

# **THE NARBOROUGH PLANTATIONS, PUBLIC LIMITED COMPANY**

(Incorporated in England 1910 – Registration No. 109273)

(Registered as a Foreign Company in Malaysia – No. 991416-W)

## **INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014**

**THE NARBOROUGH PLANTATIONS, PLC**  
(Incorporated in England 1910 – Registration No. 109273)  
(Registered as a Foreign Company in Malaysia – No. 991416-W)

**Contents**

|  | <b>Page</b> |
|--|-------------|
| Responsibility statement                                 | 1           |
| Interim management report                                | 2 – 7       |
| Condensed income statement                               | 8 – 9       |
| Condensed statement of comprehensive income and expenses | 10 – 11     |
| Condensed statement of changes in equity                 | 12 – 15     |
| Condensed statement of financial position                | 16 – 17     |
| Condensed cash flow statement                            | 18 – 19     |
| Notes to financial statement                             | 20 – 28     |

## **THE NARBOROUGH PLANTATIONS, PLC**

(Incorporated in England 1910 – Registration No. 109273)

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### **RESPONSIBILITY STATEMENT**

We confirm to the best of our knowledge:

- (a) The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
- (b) The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the nine months and description of principal risks and uncertainties for the remaining three months of the year); and
- (c) The interim management report includes a fair review of the information as required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board,

Chairman of the Audit Committee

Mohd Razali Bin Mohd Amin

27 October 2014

## **THE NARBOROUGH PLANTATIONS, PLC**

(Incorporated in England 1910 – Registration No. 109273)

(Registered as a Foreign Company in Malaysia – No. 991416-W)

### **INTERIM MANAGEMENT REPORT**

**To the members of The Narborough Plantations, plc (“the Company”)**

#### **Cautionary Statement**

This Interim Management Report (IMR) has been prepared solely to provide additional information to shareholders to assess the Company’s strategies and the potential for those strategies to succeed. The IMR should not be relied on by any other party or for any other purpose.

The IMR contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

This interim management report has been prepared for the Company as a whole and therefore gives greater emphasis to those matters which are significant to the Company and its associate undertakings when viewed as a whole.

#### **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 nine months ended 30 September 2014 remained unchanged and consists of cultivation of oil palm at an area known as Sungkai in the State of 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 25 - 30 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.

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### INTERIM MANAGEMENT REPORT - continued

#### Key Performance Indicators

As set out in our most recent annual report, the Company's performance is measured with the following fundamental key performance indicators (KPIs). Performance for the nine months ended 30 September 2014 together with the prior year performance data are set out in the table below. The source of data and calculation methods used are consistent with those disclosed in the 2013 annual report.

| <b>Nine months ended 30 September</b>                 | <b>2014</b> | <b>2013</b> | <b>Variance (%)</b> |
|---|-------------|-------------|---------------------|
| <b>Financial KPIs</b>                                 |             |             |                     |
| Earnings per share (pence)                            | 2.40        | 1.07        | 124%                |
| Net Asset Value per share (incl. Intangibles) (pence) | 137.91      | 141.69      | -3%                 |
| Operating Margin                                      | 34.13%      | 12.64%      |                     |
| Return on Capital Employed                            | 1.74%       | 0.76%       | 130%                |
| <b>Non-financial KPIs</b>                             |             |             |                     |
| Yield (Metric Tonne ["MT"])                           | 8,488.06    | 7,047.54    | 20%                 |
| Yield per hectare (MT / hect)                         | 20.50       | 17.02       | 20%                 |

\* Emission intensity ratio is not available for the 9 months ended 30 September 2014 as measurement is only conducted once per annum.

The results in the table above show that we met our targets for 4 of our 6 KPIs due to the increase in productivity and price of Fresh Fruit Bunches ("FFB"). The increase in production is due to good weather with ample rain encountered in the last half of 2013.

Given the dry weather encountered during the months of June and July, production of FFB is expected to decrease in the coming quarter.

Due to the above, the directors have taken measures to counter the drop in production expected in the months ahead by improving FFB harvesting and collection methods to ensure stability in the Company's revenue.

Whilst other performance measures may be discussed in the IMR, the above KPIs are the Company's main performance measure.

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**INTERIM MANAGEMENT REPORT - continued**

**Results for the nine months ended 30 September 2014**

| <b>Nine months ended 30 September</b>                       | <b>2014<br/>RM</b>    | <b>2013<br/>RM</b>    | <b>2014<br/>£</b>    | <b>2013<br/>£</b>    |
|---|-----------------------|-----------------------|----------------------|----------------------|
| Revenue   | <u>4,553,861</u>      | <u>3,406,425</u>      | <u>841,749</u>       | <u>703,807</u>       |
| Cost of sales   | <u>(1,700,650)</u>    | <u>(1,789,464)</u>    | <u>(314,353)</u>     | <u>(369,724)</u>     |
| Gross profit  | <u>2,853,211</u>      | <u>1,616,961</u>      | <u>527,396</u>       | <u>334,083</u>       |
| Operating profit / (loss)                                   | <u>1,554,261</u>      | <u>430,556</u>        | <u>287,295</u>       | <u>88,957</u>        |
| <b>Share of operating profit in associate<br/>after tax</b> | <b><u>453,810</u></b> | <b><u>181,346</u></b> | <b><u>83,884</u></b> | <b><u>37,468</u></b> |
| Profit before tax   | <u>2,196,074</u>      | <u>824,975</u>        | <u>408,728</u>       | <u>170,701</u>       |
| Earnings per share  | <u>12.86 sen</u>      | <u>5.18 sen</u>       | <u>2.40 pence</u>    | <u>1.07 pence</u>    |

**Revenue**

The Company's revenue increased from RM3,406,425 (£703,807) for the nine months ended 30 September 2013 to RM4,553,861 (£841,749) for the current period. This is due to the increase in average nine months FFB prices from RM483.35 per MT for the nine months ended 30 September 2013 to RM536.50 per MT for the current period in relation to higher average CPO prices for the current nine months period ended 30 September 2014. FFB production has also increased by 20% as compared to the previous nine months period ended 30 September 2013.

This is in line with the anticipated results as reported in our last annual report.

**Gross operating margin and operating profit**

Given the increase in FFB price and production, gross operating margin has increased to 34.13% for the nine months ended 30 September 2014. This is indicated in the current period operating profit of RM1,554,261 (£287,295) as compared to the operating profit reported to you for the nine months ended 30 September 2013 of RM430,556 (£88,957).

**Dividend paid**

There was no dividend proposed or paid during the current quarter ended 30 September 2014.

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### **INTERIM MANAGEMENT REPORT - continued**

#### **Financial position**

The Company has continued to maintain a strong financial position as at 30 September 2014, with net assets of RM97,719,723 (£18,365,163) as compared with the net assets as at 31 December 2013 of RM99,510,481 (£18,390,337). Cash and short term deposits totalled RM12,818,776 (£2,409,544) as compared with RM12,838,794 (£2,373,159) of the previous financial year ended 31 December 2013. The company has no bank borrowings.

#### **Cash flow**

Net cash flow from operating activities for the nine months ended 30 September 2014 was RM1,504,867 (£280,923) as compared to the net cash flow of RM259,923 (£56,809) for the comparative period in 2013. This is due to the increase in revenue as compared to the nine months ended 30 September 2013.

#### **Retirement benefits**

Retirement benefits for the Company's employees remains as that stated under Note 1.10 on Page 65 of our Annual Report 2013.

#### **Events after the balance sheet date**

There were no significant events after the balance sheet date that would affect the financial position of the company.

#### **Related party transaction**

There were no significant related party transactions of the Company for the nine months period ended 30 September 2014.

