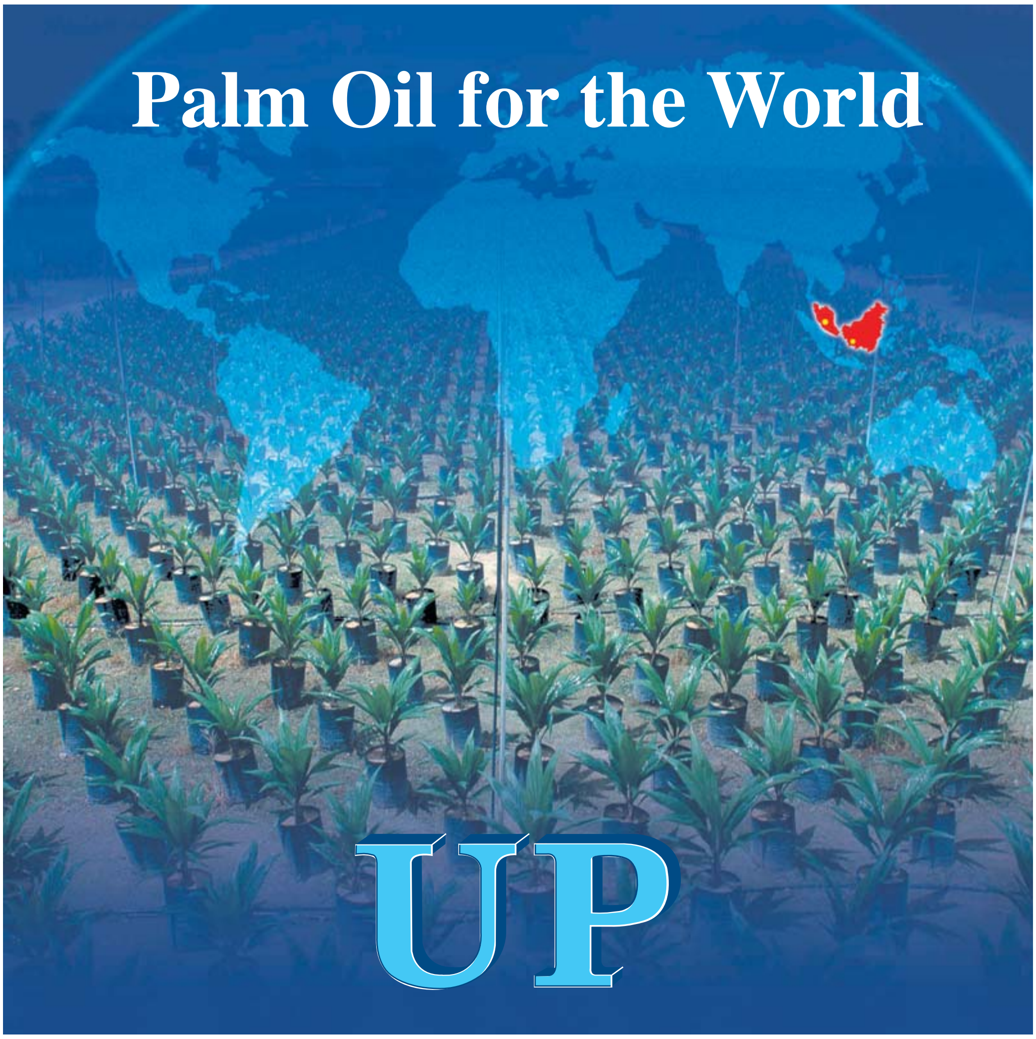
ANNUAL REPORT
2010

UNITED PLANTATIONS BERHAD
(Company No. 240-A)

Group Philosophy



We strive towards being recognized as second to none within the plantation industry, producing high quality products, always focusing on the sustainability of our practices and our employees' welfare whilst attaining acceptable returns for our shareholders.

This Annual Report is printed on 60% recycled / 40% FSC virgin fibres.
The Financial Statements are printed on 100% recycled paper.

UNITED PLANTATIONS BERHAD
(Company No. 240-A)

Contents

Front Cover:

The new office complex designed in the local architecture at Lada Estate, Pangkalan Bun, Central Kalimantan.

Corporate Information

Country of Incorporation	Malaysia
Board of Directors	Ybhg. Tan Sri Datuk Dr. Johari bin Mat (Chairman, Independent, Non-Executive) Mr. Ho Dua Tiam (Senior Executive Director (CEO)) Mr. G. Peter Selvarajah (Independent, Non-Executive) Ybhg. Dato Carl Bek-Nielsen (Executive) Mr. Ahmad Riza Basir (Independent, Non-Executive) Ybhg. Dato Jeremy Derek Campbell Diamond (Independent, Non-Executive) Mr. Martin Bek-Nielsen (Executive) Mr. Mohamad Nasir bin Ab. Latif (Non-Independent, Non-Executive) Mr. Brian Bech Nielsen (Non-Independent, Non-Executive)
Company Secretary	Mr. A. Ganapathy
Registered Office and Principal Share Register	Jendarata Estate, 36009 Teluk Intan, Perak Darul Ridzuan, Malaysia Phone : +605-6411411 Fax : +605-6411876 E-mail : up@unitedplantations.com Website : www.unitedplantations.com
Copenhagen Office and Branch Register	3rd Floor, 49, H.C. Andersens Boulevard, DK-1553, Copenhagen V, Denmark Phone : +45 33 93 33 30 Fax : +45 33 93 33 31 E-mail : ips@plantations.biz
Auditors	Ernst & Young
Principal Bankers	**Malaysia** HSBC Bank Malaysia Berhad Maybank Berhad Standard Chartered Bank Malaysia Berhad **Denmark** Danske Bank A/S
Stock Exchange Listings	**Malaysia** Bursa Malaysia Securities Berhad (Bursa Malaysia) Website : www.bursamalaysia.com **Denmark** NASDAQ OMX Copenhagen A/S Website : www.nasdaqomxnordic.com

