

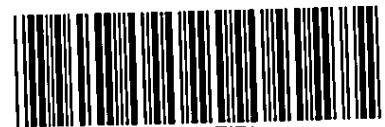
THE BRITISH NEW GUINEA DEVELOPMENT LIMITED
(COMPANY REGISTRATION NO. 183184)

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

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COMPANIES HOUSE

The directors present their report on the affairs of The British New Guinea Development Limited (the Company), together with the financial statements and auditors' report, for the year ended 31 December 2008.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Company continues to be the cultivation and marketing of rubber in Papua New Guinea. The directors expect the present scale and scope of the operations of the Company to continue unchanged for the foreseeable future.

The registered office of the Company is:
First floor
32-36 Great Portland Street
London W1W 8QX.

PRINCIPAL RISKS AND UNCERTAINTIES

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Galley Reach Holdings Limited Group (the Group) and are not managed separately. Accordingly the principal risks and uncertainties of Galley Reach Holdings Limited, which include those of the Company, are discussed on page 11 of the Group's annual report which does not form part of this report.

KEY PERFORMANCE INDICATORS (KPIs)

Given the straightforward nature of the business, the Company's directors are of the opinion that an analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

RESULTS AND DIVIDENDS

The net result of operations of the Company after applicable income tax expense was a profit of K942,126 (2007: K1,407,576). The Company's net assets at year end were K2,569,868 (2007: K1,627,742). The directors do not recommend the payment of a dividend (2007: K Nil).

EMPLOYEE RELATIONS

The aim of The British New Guinea Development Limited is to secure good relations between management and all employees, to promote a better understanding of the issues influencing the Company's business, to improve productivity, to enhance the quality of working life and to gain the commitment of all concerned to the Company's business objectives. Disabled persons are considered for employment, training and career development and promotions on the basis of their aptitudes and abilities, in common with all employees in the Group.

DIRECTORS

The following persons served as directors during the period between the start of the year and the date of signature of the accounts.

Baron T.J.C.V. Bracht
Mr F J Van Hoydonk
Mr R.M. Robinow
Mr Julius Yeoh

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

THE BRITISH NEW GUINEA DEVELOPMENT LIMITED
ANNUAL REPORT OF THE DIRECTORS TO THE SHAREHOLDERS
For the Year Ended 31 December 2008

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

Section 9 of CAICE introduced a new Section 234ZA to the Act. In accordance with Section 234ZA(2), directors' reports for financial years beginning on or after 1 April 2005 shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

INDEPENDENT AUDITORS

A resolution has been passed to dispense with the appointment of an auditor annually and the holding of an annual general meeting. The auditors continue to be PricewaterhouseCoopers LLP.

By order of the board



REA Services Limited
Secretaries

29 October 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BRITISH NEW GUINEA DEVELOPMENT LIMITED

We have audited the financial statements of The British New Guinea Development Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the director's report and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its profit and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

Date: 29 October 2009

THE BRITISH NEW GUINEA DEVELOPMENT LIMITED
PROFIT AND LOSS ACCOUNT
For the Year Ended 31 December 2008

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		2008 K	2007 K
Turnover	2	3,502,472	4,794,137
Cost of sales		<u>(1,974,285)</u>	<u>(2,566,658)</u>
Gross profit		1,528,187	2,227,479
Distribution costs		(216,751)	(198,621)
Administration expenses		<u>(220,494)</u>	<u>(357,466)</u>
		<u>(437,245)</u>	<u>(556,087)</u>
Operating profit	3	1,090,942	1,671,392
Finance income/(costs)		<u>-</u>	<u>26,390</u>
Profit on ordinary activities before tax		1,090,942	1,697,782
Income tax on profit on ordinary activities	4	<u>(148,816)</u>	<u>(290,206)</u>
Profit on ordinary activities after tax		942,126	1,407,576
Accumulated losses at the beginning of the year		<u>(39,498)</u>	<u>(1,447,074)</u>
Accumulated profits/(losses) at the end of the year		<u><u>902,628</u></u>	<u><u>(39,498)</u></u>

All activities are continuing.

The Company has no recognised gains and losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the profit on ordinary activities before tax and the profit for the year stated above, and their historical cost equivalents.