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### **INTERIM MANAGEMENT REPORT - continued**

#### **Risk and uncertainties**

There are a number of potential risks and uncertainties which could have a material impact on the Company's performance over the remaining three months of the financial year and could cause the actual results to differ materially from expected and historical results. The directors do not consider that the principal risks and uncertainties have changed since the publication of the annual report for the year ended 31 December 2013 and the unaudited Interim Management Report for six months ended 30 June 2014. A detailed explanation of the risks summarised below, and how the Company seeks to mitigate the risks, can be found on pages 91 to 95 of the annual report which is available at [www.narboroughplantations.com](http://www.narboroughplantations.com)

#### **Principal risks and uncertainties**

- Unexpected variations in crop, principally caused by unusual weather and pest infestation.
- Variations in commodity prices.
- Input cost inflation.

#### **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.

#### **Credit risk**

The Company has only one customer and is on short credit terms.

Short term deposits and cash and bank balances are placed with major financial institutions in Malaysia, Singapore and United Kingdom.

#### **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.

#### **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.

#### **Going concern**

As stated in Note 2 of the condensed financial statement, the directors are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

## **THE NARBOROUGH PLANTATIONS, PLC**

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### **INTERIM MANAGEMENT REPORT - continued**

#### **Future outlook**

In September 2014, palm oil stocks have climbed to its highest since March 2013 at 2.08 million tonnes, while CPO production were at 1.9 million tonnes per the latest statistics released by the Malaysian Palm Oil Board. However, the falling prices of Fresh Fruit Bunches (“FFB”) due to weak CPO prices, rising domestic inventory and low exports were given a reprieve by the Malaysian Government who extended zero export duty on CPO until December 2014 during its Budget 2015 announcement. This in turn should contribute to the stabilisation of CPO prices and in relation, FFB prices for the remaining three months of the year.

Barring any unforeseen circumstances, the directors expect the performance of the Company for the current financial year 2014, to be satisfactory.

#### **Auditing of the condensed set of financial statements**

In accordance with the Disclosure and Transparency Rules (“DTR”) no. 4.2.9(2) of the Financial Conduct Authority (“FCA”), the Board of Directors hereby confirm that this nine months financial report ended 30 September 2014 has not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

#### **Malaysian Registered Office:**

33 (1st Floor) Jalan Dato' Maharajalela

30000 Ipoh

Tel No. : 605-255 9015

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By order of the Board

Chairman of the Audit Committee

Mohd Razali Bin Mohd Amin

27 October 2014

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**INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014****CONDENSED INCOME STATEMENT***(the figures have not been audited)**(in Ringgit Malaysia)*

| Continuing Operations  | 9 months ended   |                | Year ended       |
|--|------------------|----------------|------------------|
|  | 30.09.14         | 30.09.13       | 31.12.13         |
|  | RM               | RM             | RM               |
| Revenue  | 4,553,861        | 3,406,425      | 5,014,013        |
| Cost of sales  | (1,700,650)      | (1,789,464)    | (2,356,349)      |
| Gross Profit   | 2,853,211        | 1,616,961      | 2,657,664        |
| Gain arising on revaluation of biological assets   | -                | -              | 649,544          |
| Other operating income   | 102,602          | 37,259         | 89,300           |
| Administrative expenses  | (899,732)        | (769,008)      | (1,091,037)      |
| Exchange profit/(loss)   | (55,401)         | 181,521        | 258,573          |
| Replanting expenditure   | (446,419)        | (636,177)      | (813,172)        |
| <b>Operating Profit</b>  | <b>1,554,261</b> | <b>430,556</b> | <b>1,750,872</b> |
| Share of distributable profit of associate after tax pre fair value of the biological asset and investment properties adjustment | 453,810          | 181,346        | 741,822          |
| Fair value of the investment properties adjustment   | -                | -              | 605,473          |
| Deferred tax recognised on investment properties   | -                | -              | (181,643)        |
| Fair value of the biological asset adjustment  | -                | -              | 11,079           |
| Deferred tax recognised on the biological asset  | -                | -              | (2,770)          |
| Share of operating profit in associate after tax   | 453,810          | 181,346        | 1,173,961        |
| Property, plant & equipment written off  | -                | -              | (630)            |
| Finance income   | 203,142          | 228,070        | 302,129          |
| Finance cost   | (15,139)         | (14,997)       | (19,554)         |
| <b>Profit on ordinary activities before taxation</b>   | <b>2,196,074</b> | <b>824,975</b> | <b>3,206,778</b> |
| Taxation   | (483,294)        | (135,333)      | (489,155)        |
| Profit after tax   | <b>1,712,780</b> | <b>689,642</b> | <b>2,717,623</b> |
| Earnings per share (sen)   | <b>12.86</b>     | <b>5.18</b>    | <b>20.41</b>     |

The income statement should be read in conjunction with the financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**THE NARBOROUGH PLANTATIONS, PLC**

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**CONDENSED INCOME STATEMENT***(the figures have not been audited)**(in Pound Sterling)*

| <b>Continuing Operations</b>   | <b>9 months ended</b> |                  | <b>Year ended</b> |
|--|-----------------------|------------------|-------------------|
|  | <b>30.09.14</b>       | <b>30.09.13</b>  | <b>31.12.13</b>   |
|  | <b>£</b>              | <b>£</b>         | <b>£</b>          |
| Revenue  | 841,749               | 703,807          | 1,017,041         |
| Cost of sales  | <u>(314,353)</u>      | <u>(369,724)</u> | <u>(477,961)</u>  |
| Gross Profit   | 527,396               | 334,083          | 539,080           |
| Gain arising on revaluation of biological assets   | -                     | -                | 120,063           |
| Other operating income   | 18,965                | 7,698            | 18,113            |
| Administrative expenses  | (166,309)             | (158,886)        | (221,306)         |
| Exchange profit/(loss)   | (10,240)              | 37,504           | 52,449            |
| Replanting expenditure   | (82,517)              | (131,442)        | (164,944)         |
| <b>Operating Profit</b>  | <u>287,295</u>        | <u>88,957</u>    | <u>343,455</u>    |
| Share of distributable profit of associate after tax pre fair value of the biological asset and investment properties adjustment | 83,884                | 37,468           | 150,471           |
| Fair value of the investment properties adjustment   | -                     | -                | 122,814           |
| Deferred tax recognised on investment properties   | -                     | -                | (36,844)          |
| Fair value of the biological asset adjustment  | -                     | -                | 2,048             |
| Deferred tax recognised on the biological asset  | -                     | -                | (512)             |
| Share of operating profit in associate after tax   | 83,884                | 37,468           | 237,977           |
| Property, plant & equipment written off  | -                     | -                | (128)             |
| Finance income   | 37,549                | 47,122           | 61,284            |
| Finance cost   | -                     | (2,846)          | (3,805)           |
| <b>Profit on ordinary activities before taxation</b>   | <u>408,728</u>        | <u>170,701</u>   | <u>638,783</u>    |
| Taxation   | <u>(89,333)</u>       | <u>(27,961)</u>  | <u>(99,220)</u>   |
| Profit after tax   | <u>319,395</u>        | <u>142,740</u>   | <u>539,563</u>    |
| Earnings per share (pence)   | <u>2.40 p</u>         | <u>1.07 p</u>    | <u>4.05 p</u>     |

The income statement should be read in conjunction with the financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**THE NARBOROUGH PLANTATIONS, PLC**