Executive Committee and Senior Management

Ho Dua Tiam
Senior Executive Director (CEO) & Inspector General, Estates

Dato' Carl Bek-Nielsen
Vice Chairman & Executive Director (Corporate Affairs)
Director In-Charge, Unitata Berhad

Martin Bek-Nielsen
Executive Director (Finance & Marketing)
Commercial Director, Unitata Berhad

Senior Executive Staff

Finance & Corporate

R. Nadarajan
Group Financial Advisor

A. Ganapathy
Company Secretary /
Sr Group Manager (Finance)

Ng Eng Ho
Group Financial Controller

Cheriachangel Mathews
Group Manager Human Resources &
Environment, Safety & Health

Ibu Dewi Anita Suyatman
Sr Manager, Legal & Corp Affairs
President Director, PT SSS2

Azero bin Mohamed Anuar
Sr Accountant

S. Chandra Mohan
Manager, Internal Audit

Erwin Khor Siew Yan
Financial Controller, PT SSS

Shirley Selvasingam
Manager, IT Systems

Plantations

Loh Hang Pai, A.M.P.
Estates Director

Edward Rajkumar Daniels
President Director, PT SSS1

C. Mohan Das
Group Manager, Jendarata Estate

Geoffrey Cooper
Sr Manager, Estate 2, UIE

N. Sundian
Sr General Manager,
PT SSS1

Nek Wahid bin Nek Harun
Sr Manager,
Sungei Erong Estate

Naslah bin Jajuli
Sr Manager,
Ulu Basir Estate

Muhammad Ratha bin Abdullah
Manager,
Estate 1, UIE

Ridzuan Bin Md. Isa
Manager,
Sungei Bernam Estate

Tan Lay Guan
Sr Manager,
Lima Blas Estate

Amrik Singh a/l Dewan Singh
Plantation Manager,
PT SSS

Azhar bin Yazid
Manager,
Changkat Mentri Estate

Chantharavarnam Sathiam
Manager,
Ulu Bernam Estate

Gerald Anthony Kolandasamy
Manager,
Sungei Chawang Estate

Jason Joseph
Manager,
Kuala Bernam Estate

K.R. Kasirajah
Acting Manager,
Seri Pelangi Estate

Research

Dr. Xaviar Arulandoo
Director of Research

Ho Shui Hing
Research Controller

Musa bin Bilal
Sr Manager, Plant Breeding

Lim Ching Ching
Sr Research Officer

Engineering

P. Seker
Group Engineer,
Ulu Bernam

Vincent Williams
Vice President, Engineering,
PT SSS1

Ir V. Renganathan
Sr Resident Engineer,
UIE

Lim Chin Yen
Sr Resident Engineer,
Lima Blas

K.T. Somasegaran
Sr Resident Engineer,
Ulu Basir

Ir P. Rajasegaran
Sr Resident Engineer,
Jendarata/Unitata

G. Padmanathan
Acting Resident Engineer, Seri Pelangi

Palm Oil Refining and Others

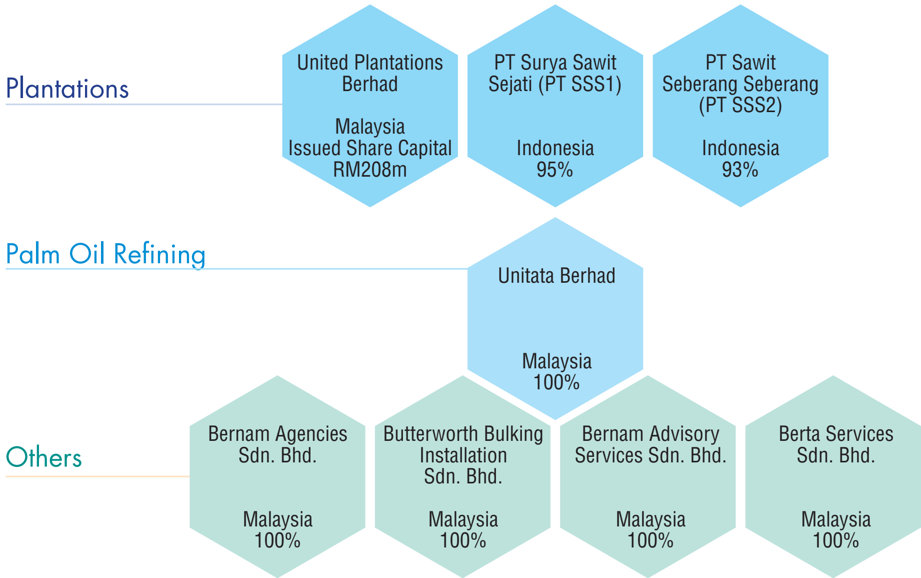
Dr. C.T. Premakumari Nair,
Chief Research & Quality Controller
Unitata Berhad