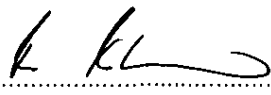
This statement is to be read in conjunction with the Notes set out on pages 7 to 13.

THE BRITISH NEW GUINEA DEVELOPMENT LIMITED
BALANCE SHEET
As at 31 December 2008

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		2008 K	2007 K
Non current assets			
Tangible fixed assets	6	90,010	96,546
Amount due from group companies	8	3,120,662	953,124
Deferred income tax asset	4	209,430	59,092
		<u>3,420,102</u>	<u>1,108,762</u>
Current assets			
Stock	7	-	1,406,997
		<u>-</u>	<u>1,406,997</u>
Creditors - amounts falling due within one year			
Income tax payable	4	(311,515)	(349,298)
		<u>(311,515)</u>	<u>(349,298)</u>
Net current assets / (liabilities)		<u>(311,515)</u>	<u>1,057,699</u>
Total assets less current liabilities		<u>3,108,587</u>	<u>2,166,461</u>
Creditors - amounts falling due after one year			
Amount due to group companies	8	(538,719)	(538,719)
		<u>(538,719)</u>	<u>(538,719)</u>
Net assets		<u>2,569,868</u>	<u>1,627,742</u>
Capital and reserves			
Share capital	9	1,035,450	1,035,450
Accumulated profits		902,628	(39,498)
Revaluation reserve		631,790	631,790
Shareholders' Funds		<u>2,569,868</u>	<u>1,627,742</u>

These financial statements were approved by the Board of Directors on 29 October 2009 and are signed on its behalf by



 Director

This statement is to be read in conjunction with the Notes set out on pages 7 to 13.

THE BRITISH NEW GUINEA DEVELOPMENT LIMITED
CASH FLOW STATEMENT
For Year Ended 31 December 2008

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	2008 K	2007 K
Operating profit before tax	1,090,942	1,671,392
Depreciation of tangible fixed assets	6,536	6,536
Decrease in stock	1,406,997	(220,216)
Increase in amount due from related companies	(2,167,538)	(926,734)
Decrease in amounts owed to related companies	<u>-</u>	<u>(530,978)</u>
Cash inflow / (outflow) from operating activities	336,937	-
Income tax paid by related company	<u>(336,937)</u>	<u>-</u>
Net increase/(decrease) in cash for the year	-	-
Add: Cash balances brought forward	<u>-</u>	<u>-</u>
Cash Carried forward	<u><u>-</u></u>	<u><u>-</u></u>

This statement is to be read in conjunction with the Notes set out on pages 7 to 13.

1. STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the historical cost convention, modified by the inclusion of certain fixed assets at values other than their original costs. The accounting policies adopted in the preparation of the financial statements are consistent with those adopted during the previous year, and are in accordance with applicable Accounting Standards in the United Kingdom.

As at 31 December 2008, the Company, has a working capital deficiency of K311,515 due to current tax liabilities. The directors of Galley Reach Holdings Limited have given an undertaking that they will pay the current tax liabilities on behalf of the Company and have also accepted the responsibility of providing, and undertakes to provide, sufficient financial assistance to the Company as and when it is needed to enable the Company to continue its operations and fulfil all of its financial obligations now and in the future. The undertaking is provided for a minimum period of twelve months from the signing of these financial statements.

A summary of the more important policies is detailed below:

(a) OVERSEAS CURRENCIES

The local currency of the Company is the Papua New Guinean Kina, being the currency of the primary economic environment in which the Company operates. Therefore, these financial statements are presented in Papua New Guinean Kina ("K").

Assets and liabilities denominated in overseas currencies are translated to Kina at the rate of exchange ruling at the balance sheet date. Issued share capital is stated in Kina at the value at which the amounts subscribed were realised and the authorised share capital is translated to Kina by applying the same exchange rate. Transactions during the year were translated at exchange rates ruling at the time of the transaction. All foreign exchange differences are included in the results for the year.

(b) FIXED ASSETS

Fixed assets include all expenditure of a capital nature.

Depreciation and amortisation is calculated so as to write off the cost of assets over their estimated useful lives on a straight-line basis at the following rates:

Buildings	3%
Plant and equipment	7.5% - 10%
Motor vehicles	25%

(c) STOCKS

Produce stocks on hand and other inventories such as nursery stocks and consumable stores are valued at the lower of cost and net realisable value. Cost of processed rubber comprises the cost of raw rubber into the production process, together with direct material and labour and an appropriate proportion of fixed and variable factory overheads.