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**CONDENSED STATEMENT OF COMPREHENSIVE INCOME AND EXPENSES***(the figures have not been audited)**(in Ringgit Malaysia)*

|   | 9 months ended     |                | Year ended       |
|---|--------------------|----------------|------------------|
|   | 30.09.14           | 30.09.13       | 31.12.13         |
|   | RM                 | RM             | RM               |
| Profit for the financial period (after tax)                             | 1,712,780          | 689,642        | 2,717,623        |
| <b>Items that may be subsequently reclassified to income statement:</b> |                    |                |                  |
| Share of other comprehensive income/(expense) of associates             |                    |                |                  |
| - capital reserve   | -                  | -              | (941,746)        |
|   | -                  | -              | (941,746)        |
| <b>Items that will not be reclassified to income statement:</b>         |                    |                |                  |
| Deferred tax liability on revaluation surplus of freehold land          | (2,422,476)        | -              | -                |
| Foreign exchange gains / losses on translation to Pound Sterling        |                    |                |                  |
| - foreign exchange reserve  | -                  | -              | -                |
|   | (2,422,476)        | -              | -                |
| <b>Total other comprehensive income/(expense)</b>                       | <b>(2,422,476)</b> | <b>-</b>       | <b>(941,746)</b> |
| <b>Total comprehensive income/(expense) for the period</b>              | <b>(709,696)</b>   | <b>689,642</b> | <b>1,775,877</b> |
| <b>Total comprehensive income attributable to:</b>                      |                    |                |                  |
| - Owners of the parent  | (709,696)          | 689,642        | 1,775,877        |

\* There is no income tax attributable to the components of other comprehensive income

The statement of comprehensive income and expenses should be read in conjunction with the financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED STATEMENT OF COMPREHENSIVE INCOME AND EXPENSES***(the figures have not been audited)**(in Pound Sterling)*

|   | <b>9 months ended</b> |                    | <b>Year ended</b>  |
|---|-----------------------|--------------------|--------------------|
|   | <b>30.09.14</b>       | <b>30.09.13</b>    | <b>31.12.13</b>    |
|   | <b>£</b>              | <b>£</b>           | <b>£</b>           |
| Profit for the financial period (after tax)                             | 319,395               | 142,740            | 539,563            |
| <b>Items that may be subsequently reclassified to income statement:</b> |                       |                    |                    |
| Share of other comprehensive income/(expense) of associates             |                       |                    |                    |
| - capital reserve   | -                     | -                  | (174,075)          |
|   | -                     | -                  | (174,075)          |
| <b>Items that will not be reclassified to income statement:</b>         |                       |                    |                    |
| Deferred tax liability on revaluation surplus of freehold land          | (455,353)             | -                  |                    |
| Foreign exchange gains / losses on translation to Pound Sterling        |                       |                    |                    |
| - foreign exchange reserve  | 310,533               | (1,250,511)        | (1,751,246)        |
|   | (144,820)             | (1,250,511)        | (1,751,246)        |
| <b>Total other comprehensive income/(expense)</b>                       | <b>(144,820)</b>      | <b>(1,250,511)</b> | <b>(1,925,321)</b> |
| <b>Total comprehensive income/(expense) for the period</b>              | <b>174,575</b>        | <b>(1,107,771)</b> | <b>(1,385,758)</b> |
| <b>Total comprehensive income/(expense) attributable to:</b>            |                       |                    |                    |
| - Owners of the parent  | 174,575               | (1,107,771)        | (1,385,758)        |

\* There is no income tax attributable to the components of other comprehensive income

The statement of comprehensive income and expenses should be read in conjunction with the financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED STATEMENT OF CHANGES IN EQUITY FOR NINE MONTHS ENDED 30 SEPTEMBER 2014/2013**

*(the figures have not been audited)*

*(in Ringgit Malaysia)*

|  | Share<br>capital<br>RM | Capital<br>reserve<br>RM | Revaluation<br>reserve<br>net of<br>attributable<br>deferred tax<br>RM | General<br>reserve<br>RM | Retained<br>earnings<br>RM | Total<br>RM       |
|--|------------------------|--------------------------|--|--------------------------|----------------------------|-------------------|
| <b>At 1 January 2014</b>   | 4,891,969              | 1,703,945                | 51,225,647   | 874,698                  | 40,814,222                 | 99,510,481        |
| Profit for the financial year  | -                      | -                        | -  | -                        | 1,712,780                  | 1,712,780         |
| <b>Other comprehensive income</b>  |                        |                          |  |                          |                            |                   |
| - Exchange differences from translation<br>into presentational currency              | -                      | -                        | -  | -                        | -                          | -                 |
| Deferred tax liability on revaluation<br>surplus of freehold land                    | -                      | -                        | (2,422,476)  | -                        | -                          | (2,422,476)       |
| Share of other comprehensive income/<br>(expense) of associates<br>- capital reserve | -                      | -                        | -  | -                        | -                          | -                 |
| <b>Total other comprehensive income</b>  | -                      | -                        | (2,422,476)  | -                        | -                          | (2,422,476)       |
| <b>Transaction with owners</b>   |                        |                          |  |                          |                            |                   |
| Dividends  | -                      | -                        | -  | -                        | (1,081,062)                | (1,081,062)       |
| <b>At 30 September 2014 (unaudited)</b>  | <b>4,891,969</b>       | <b>1,703,945</b>         | <b>48,803,171</b>  | <b>874,698</b>           | <b>41,445,940</b>          | <b>97,719,723</b> |
| <b>At 1 January 2013</b>   | 4,891,969              | 2,645,691                | 51,225,647   | 874,698                  | 40,039,238                 | 99,677,243        |
| Profit for the financial year  | -                      | -                        | -  | -                        | 689,642                    | 689,642           |
| <b>Other comprehensive income</b>  |                        |                          |  |                          |                            |                   |
| - Exchange differences from translation<br>into presentational currency              | -                      | -                        | -  | -                        | -                          | -                 |
| Deferred tax liability on revaluation<br>surplus of freehold land                    | -                      | -                        | -  | -                        | -                          | -                 |
| Share of other comprehensive income/<br>(expense) of associates<br>- capital reserve | -                      | -                        | -  | -                        | -                          | -                 |
| <b>Total other comprehensive income</b>  | -                      | -                        | -  | -                        | -                          | -                 |
| <b>Transaction with owners</b>   |                        |                          |  |                          |                            |                   |
| Dividends  | -                      | -                        | -  | -                        | (916,049)                  | (916,049)         |
| <b>At 30 September 2013 (unaudited)</b>  | <b>4,891,969</b>       | <b>2,645,691</b>         | <b>51,225,647</b>  | <b>874,698</b>           | <b>39,812,831</b>          | <b>99,450,836</b> |

The statement of changes in equity should be read in conjunction with the financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

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(Incorporated in England 1910 – Registration No. 109273)

(Registered as a Foreign Company in Malaysia – No. 991416-W)

**CONDENSED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER 2013***(the figures have been audited)**(in Ringgit Malaysia)*

|  | Share<br>capital<br>RM | Capital<br>reserve<br>RM | Revaluation<br>reserve<br>net of<br>attributable<br>deferred tax<br>RM | General<br>reserve<br>RM | Retained<br>earnings<br>RM | Total<br>RM       |
|--|------------------------|--------------------------|--|--------------------------|----------------------------|-------------------|
| <b>At 1 January 2013</b>   | 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         |
| <b>Other comprehensive income</b>  |                        |                          |  |                          |                            |                   |
| - Exchange differences from translation<br>into presentational currency              | -                      | -                        | -  | -                        | -                          | -                 |
| Deferred tax liability on revaluation<br>surplus of freehold land                    | -                      | -                        | -  | -                        | -                          | -                 |
| Share of other comprehensive income/<br>(expense) of associates<br>- capital reserve | -                      | (941,746)                | -  | -                        | -                          | (941,746)         |
| <b>Total other comprehensive income</b>  | -                      | (941,746)                | -  | -                        | -                          | (941,746)         |
| <b>Transaction with owners</b>   |                        |                          |  |                          |                            |                   |
| Dividends  | -                      | -                        | -  | -                        | (1,942,639)                | (1,942,639)       |
| <b>At 31 December 2013 (audited)</b>   | <b>4,891,969</b>       | <b>1,703,945</b>         | <b>51,225,647</b>  | <b>874,698</b>           | <b>40,814,222</b>          | <b>99,510,481</b> |