Kerk Choon Keng
Group Manager, Commerce
Unitata Berhad

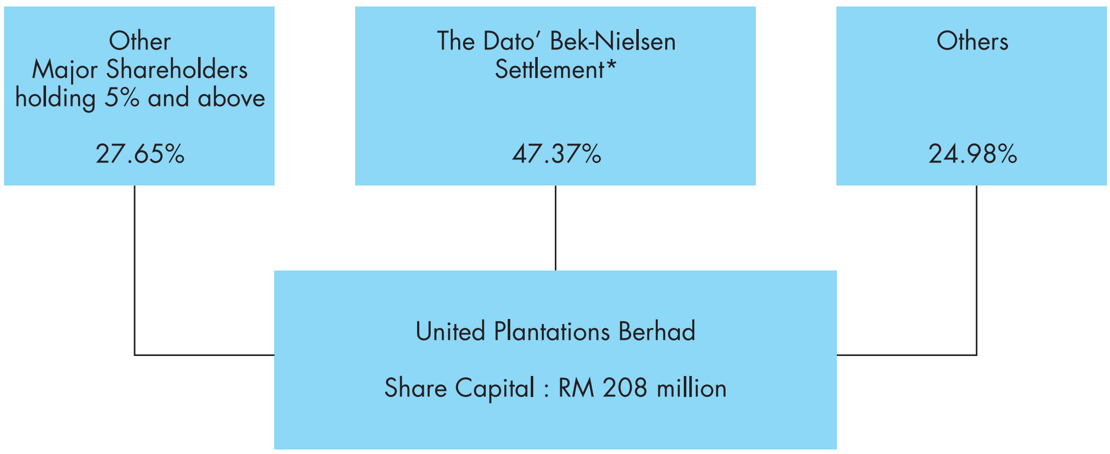
Jughdev Singh Dhillon
Sr Plant Manager
Unitata Berhad

Soo Yook Kee
Sr Manager / Engineer In-Charge
Butterworth Bulking Installation Sdn. Bhd.
Bernam Agencies Sdn. Bhd.

Group as at 19 April 2011



General Shareholding Structure as at 19 April 2011

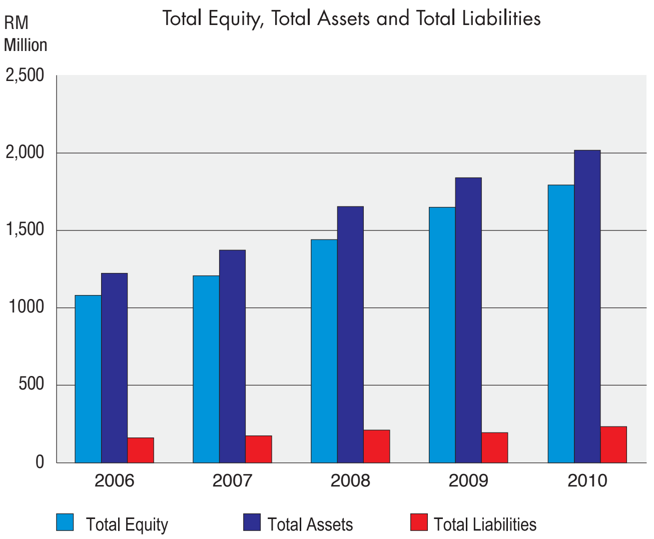


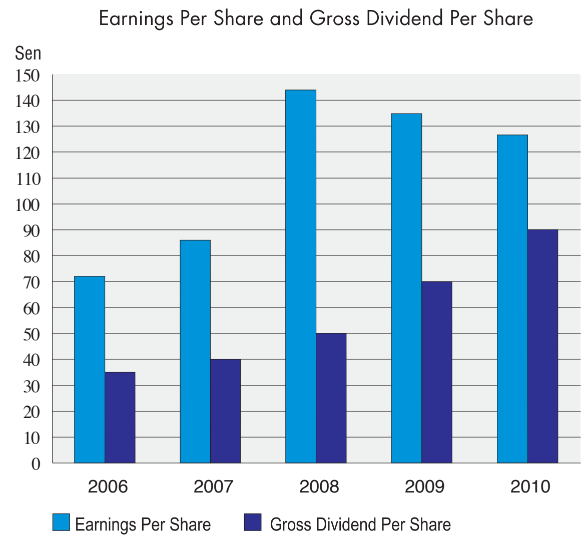
** Shareholdings through UIEL Group and the Bek-Nielsen Family*