Costs assigned to consumable stores are determined on the basis of weighted average costs.

(d) DEFERRED TAX

Tax deferred or accelerated as a result of timing differences is accounted for in full, except that deferred tax assets are recognised only to the extent that it is more likely than not that they will be recovered.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(e) EMPLOYEE BENEFITS

The amounts expected to be paid to employees for their pro-rata entitlement to long service, annual and sick leave, and leave fares are accrued annually at current pay rates having regard to period of service and statutory obligations.

(f) REVALUATION RESERVE

Surpluses arising on revaluation are credited to a revaluation reserve (after crediting to the income statement any previous devaluations which had been charged to the income statement). Upon the disposal of assets which are at a valuation, the revaluation surpluses of those assets are transferred to the income statement.

(g) TURNOVER

Turnover comprises the invoiced value of sales.

(h) COMPARATIVE FIGURES

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(i) ALLOCATION OF INCOME AND EXPENDITURE

Effective from year ended 31 December 2005, operating income and expenditures are allocated to the various subsidiary companies in the Group in proportion to the volume of rubber produced by the respective companies. The directors believe that the basis of allocation is reasonable and fair.

2. TURNOVER

Turnover comprises sales to the following region:

	2008 K	2007 K
Europe	3,502,472	4,794,137
	<u>3,502,472</u>	<u>4,794,137</u>

The Company operates predominantly in the business of cultivating tropical tree crops.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

Profit before tax is stated after charging (crediting) the following items:

	2008 K	2007 K
Depreciation - own assets	6,536	6,535
Auditors' remuneration for:		
- audit services	36,791	42,700
- non-audit services	5,865	7,470
Foreign exchange (gains)/losses	(16,712)	(26,390)

4. INCOME TAX EXPENSE

	2008 K	2007 K
a) Income tax expense		
Comprising:		
Current income tax expense	299,154	349,298
Deferred income tax: current year	15,768	(59,092)
Deferred income tax: prior year	(166,106)	-
	<u>148,816</u>	<u>290,206</u>

The current tax expense is lower than the standard rate of tax of 30% in PNG (2007:30%) due to:

Profit before tax	1,090,942	1,697,782
Prima facie tax @ 30%	327,283	509,335
Permanent difference	-	1,961
Prior year tax losses recouped	-	(155,071)
Over provision of income tax payable in prior years	(12,361)	-
Under provision of deferred tax in prior years	-	(6,927)
Current year deferred tax movements	(15,768)	-
Current income tax expense	<u>299,154</u>	<u>349,298</u>

b) Current income tax liabilities

Balance at beginning of the year	349,298	-
Current income tax provision	311,515	349,298
Income tax payments	(336,937)	-
Over provision of income tax payable in prior years	(12,361)	-
Balance at end of the year	<u>311,515</u>	<u>349,298</u>

c) Net deferred income tax asset

Balance at beginning of the year	59,092	-
Under provision of deferred tax in prior years	166,106	(6,927)
Credit to income statement	(15,768)	66,019
Balance at end of the year	<u>209,430</u>	<u>59,092</u>

The balance comprises the tax effect of:

Property, plant and equipment	209,430	59,092
	<u>209,430</u>	<u>59,092</u>

5. DIRECTORS AND EMPLOYEES

- (a) The average number of persons, including directors, whose services were utilised by the Company, by activity, during the year was:

	2008	2007
On the plantations	1,163	1,334
Office administration	8	8
	<u>1,171</u>	<u>1,342</u>

- (b) Employee costs

	2008 K '000	2007 K' 000
Wages and salaries recharged by Galley Reach Holdings Limited	689	946

- (c) The following directors' emoluments were recharged by Galley Reach Holdings Limited.

	2008 K '000	2007 K' 000
Mr J Yeoh	55	74

No other directors received emoluments during the year.