## THE NARBOROUGH PLANTATIONS, PLC

(Incorporated in England 1910 – Registration No. 109273)

(Registered as a Foreign Company in Malaysia – No. 991416-W)

### CONDENSED STATEMENT OF CHANGES IN EQUITY FOR NINE MONTHS ENDED 30 SEPTEMBER 2014/2013

*(the figures have not been audited)*

*(in Pound Sterling)*

|   | Share<br>capital<br>£ | Capital<br>reserve<br>£ | Revaluation<br>reserve<br>net of<br>attributable<br>deferred tax<br>£ | Foreign<br>exchange<br>reserve<br>£ | General<br>reserve<br>£ | Retained<br>earnings<br>£ | Total<br>Equity<br>£ |
|---|-----------------------|-------------------------|---|-------------------------------------|-------------------------|---------------------------|----------------------|
| <b>At 1 January 2014</b>  | 1,331,659             | 378,993                 | 10,510,886  | (2,399,432)                         | 182,991                 | 8,385,240                 | 18,390,337           |
| Profit for the financial period   | -                     | -                       | -   | -                                   | -                       | 319,395                   | 319,395              |
| <b>Other comprehensive income</b>   |                       |                         |   |                                     |                         |                           |                      |
| - Exchange differences from translation into presentational currency          | -                     | -                       | -   | 310,533                             | -                       | -                         | 310,533              |
| Deferred tax liability on revaluation surplus of freehold land                | -                     | -                       | (455,353)   | -                                   | -                       | -                         | (455,353)            |
| Share of other comprehensive income/(expense) of associates - capital reserve | -                     | -                       | -   | -                                   | -                       | -                         | -                    |
| <b>Total other comprehensive income</b>                                       | -                     | -                       | (455,353)   | 310,533                             | -                       | -                         | (144,820)            |
|   | 1,331,659             | 378,993                 | 10,055,533  | (2,088,899)                         | 182,991                 | 8,704,635                 | 18,564,912           |
| <b>Transaction with owners</b>  |                       |                         |   |                                     |                         |                           |                      |
| Dividends   | -                     | -                       | -   | -                                   | -                       | (199,749)                 | (199,749)            |
| <b>At 30 September 2014 (unaudited)</b>                                       | <b>1,331,659</b>      | <b>378,993</b>          | <b>10,055,533</b>   | <b>(2,088,899)</b>                  | <b>182,991</b>          | <b>8,504,886</b>          | <b>18,365,163</b>    |
| <b>At 1 January 2013</b>  | 1,331,659             | 553,068                 | 10,510,886  | (648,186)                           | 182,991                 | 8,245,175                 | 20,175,593           |
| Profit for the financial period   | -                     | -                       | -   | -                                   | -                       | 142,740                   | 142,740              |
| <b>Other comprehensive income</b>   |                       |                         |   |                                     |                         |                           |                      |
| - Exchange differences from translation into presentational currency          | -                     | -                       | -   | (1,250,511)                         | -                       | -                         | (1,250,511)          |
| Deferred tax liability on revaluation surplus of freehold land                | -                     | -                       | -   | -                                   | -                       | -                         | -                    |
| Share of other comprehensive income/(expense) of associates - capital reserve | -                     | -                       | -   | -                                   | -                       | -                         | -                    |
| <b>Total other comprehensive income</b>                                       | -                     | -                       | -   | (1,250,511)                         | -                       | -                         | (1,250,511)          |
|   | 1,331,659             | 553,068                 | 10,510,886  | (1,898,697)                         | 182,991                 | 8,387,915                 | 19,067,822           |
| <b>Transaction with owners</b>  |                       |                         |   |                                     |                         |                           |                      |
| Dividends   | -                     | -                       | -   | -                                   | -                       | (199,749)                 | (199,749)            |
| <b>At 30 September 2013 (unaudited)</b>                                       | <b>1,331,659</b>      | <b>553,068</b>          | <b>10,510,886</b>   | <b>(1,898,697)</b>                  | <b>182,991</b>          | <b>8,188,166</b>          | <b>18,868,073</b>    |

The statement of changes in equity should be read in conjunction with the financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**THE NARBOROUGH PLANTATIONS, PLC**

(Incorporated in England 1910 – Registration No. 109273)

(Registered as a Foreign Company in Malaysia – No. 991416-W)

**CONDENSED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER 2013***(the figures have been audited)**(in Pound Sterling)*

|  | Share<br>capital<br>£ | Capital<br>reserve<br>£ | Revaluation<br>reserve<br>net of<br>attributable<br>deferred tax<br>£ | Foreign<br>exchange<br>reserve<br>£ | General<br>reserve<br>£ | Retained<br>earnings<br>£ | Total Equity<br>£ |
|--|-----------------------|-------------------------|---|-------------------------------------|-------------------------|---------------------------|-------------------|
| <b>At 1 January 2013</b>   | 1,331,659             | 553,068                 | 10,510,886  | (648,186)                           | 182,991                 | 8,245,175                 | 20,175,593        |
| Profit for the financial period  | -                     | -                       | -   | -                                   | -                       | 539,563                   | 539,563           |
| <b>Other comprehensive income</b>  |                       |                         |   |                                     |                         |                           |                   |
| - Exchange differences from translation into presentational currency           | -                     | -                       | -   | (1,751,246)                         | -                       | -                         | (1,751,246)       |
| Deferred tax liability on revaluation surplus of freehold land                 | -                     | -                       | -   | -                                   | -                       | -                         | -                 |
| Share of other comprehensive income/ (expense) of associates - capital reserve | -                     | (174,075)               | -   | -                                   | -                       | -                         | (174,075)         |
| <b>Total other comprehensive income</b>  | -                     | (174,075)               | -   | (1,751,246)                         | -                       | -                         | (1,925,321)       |
| <b>Transaction with owners</b>   |                       |                         |   |                                     |                         |                           |                   |
| Dividends  | -                     | -                       | -   | -                                   | -                       | (399,498)                 | (399,498)         |
| <b>At 31 December 2013 (audited)</b>   | <b>1,331,659</b>      | <b>378,993</b>          | <b>10,510,886</b>   | <b>(2,399,432)</b>                  | <b>182,991</b>          | <b>8,385,240</b>          | <b>18,390,337</b> |

**THE NARBOROUGH PLANTATIONS, PLC**

(Incorporated in England 1910 – Registration No. 109273)

(Registered as a Foreign Company in Malaysia – No. 991416-W)