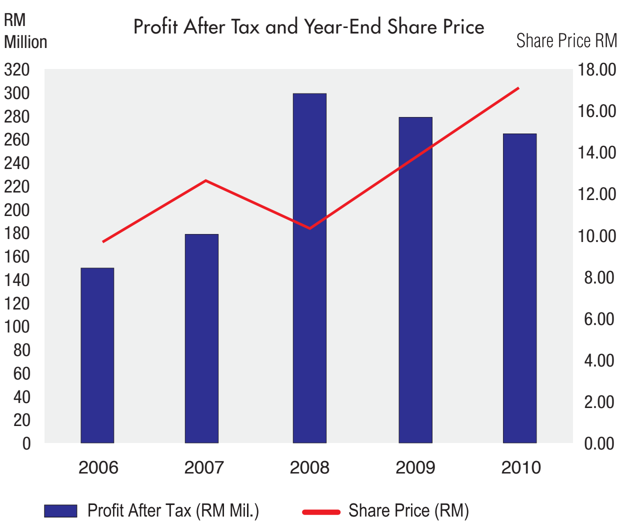
Financial Highlights

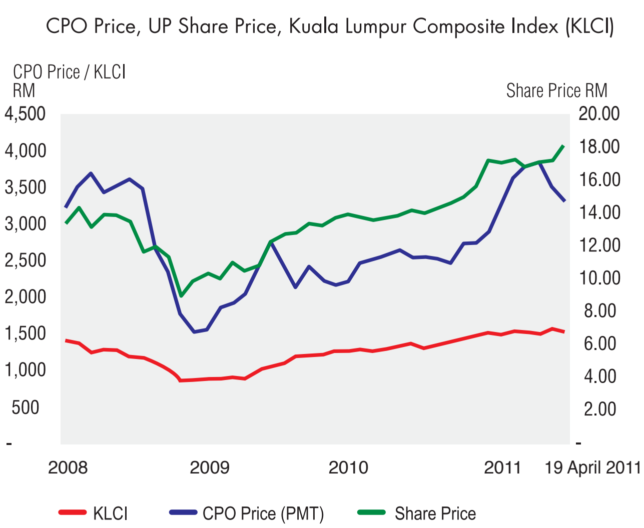
	2010	2009	2008	2007	2006
Profit After Tax (RM Million)	264	281	300	179	150
Earnings Per Share (Sen)	127	135	144	86	72
Gross Dividend Per Share (Sen) *	90	70	50	40	35
Total Equity (RM Million)	1,772	1,638	1,434	1,197	1,072
Minority Interests (RM Million)	0.51	0.13	0.62	0.67	0.30
Total Assets (RM Million)	2,006	1,837	1,645	1,363	1,223
Total Liabilities (RM Million)	234	199	211	165	151
Year-End Closing Share Price (RM)	17.10	13.64	10.30	12.70	9.75

* Including proposed Final Dividend









Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 90th Ordinary Annual General Meeting of the Company will be held at Jendarata Estate, 36009 Teluk Intan, Perak Darul Ridzuan, Malaysia on 25 June 2011 at 10.30 a.m. for the purpose of considering the following business:-

	Ordinary Resolutions
1. To receive and consider the financial statements for the year ended 31 December 2010 together with the Reports of the Directors and the Auditors thereon.	1
2. To consider the recommendation of the Directors and authorise the payment of a final dividend of 20% gross per share less 25% Malaysian Income Tax and a special dividend of 35% gross per share less 25% Malaysian Income Tax for the year ended 31 December 2010.	2
3. To approve Directors fees for 2010.	3
4. To re-elect as Director Mr. Ho Dua Tiam who retires by rotation pursuant to Article 92 of the Company s Articles of Association.	4
5. To re-elect as Director Ybhg. Dato Carl Bek-Nielsen who retires by rotation pursuant to Article 92 of the Company s Articles of Association.	5
6. To re-elect as Director Mr. Mohamad Nasir bin Ab. Latif who retires by rotation pursuant to Article 92 of the Company s Articles of Association.	6
7. To consider and, if thought fit, pass the following resolution: That pursuant to Section 129(6) of the Companies Act,1965, Ybhg. Dato Jeremy Derek Campbell Diamond be re-appointed Director of the Company to hold office until the conclusion of the next Annual General Meeting	7
8. To re-appoint Messrs. Ernst & Young as auditors of the Company for the year 2011 and to authorize the Directors to fix their remuneration.	8

Notice Of Annual General Meeting

	Ordinary Resolution
As Special Business	

To consider and, if thought fit, pass and adopt the following Resolutions as set out in parts A and B of the Circular to shareholders dated 18 May 2011:

9. Proposed Renewal of Shareholders Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature — 9

THAT approval be and is hereby given to the Company and its subsidiary companies to seek renewal of shareholders mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature to enter into and to give effect to the specified Recurrent Related Party Transactions with the specified Mandated Related Parties as stated in Section 2.4, Part A of the Circular to Shareholders dated 18 May 2011 which are necessary for the Group s day to day operations subject to the following:-

(i) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the Mandated Related Parties than those generally available to the public and not detrimental to the minority shareholders; and

(ii) disclosure is made in the Annual Report of the aggregate value of the transactions conducted pursuant to the above said Mandate during the financial year;

AND THAT such approval shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting of the Company (AGM) in 2012 at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or

Notice Of Annual General Meeting

Ordinary Resolution

(b) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Malaysian Companies Act, 1965 (the Act) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier;

AND THAT the Directors and the Secretary of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the proposed mandate.

10. Proposed Renewal of Authority for Purchase of Own Shares 10

THAT, subject to the Companies Act, 1965 (as may be amended, modified or re-enacted from time to time), the Company s Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia) and approvals of all relevant governmental and/or regulatory authorities, where applicable, the Company be and is hereby authorized to purchase and/or hold such amount of ordinary shares of RM1.00 each in the Company (Proposed Share Buy-Back) as may be determined by the Directors of the Company from time to time and upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of ordinary shares purchased and/or held pursuant to this resolution shall not exceed

Notice Of Annual General Meeting

ten per centum (10%) of the total issued and paid-up share capital of the Company at any given point in time and an amount of funds not exceeding the total retained profits of the Company of RM1,307,269,000 and/or share premium account of the Company of RM181,920,000 based on the audited financial statements for the financial year ended 31 December 2010 be utilized by the Company for the Proposed Share Buy-Back AND THAT at the discretion of the Directors of the Company, the ordinary shares of the Company to be purchased may be cancelled and/or retained as treasury shares and subsequently distributed as dividends or resold on Bursa Malaysia or be cancelled AND THAT the Directors of the Company be and are hereby empowered generally to do all acts and things to give effect to the Proposed Share Buy-Back AND THAT such authority shall commence immediately upon passing of this ordinary resolution until:

(i) the conclusion of the next Annual General Meeting of the Company (AGM) in 2012 at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Malaysian Companies Act, 1965 (the Act) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier; but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid date and in any event, in accordance with the provisions in the guidelines issued by Bursa Malaysia and /or by any other relevant authorities.

Notice Of Annual General Meeting

Notice Of Closure Of Books

The Share Transfer Books on the Copenhagen Branch Register and the Register of Members will be closed from 5 July 2011 to 7 July 2011 both days inclusive to determine shareholders entitlement to the dividend payment. The final dividend and a special dividend, if approved will be paid on 26 July 2011 to the shareholders whose names appear in the Register of Members, Branch Register and Record of Depositors on 4 July 2011.