6. TANGIBLE FIXED ASSETS

(a)	Leasehold land K	Plant and equipment K	Motor vehicles K	Total K
Valuation				
At 1 January 2008	697,759	93,265	95,879	886,903
At 31 December 2008	697,759	93,265	95,879	886,903
Depreciation				
At 1 January 2008	601,213	93,265	95,879	790,357
Charge for the year	6,536	-	-	6,536
At 31 December 2008	607,749	93,265	95,879	796,893
Net book value				
At 31 December 2008	90,010	-	-	90,010
At 31 December 2007	96,546	-	-	96,546

- (b) As at 31 December 1992, the directors revalued all tangible fixed assets of the Company. If that revaluation had not been carried out, fixed assets would be shown in the financial statements at the following cost:

(a)	Leasehold land K	Plant and equipment K	Motor vehicles K	Total K
Cost				
At 1 January 2008	23,575	579,688	451,165	1,054,428
At 31 December 2008	23,575	579,688	451,165	1,054,428
Depreciation				
At 1 January 2008	23,575	579,688	451,165	1,054,428
At 31 December 2008	23,575	579,688	451,165	1,054,428
Net book value				
At 31 December 2008	-	-	-	-
At 31 December 2007	-	-	-	-

Since the detailed cost records in respect of fixed assets are not available, some of the amounts stated above are based on estimates made by the Company's directors.

The 1992 valuation has not been updated as the Directors are not aware of any material change since the last valuation. All subsequent additions have then been included at cost.

7. STOCKS

The amounts attributable to the various categories of stock are as follows:

	2008 K	2007 K
Product stock	-	466,794
Consumable and other miscellaneous stock	-	940,203
	<u>-</u>	<u>1,406,997</u>

8. RELATED PARTY DEBTORS AND CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008 K	2007 K
Amount receivable from related parties		
- Galley Reach Holdings Limited	<u>3,120,662</u>	<u>953,124</u>
Amount payable to related parties		
- Veimauri Plantations Limited	437,345	437,345
- Kanosia Estates Limited	<u>101,374</u>	<u>101,374</u>
	<u>538,719</u>	<u>538,719</u>

Amount Receivable

The debts due from the related parties are interest free and have no fixed repayment terms.

Amount Payable

The related parties balances are unsecured, interest free and will not be recalled within twelve months from the balance sheet date.

During the year the Company sold rubber to the SA Sipef NV Group for K3,502,472 (2007: K4, 794,137).

9. SHARE CAPITAL

The authorised and issued share capital of the Company are as follows:

	2008 K	2007 K
Authorised 8,750,000 ordinary shares of 10p each	<u>1,548,750</u>	<u>1,548,750</u>
Issued and fully paid 5,850,000 ordinary shares of 10p each	<u>1,035,450</u>	<u>1,035,450</u>

10. RECONCILIATION OF MOVEMENT OF SHAREHOLDERS' FUNDS

	2008 K	2007 K
Opening shareholders' funds	1,627,742	220,166
Profit for the financial year	<u>942,126</u>	<u>1,407,576</u>
Closing shareholders' funds	<u><u>2,569,868</u></u>	<u><u>1,627,742</u></u>

11. RELATED PARTIES

(a) **Holding Company**

The holding Company is Veimauri Plantations Limited, a Company incorporated in Papua New Guinea, which holds all of the issued capital. The ultimate holding Company is SA Sipef NV, incorporated in Belgium.

(b) **Security**

The leasehold properties and assets of the Company are secured by interlocking equitable mortgages together with the assets of related companies, Galley Reach Holdings Limited, Veimauri Plantations Limited, Kanosia Estates Limited and Sipef Pacific Timbers Limited in respect of bank facilities to these companies. A letter of support has also been provided by Galley Reach Holdings Limited.

(c) **Key management compensation**

The following key management compensation was recharged by Galley Reach Holdings Limited.

	2008 K '000	2007 K '000
Salaries and other short term employee benefits	143	819
Termination benefits	-	-
Post employment benefits	-	-
Other long term benefits	-	-
	<u><u>143</u></u>	<u><u>819</u></u>

12. RECONCILIATION OF MOVEMENT IN NET DEBT

	At 31 December 2007 K	Net Non cash movement K	At 31 December 2008 K
Cash at bank and in hand	-	-	-
Debt due after 1 year	<u>(538,719)</u>	<u>-</u>	<u>(538,719)</u>
Total related company liability	<u><u>(538,719)</u></u>	<u><u>-</u></u>	<u><u>(538,719)</u></u>