(358,730)	(18,506)
	19,555,934	19,323,719	3,614,775	3,911,684

The Company holds 33⅓% (2012: 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. The reporting period of the associate which is situated at 33 (1st Floor) Jalan Dato' Maharajalela, 30000 Ipoh, Perak, Malaysia is 31 December and has issued ordinary share capital of 355,200 shares of RM1 each.

The associate is the holding company of the following :

Name of company	Country of incorporation	Principal activities	Ownership interest (%)	Company's proportion (%) of ownership interest 2013	2012
CG Plantations Sdn Bhd	Malaysia	Oil palm plantations	99.9	33.3	33.3
Rivaknar Properties (WA) Pty Ltd	Australia	Investments in quoted shares and rental properties	100	33.3	33.3

11. INVESTMENT IN ASSOCIATE (continued)

Aggregated amounts relating to the associate are as follows:-

	2013		2012	
	RM	**£**	**RM**	**£**
Non-current assets	60,352,856	11,155,796	68,626,150	13,891,933
Current assets	13,528,760	2,500,695	7,754,128	1,569,662
Total assets	73,881,616	13,656,491	76,380,278	15,461,595
Current liabilities	1,097,144	202,799	10,370,013	2,099,193
Non-current liabilities	12,286,084	2,270,995	6,183,663	1,251,754
Total liabilities	13,383,228	2,473,794	16,553,676	3,350,947
Revenue	5,990,275	1,215,147	4,884,059	996,747
Profit before tax	4,621,226	937,368	16,383,053	3,343,480
Tax expense	(1,123,918)	(227,975)	(4,310,072)	(879,607)
Profit after tax	3,497,308	709,393	12,072,981	2,463,873

Share of fair value gain on associate's biological assets and investment properties of 33 ½ % recognised in Income Statement :

a) CG Plantations Sdn Bhd

	2013		2012	
	RM	**£**	**RM**	**£**
Fair value of the biological asset adjustment	11,079	2,048	2,481,379	502,303
Deferred tax recognised on the biological asset	(2,770)	(512)	(620,345)	(125,576)
Share of fair value of biological assets net of tax	8,309	1,536	1,861,034	376,727

b) Rivaknar Properties (WA) Pty Ltd

	2013		2012	
	RM	**£**	**RM**	**£**
Fair value of the investment properties adjustment	605,473	122,814	4,796,428	970,937
Deferred tax recognised on the investment properties	(181,643)	(36,844)	(1,195,208)	(241,945)
Share of fair value of the investment properties	423,830	85,970	3,601,220	728,992

11. INVESTMENT IN ASSOCIATE (continued)

The Parent Company, Riverview Rubber Estates, Berhad holds a direct interest of 33.3% in the associate and the Company and the associate are consolidated by Riverview Rubber Estates, Berhad.

12. DEFERRED NURSERY EXPENDITURE

	2013		2012	
At cost	RM	£	RM	£
At 1 January	7,943	1,608	98,311	20,063
Additions for the year	17,362	3,209	128,653	26,256
Charge to income statement	(12,041)	(2,442)	(219,021)	(44,336)
Exchange differences	-	77	-	(375)
At 31 December	13,264	2,452	7,943	1,608

13. INVENTORIES

In Ringgit Malaysia (RM)

	2013			
	As at 1 January RM	Purchases RM	Charged to Cost of Sales RM	As At 31 December RM
Fertilizer	64,434	722,794	(780,244)	6,984
Chemical	20,913	54,356	(52,236)	23,033
Fuel	26	24,934	(24,792)	168
Tools & equipment	621	477	(642)	456
	85,994	802,561	(857,914)	30,641

	2012			
	As at 1 January RM	Purchases RM	Charged to Cost of Sales RM	As At 31 December RM
Fertilizer	257	629,926	(565,749)	64,434
Chemical	9,945	34,192	(23,224)	20,913
Fuel	133	22,952	(23,059)	26
Tools & equipment	1,826	345	(1,550)	621
	12,161	687,415	(613,582)	85,994

THE NARBOROUGH PLANTATIONS, plc (109273)

F6. NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013 (continued)

13. INVENTORIES (continued)

In Pound Sterling (£)