Duly completed Branch Register transfers (scrip-based) received by the Company s Registrar in Copenhagen up to 3.00 p.m. on 4 July 2011 will be registered before entitlement is determined.

Further, notice is hereby given that a depositor registered with Bursa Malaysia Depository Sdn. Bhd. shall qualify for entitlement only in respect of :-

(a) Shares deposited into the depositor s securities account before 12.30 p.m. on 30 June 2011 in respect of shares which are exempted from mandatory deposit;

(b) Shares transferred into the depositor s securities account before 4.00 p.m. on 4 July 2011 in respect of transfers; and

(c) Shares bought on Bursa Malaysia on a cum entitlement basis according to the Rules of Bursa Malaysia.

By Order of the Board

A. GANAPATHY
Company Secretary

Jendarata Estate,
36009 Teluk Intan,
Perak Darul Ridzuan,
Malaysia.
18 May 2011

Notice Of Annual General Meeting

Notes

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to vote in his stead. A proxy need not be a member of the Company. If you wish to appoint as your proxy someone other than the Chairman or Vice Chairman of the meeting, cross out the words The Chairman or Vice Chairman of the meeting and write on the lines the full name and address of your proxy.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Jendarata Estate, 36009 Teluk Intan, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time set for the meeting. The number of shares to be represented by the proxy should be stated in the proxy form.

3. Where this Form of Proxy is executed by a corporation, it must be either under seal or under the hand of any officer or attorney duly authorised.

4. A proxy may vote or abstain from voting as he thinks fit on a specified resolution, if no indication is given on the proxy form by the member appointing the proxy. A proxy may vote on a show of hands and on a poll.

5. In the case of joint shareholders the proxy form signed by the first named registered shareholder on the register shall be accepted to the exclusion of the other registered shareholder(s). If voting is in person(s) the vote of the first shareholder who tenders the vote shall be taken.

6. For shares listed on the Bursa Malaysia, only a depositor whose name appears on the Record of Depositors as at 20 June 2011 shall be entitled to attend the said meeting or appoint a proxy or proxies to attend and/or vote on his/her behalf.

Notes On The Special Business

For Resolutions 9 & 10 — Please refer to explanatory information in the Circular to Shareholders dated 18 May 2011.

Profile Of Directors

Tan Sri Datuk Dr. Johari bin Mat
Chairman, Independent, Non-Executive Director

Ybhg. Tan Sri Datuk Dr. Johari bin Mat, born in 1944, a Malaysian, is the Chairman of United Plantations Berhad.

He obtained his B.A. (Hons.) from the University of Malaya and PhD from the University of Southern California (USC), USA and completed the Advanced Management Program from Harvard University in 1997. He is a chartered member of the Malaysian Institute of Planners.

He has 33 years of work experience in the Malaysian Administrative and Diplomatic Services which included positions as Director of INTAN and the Klang Valley Secretariat in the Prime Minister s Department and as Secretary General in the Ministries of Social Development, Domestic Trade and Education.

He held various positions in several national and international organizations, such as UNESCO, UNCRD, APDC, SEAMEO, ASCOE and COL (Commonwealth of Learning) based in Vancouver, Canada.

Currently he is on the Board of a number of private companies.

He was first appointed the director of United Plantations Berhad on 9 October 2001 and was subsequently elected as the Chairman of the Board on the 21 June 2003. He is also the Chairman of the Company s Remuneration and Nomination Committees.

He does not have any family relationship with any director and/or major shareholder of United Plantations Berhad, and has no conflict of interest which involves the Company and/or its subsidiary companies.

He attended all five (5) Board Meetings held during the year ended 31 December 2010.

Profile Of Directors

Ho Dua Tiam

Senior Executive Director (CEO), Inspector General, Estates, Non-Independent

Mr. Ho Dua Tiam, born in 1943, a Malaysian, is the Senior Executive Director (CEO)/Inspector General, Estates, of United Plantations Berhad.

After completing his study at the Serdang Agricultural College, he started his career with United Plantations Berhad in 1964 as a Cadet Planter. He served the Company in various positions before his appointment as Senior Executive Director on 21 June 2003.

He was first appointed director of the Company on 1 January 1995 when he was promoted to the position of Executive Director (Planting). He is also a director of United International Enterprises (M) Sdn. Bhd. and Maximum Vista Sdn. Bhd. He is not on the Board of any other public listed company.

He is a Council member and Deputy President of the Malaysian Agricultural Producers Association (MAPA) and a member of the National Labour Advisory Council.

He does not have any family relationship with any director and/or major shareholder of United Plantations Berhad, and has no conflict of interest which involves the Company and/or its subsidiary companies.

He attended all five (5) Board Meetings held during the year ended 31 December 2010.

Profile Of Directors

Dato Carl Bek-Nielsen

Vice Chairman, Executive Director, Non-Independent

Dato Carl Bek-Nielsen, Vice Chairman, born in 1973, is a Danish citizen with a Permanent Resident status in Malaysia. He is the Executive Director (Corporate Affairs) of United Plantations Berhad and Director In-Charge of Unitata Berhad.

Graduated with a B.Sc. degree in Agricultural Science from the Royal Veterinary and Agriculture University of Denmark in 1997. He also holds a Malaysian Private Pilot License.

Started his career with the Company in 1993 as a Cadet Planter which included a stint with the UP Group. Left Malaysia in 1994 to pursue his tertiary education in Denmark and upon successful completion of his university education in 1998 he returned to resume his career as a Corporate Affairs Officer with the Company. Promoted to his present position of Executive Director (Corporate Affairs) on 1 March 2000, appointed Vice Chairman on 8 March 2002 and Director In-Charge of Unitata Berhad, a subsidiary of the Company on 9 November 2004.