**CONDENSED STATEMENT OF FINANCIAL POSITION***(the figures have not been audited - in Ringgit Malaysia )*

|   | As at<br>30.09.14<br>(Unaudited)<br>RM | As at<br>30.09.13<br>(Unaudited)<br>RM | Year ended<br>31.12.13<br>(Audited)<br>RM |
|---|--|--|---|
| <b>ASSETS</b>   |  |  |   |
| <b>NON-CURRENT ASSETS</b>   |  |  |   |
| Property, plant and equipment   | 54,961,000                             | 54,115,989                             | 54,345,201                                |
| Biological assets   | 16,981,414                             | 16,331,870                             | 16,981,414                                |
| Prepaid lease payments  | -                                      | -                                      | -   |
| Investment in associate   | 20,009,744                             | 19,505,065                             | 19,555,934                                |
|   | <u>91,952,158</u>                      | <u>89,952,924</u>                      | <u>90,882,549</u>                         |
| <b>CURRENT ASSETS</b>   |  |  |   |
| Deferred nursery expenditure  | 48,920                                 | 10,200                                 | 13,264                                    |
| Inventories   | 76,059                                 | 105,963                                | 30,641                                    |
| Trade and other receivables   | 315,409                                | 311,441                                | 376,544                                   |
| Current tax assets  | 106,051                                | 602,672                                | 434,565                                   |
| Cash and cash equivalents   | 12,818,776                             | 13,466,163                             | 12,838,794                                |
| <b>TOTAL CURRENT ASSETS</b>   | <u>13,365,215</u>                      | <u>14,496,439</u>                      | <u>13,693,808</u>                         |
| <b>TOTAL ASSETS</b>   | <u>105,317,373</u>                     | <u>104,449,363</u>                     | <u>104,576,357</u>                        |
| <b>LIABILITIES</b>  |  |  |   |
| <b>NON-CURRENT LIABILITIES</b>  |  |  |   |
| Provision for retirement benefits   | (7,521)                                | (10,340)                               | (7,521)                                   |
| Deferred tax liabilities  | (6,789,126)                            | (4,139,064)                            | (4,324,779)                               |
| Cumulative preference shares  | (84,163)                               | (84,163)                               | (84,163)                                  |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                                      | <u>(6,880,810)</u>                     | <u>(4,233,567)</u>                     | <u>(4,416,463)</u>                        |
| <b>CURRENT LIABILITIES</b>  |  |  |   |
| Trade and other payables  | (716,840)                              | (764,960)                              | (649,413)                                 |
| Current tax liabilities   | -                                      | -                                      | -   |
| <b>TOTAL CURRENT LIABILITIES</b>  | <u>(716,840)</u>                       | <u>(764,960)</u>                       | <u>(649,413)</u>                          |
| <b>TOTAL LIABILITIES</b>  | <u>(7,597,650)</u>                     | <u>(4,998,527)</u>                     | <u>(5,065,876)</u>                        |
| <b>TOTAL NET ASSETS</b>   | <u>97,719,723</u>                      | <u>99,450,836</u>                      | <u>99,510,481</u>                         |
| <b>ISSUED CAPITAL &amp; RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT</b> |  |  |   |
| Share capital   | 4,891,969                              | 4,891,969                              | 4,891,969                                 |
| Revaluation reserve   | 48,803,171                             | 51,225,647                             | 51,225,647                                |
| Capital reserve   | 1,703,945                              | 2,645,691                              | 1,703,945                                 |
| Foreign exchange reserve  | -                                      | -                                      | -   |
| General reserve   | 874,698                                | 874,698                                | 874,698                                   |
| Retained earnings   | 41,445,940                             | 39,812,831                             | 40,814,222                                |
| <b>TOTAL EQUITY</b>   | <u>97,719,723</u>                      | <u>99,450,836</u>                      | <u>99,510,481</u>                         |
| Net assets per share (RM)   | <u>7.34</u>                            | <u>7.47</u>                            | <u>7.47</u>                               |

The statement of financial position should be read in conjunction with the financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**THE NARBOROUGH PLANTATIONS, PLC**

(Incorporated in England 1910 – Registration No. 109273)

(Registered as a Foreign Company in Malaysia – No. 991416-W)

**CONDENSED STATEMENT OF FINANCIAL POSITION***(the figures have not been audited - in Pound Sterling)*

|   | As at<br>30.09.14<br>(Unaudited)<br>£ | As at<br>30.09.13<br>(Unaudited)<br>£ | Year ended<br>31.12.13<br>(Audited)<br>£ |
|---|---------------------------------------|---------------------------------------|--|
| <b>ASSETS</b>   |                                       |                                       |  |
| <b>NON-CURRENT ASSETS</b>   |                                       |                                       |  |
| Property, plant and equipment   | 10,331,015                            | 10,268,689                            | 10,045,324                               |
| Biological assets   | 3,191,995                             | 3,099,027                             | 3,138,894                                |
| Prepaid lease payments  | -                                     | -                                     | -  |
| Investment in associate   | 3,761,230                             | 3,701,151                             | 3,614,775                                |
|   | <u>17,284,240</u>                     | <u>17,068,867</u>                     | <u>16,798,993</u>                        |
| <b>CURRENT ASSETS</b>   |                                       |                                       |  |
| Deferred nursery expenditure  | 9,195                                 | 1,935                                 | 2,452                                    |
| Inventories   | 14,297                                | 20,107                                | 5,664                                    |
| Trade and other receivables   | 59,287                                | 59,097                                | 69,601                                   |
| Current tax assets  | 19,934                                | 114,359                               | 80,326                                   |
| Cash and cash equivalents   | 2,409,544                             | 2,555,249                             | 2,373,159                                |
| <b>TOTAL CURRENT ASSETS</b>   | <u>2,512,257</u>                      | <u>2,750,747</u>                      | <u>2,531,202</u>                         |
| <b>TOTAL ASSETS</b>   | <u>19,796,497</u>                     | <u>19,819,614</u>                     | <u>19,330,195</u>                        |
| <b>LIABILITIES</b>  |                                       |                                       |  |
| <b>NON-CURRENT LIABILITIES</b>  |                                       |                                       |  |
| Provision for retirement benefits   | (1,414)                               | (1,962)                               | (1,390)                                  |
| Deferred tax liabilities  | (1,276,152)                           | (785,401)                             | (799,405)                                |
| Cumulative preference shares  | (19,024)                              | (19,024)                              | (19,024)                                 |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                                      | <u>(1,296,590)</u>                    | <u>(806,387)</u>                      | <u>(819,819)</u>                         |
| <b>CURRENT LIABILITIES</b>  |                                       |                                       |  |
| Trade and other payables  | (134,744)                             | (145,154)                             | (120,039)                                |
| Current tax liabilities   | -                                     | -                                     | -  |
| <b>TOTAL CURRENT LIABILITIES</b>  | <u>(134,744)</u>                      | <u>(145,154)</u>                      | <u>(120,039)</u>                         |
| <b>TOTAL LIABILITIES</b>  | <u>(1,431,334)</u>                    | <u>(951,541)</u>                      | <u>(939,858)</u>                         |
| <b>TOTAL NET ASSETS</b>   | <u>18,365,163</u>                     | <u>18,868,073</u>                     | <u>18,390,337</u>                        |
| <b>ISSUED CAPITAL &amp; RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT</b> |                                       |                                       |  |
| Share capital   | 1,331,659                             | 1,331,659                             | 1,331,659                                |
| Revaluation reserve   | 10,055,533                            | 10,510,886                            | 10,510,886                               |
| Capital reserve   | 378,993                               | 553,068                               | 378,993                                  |
| Foreign exchange reserve  | (2,088,899)                           | (1,898,697)                           | (2,399,432)                              |
| General reserve   | 182,991                               | 182,991                               | 182,991                                  |
| Retained earnings   | 8,504,886                             | 8,188,166                             | 8,385,240                                |
| <b>TOTAL EQUITY</b>   | <u>18,365,163</u>                     | <u>18,868,073</u>                     | <u>18,390,337</u>                        |
| Net assets per share (pence)  | <u>137.91 p</u>                       | <u>141.69 p</u>                       | <u>138.10 p</u>                          |

The statement of financial position should be read in conjunction with the financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**THE NARBOROUGH PLANTATIONS, PLC**

(Incorporated in England 1910 – Registration No. 109273)

(Registered as a Foreign Company in Malaysia – No. 991416-W)