	2013				
	As at 1 January	Purchases	Charged to Cost of Sales	Exchange Difference	As At 31 December
	£	£	£	£	£
Fertilizer	13,043	146,611	(158,265)	(98)	1,291
Chemical	4,234	11,026	(10,596)	(406)	4,258
Fuel	5	5,058	(5,029)	(3)	31
Tools & equipment	126	97	(130)	(9)	84
	17,408	162,792	(174,020)	(516)	5,664

	2012				
	As at 1 January	Purchases	Charged to Cost of Sales	Exchange Difference	As At 31 December
	£	£	£	£	£
Fertilizer	52	128,556	(115,459)	(106)	13,043
Chemical	2,030	6,978	(4,740)	(34)	4,234
Fuel	27	4,684	(4,706)	-	5
Tools & equipment	373	70	(316)	(1)	126
	2,482	140,288	(125,221)	(141)	17,408

14. TRADE AND OTHER RECEIVABLES

	2013		2012	
	RM	£	RM	£
Trade receivables	326,617	60,373	240,480	48,680
Other receivables	24,013	4,438	23,893	4,837
Deposits	8,440	1,560	5,690	1,152
Prepayments	17,474	3,230	19,286	3,904
	376,544	69,601	289,349	58,573

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

15. NOTES SUPPORTING THE STATEMENT OF CASH FLOWS

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

	2013		2012	
	RM	£	RM	£
Cash and bank balances	663,165	122,581	764,619	154,781
Short-term deposits	12,175,629	2,250,578	14,113,002	2,856,883
	12,838,794	2,373,159	14,877,621	3,011,664

THE NARBOROUGH PLANTATIONS, plc (109273)

F6. NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013 (continued)

16. PROVISION FOR RETIREMENT BENEFITS

	2013		2012	
	RM	£	RM	£
At 1 January	10,340	2,093	25,156	5,134
Exchange differences	-	(131)	-	(17)
Payments made	-		(12,666)	(2,585)
Reversal of provision for the financial year	(2,819)	(572)	(2,150)	(439)
At 31 December	7,521	1,390	10,340	2,093

Refer to Note 1.10 for further information on the uncertainty of future outflows.

17. DEFERRED TAX LIABILITIES

	2013		2012	
	RM	£	RM	£
At 1 January	4,127,607	835,548	3,980,538	812,355
Deferred tax arising from excess of capital allowance over corresponding depreciation	27,713	5,621	10,244	2,091
Biological asset	162,386	32,938	138,499	28,265
Crystallisation of deferred tax arising from revaluation surplus	(5,234)	(1,062)	(7,850)	(1,602)
	184,865	37,497	140,893	28,754
Under/(Over)provision in prior years	12,307	2,496	6,176	1,260
Recognised in income statement (Note 7)	197,172	39,993	147,069	30,014
Exchange differences	-	(76,136)	-	(6,821)
At 31 December	4,324,779	799,405	4,127,607	835,548

THE NARBOROUGH PLANTATIONS, plc (109273)
F6. NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013 (continued)

17. DEFERRED TAX LIABILITIES (continued)

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

	2013		2012	
	RM	£	RM	£
Deferred tax				
Excess of capital allowances over corresponding depreciation	81,305	15,029	41,990	8,500
Biological asset	4,245,354	784,723	4,082,968	826,512
Other temporary differences	(1,880)	(347)	(2,585)	(523)
Crystallisation of deferred tax arising from revaluation surplus	-	-	5,234	1,059
	4,324,779	799,405	4,127,607	835,548

18. CUMULATIVE PREFERENCES SHARES

	2013		2012	
	RM	£	RM	£
Authorised:				
20% cumulative preference shares of 10p each	84,163	19,024	84,163	19,024
Issued and fully paid up:				
20% cumulative preference shares of 10p each	84,163	19,024	84,163	19,024

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 wind up the Company; and
- (iv) On a proposal that effect rights attached to the share.

THE NARBOROUGH PLANTATIONS, plc (109273)
F6. NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013 (continued)

19. TRADE AND OTHER PAYABLES

	2013		2012	
	RM	£	RM	£
Trade payables	55,337	10,229	388,528	78,649
Other payables	48,927	9,044	57,973	11,736
Accruals	545,149	100,766	443,426	89,762
	649,413	120,039	889,927	180,147

The carrying amount of trade and other payable approximates to their fair values. No amounts are considered past due and impaired.