He was first appointed director of the Company on 1 January 2000. Dato Carl Bek-Nielsen is the Chairman of United International Enterprises Limited (UIEL), a public listed company on the NASDAQ OMX Copenhagen A/S and Vice Chairman of Aarhus Karlshamn AB (AAK), a public listed company on the NASDAQ OMX Stockholm AB.

In 2008, he was conferred the Darjah Dato Paduka Mahkota Perak (DPMP) which carries the title Dato by Duli Yang Maha Mulia Paduka Seri, Sultan Perak Darul Ridzuan, Sultan Azlan Muhibbuddin Shah Ibni Almarhum Sultan Yussuf Izzuddin Shah Ghafarullahu-Lah.

He is a Council Member of MPOA and MPOC and Chairman of the Main R&D Committee of the MPOA. He is also the Chairman of the MPOC Regional Marketing Committee for Europe. Dato Carl Bek-Nielsen is currently serving as a member of the Programme Advisory Committee to the Malaysian Palm Oil Board (MPOB).

He is the brother of Mr. Martin Bek-Nielsen, Executive Director (Finance and Marketing) and a Board representative of the Company s two major shareholders, UIEL and Maximum Vista Sdn. Bhd. He is deemed interested in various related party transactions between UP Group and certain companies carried out in the ordinary course of business as disclosed in the Circular to Shareholders dated 18 May 2011 annexed to this Annual Report.

He attended all five (5) Board Meetings held during the year ended 31 December 2010.

Profile Of Directors

G. Peter Selvarajah
Independent,
Non-Executive Director

Mr. G. Peter Selvarajah, born in 1942, a Malaysian, is a Fellow of the Australian Society of Certified Public Accountants, a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

He joined the Company in 1975 as Financial Controller, promoted to the position of Company Secretary/Group Financial Controller in 1980 and to Executive Director (Finance) in 1995, a position he held until his retirement in 2000. During the period 1971-1975 he worked in Malaysian Industrial Development Finance Berhad (MIDF) where he held the positions of Accountant and Manager, Securities Marketing Department. From 1968-1971, he served as Internal Auditor/Accountant of Eastern Mining & Metals Co. Sdn. Bhd.

He was first appointed director of the Company on 1 January 1995. He is a member of the Company s Audit, Remuneration and Nomination Committees. He is not a director of any other public listed company.

He does not have any family relationship with any director and/or major shareholder of United Plantations Berhad and has no conflict of interest which involves the Company and/or its subsidiary companies.

He attended four (4) out of five (5)Board Meetings held during the year ended 31 December 2010.

Profile Of Directors

Ahmad Riza Basir
Independent,
Non-Executive Director

Mr. Ahmad Riza Basir, born in 1960, a Malaysian, is a lawyer by training.

He graduated with a Bachelor of Arts in Law (Hons.) from the University of Hertfordshire, United Kingdom and Barrister-At-Law (Lincoln s Inn), London in 1984 and was called to the Malaysian Bar in 1986.

He has directorships in other public listed companies including Jerneh Asia Berhad, Manulife Holdings Berhad and EON Capital Berhad (all listed on Bursa Malaysia Securities Berhad). He is also a member of the Board of Directors of several other private limited companies in Malaysia.

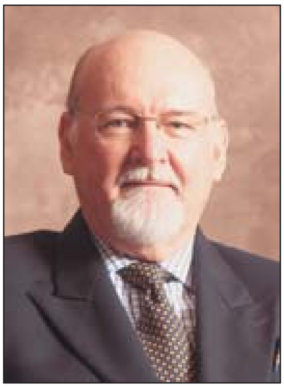
He was first appointed director of the Company on 17 June 2000 and has been a member of the Company s Audit Committee since 2004.

He does not have any family relationship with any director and/or major shareholder of the Company. He is deemed interested in various transactions between UP Group and certain companies carried out in the ordinary course of business.

He attended four (4) out of five (5) Board Meetings held during the year ended 31 December 2010.

Profile Of Directors

Dato' Jeremy Derek Campbell Diamond
Independent, Non-Executive Director



Dato Jeremy Derek Campbell Diamond, born in 1940, a British citizen with Permanent Resident status in Malaysia, graduated from Durham University with a B.Sc.(Hons.) in Agricultural Economics and Management in 1963.

Commenced his career in Malaysia in 1963 as a Planter with Socfin Company Bhd., a long established plantation company and served in that company in various capacities until his appointment as General Manager/Chief Executive Officer (CEO) in 1977. He held that position for 24 years until his retirement in 2001. Currently he is on the Board of a number of private companies which include Jedecadi Sdn. Bhd. Bubblegum Development Sdn. Bhd and Bubblegum Sdn. Bhd.

He was first appointed director of the Company on 31 July 2001. He is currently the Chairman of the Company s Audit Committee and a member of the Nomination and Remuneration Committees.

In 2010, he was conferred the Darjah Sultan Ahmad Shah Pahang (DSAP) which carries the title "Dato by Duli Yang Maha Mulia Paduka Seri, Sultan Pahang Darul Makmur, Sultan Haji Ahmad Shah Al-Musta ain Billah Ibni Al-Marhum Sultan Abu Bakar Ri ayatuddin Al-Mu adzam Shah.