**STATEMENT OF CASH FLOWS***(the figures have not been audited – in Ringgit Malaysia)*

|   | <b>9 months ended</b> |                    | <b>Year ended</b>  |
|---|-----------------------|--------------------|--------------------|
|   | <b>30.09.14</b>       | <b>30.09.13</b>    | <b>31.12.13</b>    |
|   | <b>(Unaudited)</b>    | <b>(Unaudited)</b> | <b>(Audited)</b>   |
|   | <b>RM</b>             | <b>RM</b>          | <b>RM</b>          |
| <b>Operating Activities</b>   |                       |                    |                    |
| Profit before taxation  | 2,196,074             | 824,975            | 3,206,778          |
| Adjustments for:  |                       |                    |                    |
| Depreciation of property, plant and equipment                               | 92,129                | 82,641             | 115,601            |
| Amortisation of prepaid lease payment                                       | -                     | 17,614             | 17,614             |
| Finance cost  | 15,139                | 14,997             | 19,554             |
| (Reversal of provision)/Provision for retirement benefits                   | -                     | -                  | (2,819)            |
| Property, plant & equipment written off                                     | -                     | -                  | 630                |
| Share of (profit)/loss of associate after tax                               | (453,810)             | (181,346)          | (1,173,961)        |
| Finance income  | (203,142)             | (228,070)          | (302,129)          |
| Gain on disposal of property, plant & equipment                             | (60,963)              | -                  | -                  |
| Gain arising on revaluation of biological assets                            | -                     | -                  | (649,544)          |
| <b>Operating cash flow before changes in working capital and provisions</b> | <u>1,585,427</u>      | <u>530,811</u>     | <u>1,231,724</u>   |
| Increase/(Decrease) in deferred nursery expenditure                         | (35,656)              | (2,258)            | (5,322)            |
| Decrease/(Increase) in inventories  | (45,418)              | (19,968)           | 55,354             |
| Decrease/(Increase) in trade and other receivables                          | 61,135                | (22,092)           | (87,195)           |
| Increase/(Decrease) in trade and other payables                             | 52,288                | (139,964)          | (240,514)          |
| <b>Cash generated from operations</b>                                       | <u>1,617,776</u>      | <u>346,529</u>     | <u>954,047</u>     |
| Retirement benefit paid   | -                     | -                  | -                  |
| Tax paid  | (112,909)             | (86,606)           | (86,606)           |
| <b>Net cash flow from operating activities</b>                              | <u>1,504,867</u>      | <u>259,923</u>     | <u>867,441</u>     |
| <b>Investing activities</b>   |                       |                    |                    |
| Repayment from / (advances to) affiliated company                           | -                     | -                  | -                  |
| Purchase of property, plant & equipment                                     | (729,965)             | (983,402)          | (1,246,204)        |
| Proceeds from disposal of property, plant & equipment                       | 83,000                | -                  | -                  |
| Interest received   | 203,142               | 228,070            | 302,129            |
| <b>Net cash flow from investing activities</b>                              | <u>(443,823)</u>      | <u>(755,332)</u>   | <u>(944,075)</u>   |
| <b>Financing activities</b>   |                       |                    |                    |
| Dividends paid on ordinary shares   | (1,081,062)           | (916,049)          | (1,942,639)        |
| Dividends paid on cumulative preference shares                              | -                     | -                  | (19,554)           |
| <b>Net cash flow used in financing activities</b>                           | <u>(1,081,062)</u>    | <u>(916,049)</u>   | <u>(1,962,193)</u> |
| <b>Increase/(Decrease) in cash and cash equivalents</b>                     | <u>(20,018)</u>       | <u>(1,411,458)</u> | <u>(2,038,827)</u> |
| <b>Effects of exchange rate changes</b>                                     | -                     | -                  | -                  |
| <b>Cash and cash equivalents at beginning of the financial year</b>         | <u>12,838,794</u>     | <u>14,877,621</u>  | <u>14,877,621</u>  |
| <b>Cash and cash equivalents at end of the financial year</b>               | <u>12,818,776</u>     | <u>13,466,163</u>  | <u>12,838,794</u>  |
| <b>Comprising:</b>  |                       |                    |                    |
| Cash and bank balances  | 789,139               | 668,619            | 663,165            |
| Short term deposits   | 12,029,637            | 12,797,544         | 12,175,629         |
|   | <u>12,818,776</u>     | <u>13,466,163</u>  | <u>12,838,794</u>  |

The cash flow statement should be read in conjunction with the financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

## THE NARBOROUGH PLANTATIONS, PLC

(Incorporated in England 1910 – Registration No. 109273)

(Registered as a Foreign Company in Malaysia – No. 991416-W)

### STATEMENT OF CASH FLOWS

(the figures have not been audited – in Pound Sterling)

|   | 9 months ended   |                  | Year ended       |
|---|------------------|------------------|------------------|
|   | 30.09.14         | 30.09.13         | 31.12.13         |
|   | (Unaudited)      | (Unaudited)      | (Audited)        |
|   | £                | £                | £                |
| <b>Operating Activities</b>   |                  |                  |                  |
| Profit before taxation  | 408,728          | 170,701          | 638,783          |
| Adjustments for:  |                  |                  |                  |
| Depreciation of property, plant and equipment                               | 17,029           | 17,075           | 23,448           |
| Amortisation of prepaid lease payment                                       | -                | 3,639            | 3,573            |
| Finance cost  | 2,846            | 2,846            | 3,805            |
| (Reversal of provision)/Provision for retirement benefits                   | -                | -                | (572)            |
| Property, plant & equipment written off                                     | -                | -                | 128              |
| Share of (profit)/loss of associate after tax                               | (83,884)         | (37,468)         | (237,977)        |
| Finance income  | (37,549)         | (47,122)         | (61,284)         |
| Gain on disposal of property, plant & equipment                             | (11,459)         | -                | -                |
| Gain arising on revaluation of biological assets                            | -                | -                | (120,063)        |
| <b>Operating cash flow before changes in working capital and provisions</b> | <b>295,711</b>   | <b>109,671</b>   | <b>249,841</b>   |
| Increase/(Decrease) in deferred nursery expenditure                         | (6,702)          | (428)            | (984)            |
| Decrease/(Increase) in inventories  | (8,537)          | (3,789)          | 10,232           |
| Decrease/(Increase) in trade and other receivables                          | 11,492           | (4,192)          | (16,117)         |
| Increase/(Decrease) in trade and other payables                             | 9,829            | (26,559)         | (44,457)         |
| <b>Cash generated from operations</b>                                       | <b>301,793</b>   | <b>74,703</b>    | <b>198,515</b>   |
| Retirement benefit paid   | -                | -                | -                |
| Tax paid  | (20,870)         | (17,894)         | (17,567)         |
| <b>Net cash flow from operating activities</b>                              | <b>280,923</b>   | <b>56,809</b>    | <b>180,948</b>   |
| <b>Investing activities</b>   |                  |                  |                  |
| Repayment from / (advances to) affiliated company                           | -                | -                | -                |
| Purchase of property, plant & equipment                                     | (134,929)        | (186,604)        | (230,352)        |
| Proceeds from disposal of property, plant & equipment                       | 15,602           | -                | -                |
| Interest received   | 38,185           | 47,122           | 61,284           |
| <b>Net cash flow from investing activities</b>                              | <b>(81,142)</b>  | <b>(139,482)</b> | <b>(169,068)</b> |
| <b>Financing activities</b>   |                  |                  |                  |
| Dividends paid on ordinary shares   | (199,749)        | (199,749)        | (399,498)        |
| Dividends paid on cumulative preference shares                              | -                | -                | (3,805)          |
| <b>Net cash flow used in financing activities</b>                           | <b>(199,749)</b> | <b>(199,749)</b> | <b>(403,303)</b> |
| <b>Increase/(Decrease) in cash and cash equivalents</b>                     | <b>32</b>        | <b>(282,422)</b> | <b>(391,423)</b> |
| <b>Effects of exchange rate changes</b>                                     | <b>36,353</b>    | <b>(173,993)</b> | <b>(247,082)</b> |
| <b>Cash and cash equivalents at beginning of the financial year</b>         | <b>2,373,159</b> | <b>3,011,664</b> | <b>3,011,664</b> |
| <b>Cash and cash equivalents at end of the financial year</b>               | <b>2,409,544</b> | <b>2,555,249</b> | <b>2,373,159</b> |
| <b>Comprising:</b>  |                  |                  |                  |
| Cash and bank balances  | 148,334          | 126,873          | 122,581          |
| Short term deposits   | 2,261,210        | 2,428,376        | 2,250,578        |
|   | <b>2,409,544</b> | <b>2,555,249</b> | <b>2,373,159</b> |

The cash flow statement should be read in conjunction with the financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

## THE NARBOROUGH PLANTATIONS, PLC

(Incorporated in England 1910 – Registration No. 109273)

(Registered as a Foreign Company in Malaysia – No. 991416-W)

### Notes to the condensed set of financial statements for nine months ended 30 September 2014

#### 1. Basis of preparation

This interim report does not constitute the company's statutory accounts as defined in section 434 of the Companies Act 2006. The information presented in relation to 31 December 2013 is extracted from the statutory financial statements for the year then ended and which have been delivered to the Registrar of Companies. The Independent Auditors' Report on the statutory financial statements for the year ended 31 December 2013 was unqualified and did not contain statements under s498 (2) or (3) Companies Act 2006.