20. SHARE CAPITAL

	2013		2012	
	RM	£	RM	£
Authorised: 14,809,763 ordinary shares of 10p each	5,926,562	1,480,976	5,926,562	1,480,976
Issued and fully paid up: 13,316,590 ordinary shares of 10p each	4,891,969	1,331,659	4,891,969	1,331,659

21. RESERVES

	2013	2012
	RM	RM
Non-distributable:		
Revaluation reserve*	51,225,647	51,225,647
Capital reserve	1,703,945	2,645,691
Retained earnings	1,869,343	1,861,034
Distributable:		
General reserve	874,698	874,698
Retained earnings*	38,944,879	38,178,204
	94,618,512	94,785,274

THE NARBOROUGH PLANTATIONS, plc (109273)

F6. NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013 (continued)

21. RESERVES (continued)

	2013 £	2012 £
Non-distributable:		
Revaluation reserve*	10,510,886	10,510,886
Foreign exchange reserve	(2,399,432)	(648,186)
Capital reserve	378,993	553,068
Retained earnings	378,264	376,728
Distributable:		
General reserve	182,991	182,991
Retained earnings*	8,006,976	7,868,447
	17,058,678	18,843,934

** Note :*

A correction has been made to brought forward reserves to adjust for a prior year error relating to the transfer of realised gains. The effect of the adjustment is to transfer RM10,037,460 (£2,031,874) from Revaluation Reserve to Retained Earnings. The impact from this transfer is a reduction of the RM10,037,460 (£2,031,874) in the balance of Revaluation Reserve and an increase of the same amount in Retained Earnings as stated in the Statement of Changes in Equity as at 31.12.2013

Fair value gains and losses recognised in retained earnings on investment properties and biological assets will not be distributable.

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 company's landed properties and share of gain and losses arising on the revaluation of associate's landed properties.
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 available-for-sale investment reserve of an associate.
General	Share of profit on sale of estate land and mining lease of associate.

THE NARBOROUGH PLANTATIONS, plc (109273)
F6. NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013 (continued)

22. DIVIDENDS ON EQUITY SHARES

	2013		2012	
	RM	**£**	**RM**	**£**
Dividends on equity shares:				
Ordinary dividends:				
Interim: 1.5 pence single tier (2012: 1.5 pence single tier)	916,049	199,749	989,757	199,749
2nd Interim: 1.5 pence single tier	1,026,590	199,749		
(2012: 1.5 pence single tier)			975,175	199,749
Special: Nil	-	-		
(2012: 1.0 pence single tier)			650,116	133,166
	1,942,639	399,498	2,615,048	532,664

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

23. 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.

Market risk has not been considered and no sensitivity is required as the company does not consider this to be material to the Company.

THE NARBOROUGH PLANTATIONS, plc (109273)
F6. NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013 (continued)

23. FINANCIAL INSTRUMENTS (continued)

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:

	Loans and receivables				Financial liabilities measured at amortised cost			
	2013		2012		2013		2012	
	RM	£	RM	£	RM	£	RM	£
Current financial assets								
Trade and other receivables, net of prepayments	359,070	66,372	270,063	54,669	-	-	-	-
Cash and cash equivalents	12,838,794	2,373,159	14,877,621	3,011,664	-	-	-	-
Current financial liabilities								
Trade and other payables	-	-	-	-	649,413	120,039	889,927	180,147
Non-current financial Liability								
Cumulative preference shares	-	-	-	-	84,163	19,024	84,163	19,024
Total	13,197,864	2,439,531	15,147,684	3,066,333	733,576	139,063	974,090	199,171

23. 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 2013 and 2012 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 income and operating cash flows are substantially independent of changes in market interest rates. As the Company does not have any borrowings, interest rate exposure arises solely from short term deposits with financial institutions.

Sensitivity analysis for interest rate risk

The effective interest rate of short term deposits at the end of the reporting period was 2.4% per annum (2012: 2.5% per annum).

Sensitivity analysis is based on 100 basis point change of effective interest risk.