He served as a Council member of the Malaysian Agricultural Producers Association (MAPA), United Planting Association of Malaysia (UPAM), Malaysian Oil Palm Growers Council (MOPGC) and Malaysian Rubber Producers Council (MRPC) and as an Alternate Member of the Board of the Palm Oil Research Institute of Malaysia (PORIM). He was a member of the General Committee of the Malaysian International Chamber of Commerce and Industry (MICCI) for 15 years.

He does not have any family relationship with any director and/or major shareholder of United Plantations Berhad and has no conflict of interest which involves the Company and/or its subsidiary companies.

He attended all five (5) Board Meetings held during the year ended 31 December 2010.

Profile Of Directors

Martin Bek-Nielsen
Executive Director,
Non-Independent

Mr. Martin Bek-Nielsen, born in 1975, is a Danish citizen with a Permanent Resident Status in Malaysia. He is the Executive Director (Finance and Marketing) of United Plantations Berhad and Commercial Director, Unitata Berhad.

Graduated from the Royal Danish Agricultural University of Copenhagen in 1999 with a B.Sc. degree in Agricultural Economics.

Received his initial training in 1994 as a Cadet Planter in United Plantations Group. Left Malaysia in 1995 to pursue his tertiary education in Denmark and after his graduation in 1999 he returned to Malaysia to take up the position of Corporate Affairs Officer. In 2001 he was appointed to the position of Executive Director and on 20 February 2003 was promoted to his current position of Executive Director (Finance and Marketing). On 9 November 2004 he was appointed Commercial Director of Unitata Berhad, a subsidiary company of United Plantations Berhad.

During the period 1995 — 1996 he was in the National Service of Denmark under the sole pure armoured regiment of the Danish Army, Jutish Dragon Regiment .

He was first appointed to the Board on 29 August 2000. Mr. Martin Bek-Nielsen is Deputy Chairman of United International Enterprises Limited (UIEL), a public listed company on the NASDAQ OMX Copenhagen A/S and a Director of AarhusKarlshamn AB (AAK), a public listed company on the NASDAQ OMX Stockholm AB.

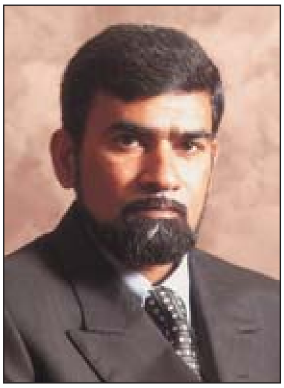
Currently he is the Chairman of the Malaysian Palm Oil Association (MPOA) Working Committee-Marketing and Promotion.

He is the brother of Dato Carl Bek-Nielsen, Vice Chairman and Executive Director (Corporate Affairs) and is a Board representative of the Company s two major shareholders, UIEL and Maximum Vista Sdn. Bhd. He is deemed interested in various related party transactions between UP Group and certain companies carried out in the ordinary course of business as disclosed in the Circular to Shareholders dated 18 May 2011 annexed to this Annual Report.

He attended all five (5) Board Meetings held during the year ended 31 December 2010.

Profile Of Directors

Mohamad Nasir bin Ab. Latif
Non-Independent, Non-Executive Director



Mr. Mohamad Nasir bin Ab. Latif, born in 1958, a Malaysian, is the Head, Equity Investment Department of the Employees Provident Fund.

He graduated in 1989 with a Bachelors degree in Social Science (Major-Economics), Universiti Sains Malaysia and obtained a certified Diploma in Accounting & Finance from The Chartered Association of Certified Accountants in 1996 and Master of Science in Investment Analysis from University of Sterling, United Kingdom in 1999.

Started his career with the Employees Provident Fund (EPF) in 1982 and held several positions including State Enforcement Officer (1990 — 1995), Senior Research Officer, Investment & Economics Research Department (1995 — 1998) and Manager, Investment & Economics Research Department (1998 — 2003), promoted to Senior Manager in June 2003 and currently is the General Manager, International Equity Investment Department.

He was first appointed director of the Company on 28 July 2004.

He does not have any family relationship with any director and/or major shareholder of the Company and has no conflict of interest which involves the Company and/or its subsidiaries.

He attended all five (5) Board Meetings held during the year ended 31 December 2010.

Profile Of Directors

Brian Bech Nielsen
Non-Independent,
Non-Executive Director

Mr. Brian Bech Nielsen, born in 1957, is a Professor of Physics engaged in scientific research, at the University of Aarhus, Denmark. He obtained his Bachelors degree from the University of Aarhus and thereafter a doctorate in Physics in 1987 from the same University.

He was employed for one year (1983-1984) as a Research Assistant at The Interuniversity Reactor Institute in Delft, The Netherlands. In 1987, after receiving his doctorate he moved to Sweden for one year where he held a post doctoral position at the University of Lund. In November 1988, he obtained a permanent position as associate professor at the University of Aarhus. His research interests are focused on nanotechnology and nanoscience together with the properties of semiconductor material with emphasis on optical studies and magnetic resonance techniques.

He was on the Board of Directors of Aarhus United A/S (1994-2005) and International Plantations and Finances Limited (1996-2000). In 2005, he was appointed a member of the Danish Research Council for Natural Sciences.

He was first appointed as Alternate Director to the late Ybhg. Tan Sri Dato Seri B. Bek-Nielsen on 20 August 2005 and subsequently a full director on 19 November 2005.

He is a Director of United International Enterprises Limited (UIEL) a public listed company on the NASDAQ OMX Copenhagen A/S. He is a cousin of Dato Carl Bek-Nielsen and Mr. Martin Bek-Nielsen and by virtue of the family relationship is deemed to have an interest in the shares held by the Company s two major shareholders, UIEL and Maximum Vista Sdn. Bhd. He is deemed interested in various related party transactions between UP Group and certain companies carried out in the ordinary course of business as disclosed in the Circular to Shareholders dated 18 May 2011 annexed to this Annual Report.