The financial information for the nine months ended 30 September 2014 and 30 September 2013 has neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board. Those for the nine months ended 30 September 2014 were approved by the board on 27 October 2014. These interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union, the requirements of the Disclosure and Transparency Rules issued by the Financial Services Authority and the accounting policies, and methods of computation as applied in the company's 2013 Annual Report and Accounts. The comparative figures for the year ended 31 December 2013 are an extract from the audited financial statements for the year.

The accounting policies and methods of computation adopted by the Company in the interim financial statements are consistent with those adopted in the financial statements for the year ended 31 December 2013.

a) The following new Standards, Interpretations and Amendments, effective for the first time from 1 January 2014, have not had a material effect on the reported results or financial position:

- ***Amendments to IAS 32 Financial Instruments : Presentation - Offsetting Financial Assets and Financial Liabilities***
- ***IFRS 10 Consolidated Financial Statements***
- ***IFRS 11 Joint Arrangements***
- ***IFRS 12 Disclosure of Interests in Other Entities***
- ***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 NARBOROUGH PLANTATIONS, PLC

(Incorporated in England 1910 – Registration No. 109273)

(Registered as a Foreign Company in Malaysia – No. 991416-W)

### Notes to the condensed set of financial statements for nine months ended 30 September 2014 - continued

#### 1. Basis of preparation – cont'd

##### 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 2015 or later periods and which the Company has decided not to adopt early. These are:

- ***IFRS 9 Financial Instruments\****
- ***IFRS 14 Regulatory Deferral Accounts\****
- ***IFRS 15 Revenue from Contracts with Customers\****
- ***Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)\****
- ***Annual Improvements to IFRSs 2010–2012 Cycle\****
- ***Annual Improvements to IFRSs 2011–2013 Cycle\****
- ***Amendments to IFRS 11: Accounting for Acquisition of Interest in Joint Operations\****
- ***Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation\****
- ***Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants\****
- ***Annual Improvements to IFRSs 2012-2014 Cycle\****
- ***Amendments to IFRS 10 and IAS 28 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture\****
- ***Amendments to IAS 27 : Equity Method in Separate Financial Statements\****

\* 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.

##### c) Functional and presentation currency

The condensed 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 condensed 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 condensed statement of financial position is translated to Pound Sterling for presentation purpose at an exchange rate of RM1 = 18.80p (2013: RM1 = 18.97p) whereas the condensed income statement is translated at an average exchange rate of RM1 = 18.48p (2013: RM1 = 20.66p). The translation rates for the comparative financial statements for year ended 31 December 2013 were shown under Note 1.12.1 page 66 of the Annual Report 2013.

## THE NARBOROUGH PLANTATIONS, PLC

(Incorporated in England 1910 – Registration No. 109273)

(Registered as a Foreign Company in Malaysia – No. 991416-W)

### Notes to the condensed set of financial statements for nine months ended 30 September 2014 - continued

#### 2. Going concern

The directors are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

#### 3. Segment information

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

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.

#### 4. Seasonal or cyclical factors

The production of fresh fruits bunches of oil palms ("FFB") is dependent on weather conditions; hence is seasonal in nature. The turnover is also dependent on price fluctuations of Crude Palm Oil ("CPO")

#### 5. Tax

|                                    | 9 months<br>period ended |            |
|------------------------------------|--------------------------|------------|
|                                    | 30.09.2014               | 30.09.2013 |
|                                    | RM'000                   | RM'000     |
| Current tax expense of the company | 483                      | 135        |

|                                    | 9 months<br>period ended |            |
|------------------------------------|--------------------------|------------|
|                                    | 30.09.2014               | 30.09.2013 |
|                                    | £'000                    | £'000      |
| Current tax expense of the company | 89                       | 28         |

The tax residence of the Company is in Malaysia.

**THE NARBOROUGH PLANTATIONS, PLC**

(Incorporated in England 1910 – Registration No. 109273)

(Registered as a Foreign Company in Malaysia – No. 991416-W)

**Notes to the condensed set of financial statements for nine months ended 30 September 2014 - continued****5. Tax - continued**

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

|   | % of Profit<br>Before Taxation |             |
|---|--------------------------------|-------------|
|   | 30.09.2014                     | 30.09.2013  |
| Malaysian income tax rate                         | 25.0                           | 25.0        |
| (Decrease)/Increase resulting from:               |                                |             |
| Foreign exchange (gain)/loss not subjected to tax | 2.5                            | (5.5)       |
| Non deductible expenses                           | 2.1                            | 8.4         |
| Non taxable income                                | (7.8)                          | (9.0)       |
|   | <u>21.8</u>                    | <u>18.9</u> |
| Under / (Over) provision in prior year            | 0.2                            | (2.5)       |
| Effective tax rate                                | <u>22.0</u>                    | <u>16.4</u> |

**6. Dividends***(in Ringgit Malaysia)*

|  | Nine months ended 30 September |                | Year ended       |
|--|--------------------------------|----------------|------------------|
|  | 2014                           | 2013           | 31 December      |
|  | RM                             | RM             | 2013             |
|  |                                |                | RM               |
| <b>Amount recognised as distributions to equity holders in the period:</b> |                                |                |                  |
| Interim dividend: 1.5p single tier<br>(2013: 1.5p single tier)             | 1,081,062                      | 916,049        | 916,049          |
| 2nd Interim dividend: Non proposed yet<br>(2013: 1.5p single tier)         | -                              | -              | 1,026,590        |
|  | <u>1,081,062</u>               | <u>916,049</u> | <u>1,942,639</u> |

*(in Pound Sterling)*

|  | Nine months ended 30 September |                | Year ended     |
|--|--------------------------------|----------------|----------------|
|  | 2014                           | 2013           | 31 December    |
|  | £                              | £              | 2013           |
|  |                                |                | £              |
| <b>Amount recognised as distributions to equity holders in the period:</b> |                                |                |                |
| Interim dividend: 1.5p single tier<br>(2013: 1.5p single tier)             | 199,749                        | 199,749        | 199,749        |
| 2nd Interim dividend: Non proposed yet<br>(2013: 1.5p single tier)         | -                              | -              | 199,749        |
|  | <u>199,749</u>                 | <u>199,749</u> | <u>399,498</u> |

The Board has not recommended a payment of final dividend for the current financial year.

**THE NARBOROUGH PLANTATIONS, PLC**

(Incorporated in England 1910 – Registration No. 109273)

(Registered as a Foreign Company in Malaysia – No. 991416-W)

**Notes to the condensed set of financial statements for nine months ended 30 September 2014 - continued****7. Earnings per share**

The calculation of the basic and diluted earnings per share is based on the following data:

**From continuing operations****Basic Earnings**

|   | <b>Nine months ended 30 September</b> |             | <b>Year ended</b>  |
|---|---------------------------------------|-------------|--------------------|
|   | <b>2014</b>                           | <b>2013</b> | <b>31 December</b> |
|   | <b>RM</b>                             | <b>RM</b>   | <b>RM</b>          |
| <b>Earnings (in Ringgit Malaysia)</b>   |                                       |             |                    |
| Earnings for the purpose of basic earnings per share being net profit attributable to owners of the company | 1,712,780                             | 689,642     | 2,717,623          |

**Earnings (in Pound Sterling)**

|   | <b>£</b> | <b>£</b> | <b>£</b> |
|---|----------|----------|----------|
| Earnings for the purpose of basic earnings per share being net profit attributable to owners of the company | 319,395  | 142,740  | 539,563  |

|  | <b>Nine months ended 30 September</b> |             | <b>Year ended</b>  |
|--|---------------------------------------|-------------|--------------------|
|  | <b>2014</b>                           | <b>2013</b> | <b>31 December</b> |
|  |                                       |             | <b>2013</b>        |
| <b>Number of shares</b>  |                                       |             |                    |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 13,316,590                            | 13,316,590  | 13,316,590         |

**Diluted Earnings**

Not applicable.