	2013		2012	
	RM	**£**	**RM**	**£**
A change of 100 basis point in effective interest rate				
+ 100 basis point in effective interest rate	91,317	16,879	105,848	21,427
- 100 basis point in effective interest rate	(91,317)	(16,879)	(105,848)	(21,427)

THE NARBOROUGH PLANTATIONS, plc (109273)
F6. NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013 (continued)

23. FINANCIAL INSTRUMENTS (continued)

Interest rate risk (continued)

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

	2013		2012	
	RM	£	RM	£
Financial assets				
Fixed rate				
Short term deposits	12,175,629	2,250,578	14,113,002	2,856,883
Floating rate				
Cash and bank balances	663,165	122,581	764,619	154,781
Interest free				
Trade and other receivables	359,070	66,372	270,063	54,669
Financial liabilities				
Fixed rate				
Cumulative preference shares	84,163	19,024	84,163	19,024
Interest free				
Trade and other payables	649,413	120,039	889,927	180,147

Credit risk

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

The Company has only one customer and 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. There are no outstanding amounts that are either past due or impaired 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.

23. FINANCIAL INSTRUMENTS (continued)

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 trade with only a single buyer, however, liquidity risk is immaterial as payment for FFB is made in advance with deliveries made for the 1st 15 days of the month by the 20th day of each month with the balance settled by the 10th of the following month.

The Company is financed through equity and cumulative preference shares.

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.

As at 31 December 2013, these exposures were as follows:

Foreign currency financial assets

	RM	**£**
Pound Sterling	3,069,380	566,939

The above foreign currency exposures arise from the Company's cash maintained in Pound Sterling bank accounts. Other than the short term deposits held in Pound Sterling, the cash flow of the Company is generated entirely in Malaysia, and held in Ringgit Malaysia

23. FINANCIAL INSTRUMENTS (continued)

Currency risk (continued)

Sensitivity analysis for currency risk

Sensitivity analysis is based on RM1.00 change of Pound Sterling translation rate.

	2013	**2012**
	RM	**RM**
A change of RM1.00 in Pound Sterling translation rate		
+ RM1.00 in Pound Sterling translation rate	566,939	571,636
- RM1.00 in Pound Sterling translation rate	(566,969)	(571,636)

There are no comparatives in Pound Sterling as the sensitivity analysis is for the translation of currency held in Pound Sterling to Ringgit Malaysia.

Capital

As described in Note 1.21 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:

	2013		**2012**	
	RM	**£**	**RM**	**£**
Ordinary share capital	4,891,969	1,331,659	4,891,969	1,331,659
Retained earnings	40,814,222	8,385,240	40,039,238	8,245,175
Cumulative preference Shares	84,163	19,024	84,163	19,024
	45,790,354	9,735,923	45,015,370	9,595,858

THE NARBOROUGH PLANTATIONS, plc (109273)
F6. NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013 (continued)

24. RELATED PARTY TRANSACTIONS

Details of Directors remuneration are given in the Remuneration Report section B3 and Notes 5 and 6 to the financial statements. Other related party transactions are as follows:

Party	Related party relationship	Type of transaction	Transaction amount 2013 RM	Transaction amount 2013 £	Transaction amount 2012 RM	Transaction amount 2012 £	Amount owing (to)/by 2013 RM	Amount owing (to)/by 2013 £	Amount owing (to)/by 2012 RM	Amount owing (to)/by 2012 £
Riverview Rubber Estates Berhad	Major Shareholder of the Company	Ordinary Dividends	967,532	198,970	1,302,42	265,293	-	-	-	-
Riverview Rubber Estates Berhad	Preference Shareholder	Preference Dividends	19,226	3,741	18,264	3,741	-	-	-	-

25. SEGMENT INFORMATION

The Company operates in the agricultural segment with all non-current assets located 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.

Riverview Rubber Estates, Berhad who holds 6,632,340 (49.8%) ordinary shares in the Company has controlling stake.

Financial information is presented to management in accordance with the measurement principles of IFRS. 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.

26. IMMEDIATE PARENT

The immediate holding company of the Company is Riverview Rubber Estates, Berhad whose immediate and ultimate holding companies are Sungei Ream Holdings Sdn Bhd and Buloh Akar Holding Sdn Bhd. respectively, all of which are incorporated in Malaysia.