The denominators used are the same as those detailed above for both basic and diluted earnings (if applicable) per share from continuing and discontinuing operations.

## **THE NARBOROUGH PLANTATIONS, PLC**

(Incorporated in England 1910 – Registration No. 109273)

(Registered as a Foreign Company in Malaysia – No. 991416-W)

### **Notes to the condensed set of financial statements for nine months ended 30 September 2014 - continued**

#### **8. Property, plant and equipment**

##### **(i) Acquisitions and Disposals**

During the current nine months financial period, the Company acquired property, plant and equipment of RM0.73 million (£0.14 million).

There were no assets disposed or written off during the current nine months financial period ended 30 September 2014.

##### **(ii) Impairment of property, plant and equipment**

There was no impairment nor reversal of such impairment during the current nine months financial period.

##### **(iii) Valuations**

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

#### **9. Borrowing and debt securities**

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

#### **10. Share capital**

Share capital as at 30 September 2014 remained unchanged at £1,331,659.

#### **11. Unquoted investments and properties**

There was no purchase or sales of unquoted investments or properties for the current nine months financial period to-date.

#### **12. Quoted investments**

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

#### **13. Status of corporate proposal announced**

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

## THE NARBOROUGH PLANTATIONS, PLC

(Incorporated in England 1910 – Registration No. 109273)

(Registered as a Foreign Company in Malaysia – No. 991416-W)

### Notes to the condensed set of financial statements for nine months ended 30 September 2014 - continued

#### 14. Notes to the cash flow statement

*(in Ringgit Malaysia)*

|                        | 9 months ended    |                   | Year ended        |
|------------------------|-------------------|-------------------|-------------------|
|                        | 30.09.14          | 30.09.13          | 31.12.13          |
|                        | RM                | RM                | RM                |
| Cash and bank balances | 789,139           | 668,619           | 663,165           |
| Short term deposits    | <u>12,029,637</u> | <u>12,797,544</u> | <u>12,175,629</u> |
|                        | <u>12,818,776</u> | <u>13,466,163</u> | <u>12,838,794</u> |

*(in Pound Sterling)*

|                        | 9 months ended   |                  | Year ended       |
|------------------------|------------------|------------------|------------------|
|                        | 30.09.14         | 30.09.13         | 31.12.13         |
|                        | £                | £                | £                |
| Cash and bank balances | 148,334          | 126,873          | 122,581          |
| Short term deposits    | <u>2,261,210</u> | <u>2,428,376</u> | <u>2,250,578</u> |
|                        | <u>2,409,544</u> | <u>2,555,249</u> | <u>2,373,159</u> |

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

#### 15. Contingent liabilities and contingent assets

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

#### 16. Retirement benefits

The retirement benefits as at 30 September 2014 were calculated on a calendar year basis, using the scheme as defined by the collective agreements signed with the workers union AMESU / NUPW. There have been no significant fluctuations that would require a material adjustment.

#### 17. Share-based payments

There were no share-based payments made for the current nine months period ended 30 September 2014.

#### 18. Related party transactions

There were no significant related party transactions of the Company for the current nine months period.

#### 19. Significant loss or impairment of financial assets

There was no significant loss or impairment of financial assets of the Company for the current nine months period.

## THE NARBOROUGH PLANTATIONS, PLC

(Incorporated in England 1910 – Registration No. 109273)

(Registered as a Foreign Company in Malaysia – No. 991416-W)

### Notes to the condensed set of financial statements for nine months ended 30 September 2014 - continued

#### 20. Change in circumstances significantly affecting the fair value of financial assets and financial liabilities

There was no change in circumstances significantly affecting the fair value of financial assets and financial liabilities of the Company for the current nine months period.

#### 21. Financial instruments' fair value disclosures

The Company had no financial instruments in the current or previous year with fair values that are determined by reference to significant unobservable inputs i.e. those that would be classified as level 2 or 3 in the fair value hierarchy, nor have there been any transfers of assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

The principal financial instruments used by the Company are as follows :

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

The directors consider that the carrying value amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements are approximately equal to their fair values:

*(in Ringgit Malaysia)*

|   | Nine months ended 30 September |            | Year ended  |
|---|--------------------------------|------------|-------------|
|   | 2014                           | 2013       | 31 December |
|   | RM                             | RM         | 2013        |
|   |                                |            | RM          |
| <b>Current financial assets</b>                 |                                |            |             |
| Trade and other receivables, net of prepayments | 506,364                        | 990,877    | 359,070     |
| Cash and cash equivalents                       | 12,818,776                     | 13,466,163 | 12,838,794  |
|   | <hr/>                          | <hr/>      | <hr/>       |
|   | 13,325,140                     | 14,457,040 | 13,197,864  |
| <b>Current financial liabilities</b>            |                                |            |             |
| Trade and other payables                        | 716,840                        | 764,960    | 649,413     |
| <b>Non-current financial liabilities</b>        |                                |            |             |
| Cumulative preference shares                    | 84,163                         | 84,163     | 84,163      |
|   | <hr/>                          | <hr/>      | <hr/>       |
|   | 801,003                        | 849,123    | 733,576     |

**THE NARBOROUGH PLANTATIONS, PLC**

(Incorporated in England 1910 – Registration No. 109273)

(Registered as a Foreign Company in Malaysia – No. 991416-W)

**Notes to the condensed set of financial statements for nine months ended 30 September 2014 - continued****21. Financial instruments' fair value disclosures - continued***(in Pound Sterling)*

|   | <b>Nine months ended 30 September</b> |             | <b>Year ended</b>  |
|---|---------------------------------------|-------------|--------------------|
|   | <b>2014</b>                           | <b>2013</b> | <b>31 December</b> |
|   | <b>£</b>                              | <b>£</b>    | <b>2013</b>        |
|   |                                       |             | <b>£</b>           |
| <b>Current financial assets</b>                 |                                       |             |                    |
| Trade and other receivables, net of prepayments | 95,181                                | 188,022     | 66,372             |
| Cash and cash equivalents                       | 2,409,544                             | 2,555,249   | 2,373,159          |
|   | <hr/>                                 | <hr/>       | <hr/>              |
|   | 2,504,725                             | 2,743,271   | 2,439,531          |
|   | <hr/>                                 | <hr/>       | <hr/>              |
| <b>Current financial liabilities</b>            |                                       |             |                    |
| Trade and other payables                        | 134,744                               | 145,154     | 120,039            |
|   | <hr/>                                 | <hr/>       | <hr/>              |
| <b>Non-current financial liabilities</b>        |                                       |             |                    |
| Cumulative preference shares                    | 19,024                                | 19,024      | 19,024             |
|   | <hr/>                                 | <hr/>       | <hr/>              |
|   | 153,768                               | 164,178     | 139,063            |
|   | <hr/>                                 | <hr/>       | <hr/>              |

**22. Events after the balance sheet date**

There were no material events subsequent to the end of the current nine months period ended 30 September 2014 that have not been reflected in the interim management report under review.

**23. Related party transactions**

There were no significant related party transactions of the Company for the current nine months period ended 30 September 2014.