He attended four (4) out of five (5) Board Meetings held during the year ended 31 December 2010.

Note: None of the Directors of the Company have any conviction for offences within the past 10 years.

Award

UP was named the "Winner" and "Sectoral Winner" under the Agriculture and Fisheries Sector at the KPMG Malaysia's Shareholder Value award ceremony held on 6 October 2010. The award was presented to our Director of Finance and Marketing, Mr. Martin Bek-Nielsen by the CEO of Bursa Malaysia Berhad, Ybhg. Dato' Yusli Mohamed Yusof.

Chairman's Statement

On behalf of the Board of Directors, it gives me much pleasure to present the results of our Group's performance as stated in the Audited Financial Statements for the year ended 31 December 2010.

Financial Review Of Operations

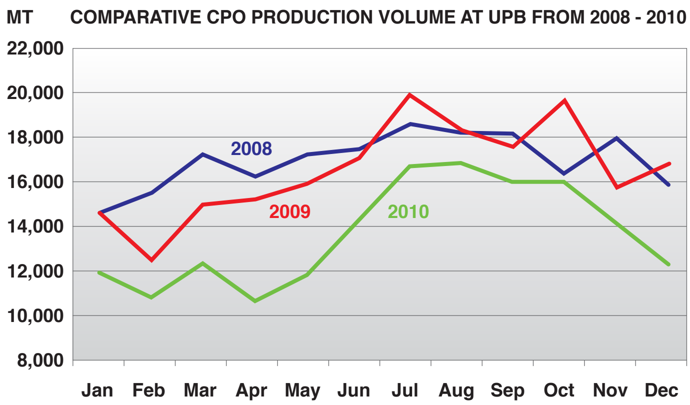
- The Group's revenue during 2010 increased by 18.67% compared to 2009 reaching RM969,163,000 mainly due to significantly higher commodity prices for Crude Palm Oil (CPO) and Palm Kernels (PK) as well as a materially higher turnover at the Refinery, Unitata Bhd, a result of vastly improved demand for finished products.

- The Group's profit before tax fell from RM372,797,000 in 2009 to RM349,460,000 in 2010, down by 6.26%.

- The Group's profit after tax for 2010 reached RM264,707,000, a decrease of 5.76% compared to RM280,884,000 in 2009. The decline was primarily attributable to the significantly lower output of Palm Oil and Palm Kernels caused by the pronounced biological resting phase which the oil palms entered into following the high production in 2008 and 2009. The impact of this resting phase was further exacerbated by the 3 months of low rainfall experienced during 2009 which induced the formation of more male flowers rather than female flowers in 2010. This nationwide phenomenon resulted in Malaysia's output of palm oil falling from 17.56 million MT in 2009 to 16.99 million MT in 2010, in spite of an increased acreage.

- Finally, 2,107 hectares of oil palms were replanted during 2010 compared to 1,731 hectares in 2009, which resulted in a 21.72% increase in the replanted area, thus reducing our production.

10 MT cages waiting to be charged into the 60 MT sterilizers at the Lada Mill, Central Kalimantan. The Lada Mill has a 180 MT sterilizing capacity.



- Because of the before-mentioned reasons, Crude Palm Oil output decreased by 14.86% or 29,546 MT to 169,337 MT compared with the production of 198,883 MT achieved by our Group in 2009.

- Our Group's average yield fell sharply from 6.31 MT of CPO per hectare in 2009 to 5.04 MT per hectare in 2010. The reason for this decline was predominantly caused by the biological and climatic factors mentioned before. Another reason was the impact of the lower yields from the 3,677 hectares of area under scout harvesting which came into

United Plantations Berhad	2009	2010	– (%)
Crude Palm Oil in metric tonnes	198,883	169,337	(14.86)
Palm Kernel in metric tonnes	53,134	43,328	(18.46)
Weighted average mature hectarage under oil palms in hectares (including Indonesia)	31,502	33,630	6.76
Area replanted in hectares	1,731	2,107	21.72

An aerial view of Lada Estate in Central Kalimantan showing the water reservoir with a storage capacity of nearly 2 million cubic meters built to ensure uninterrupted water supply to the mill. Also seen here are the mill and office complexes.

maturity on our Indonesian properties during 2010. Some of this area was planted by the previous owner of the Indonesian company and had been subject to less desirable agricultural practices, wherefore, the performance of these palms, as expected, experienced a set-back.

Excluding the Indonesian operations, our Group's average yield still fell significantly to 5.28 MT of CPO per hectare in 2010, equal to a drop of 16.32% compared to 2009.

- The average selling price for Crude Palm Oil achieved during the year increased from RM2,242/MT achieved in 2009 to RM2,408/MT, an increase of 7.4%. The average selling price for Palm Kernels recorded a very significant increase of 48.6% to RM1,532/MT in 2010 compared to RM1,031/MT in 2009. The latter was primarily due to the dramatic global shortfall in the production of palm kernel oil, coupled with a tremendous increase in demand for lauric oils by the oleochemical sector.

	2008	2009	2010
Malaysian National Yield of CPO/Hectare	4.08	3.93	3.69
Group Average Yield in Tonnes CPO/Hectare	6.38	6.31	5.04*
Group Average Yield in tonnes FFB/Hectare	29.60	29.05	23.87*
Group Average Oil Extraction Rates (OER) in %	21.54	21.73	21.44*
Group Average Kernel Extraction Rates (KER) in %	5.87	5.81	5.48*

** includes the area on our Indonesian plantations which have come into harvest.*

- Our coconut production recovered reaching 83,331,057 nuts, an increase of 10.31% compared to 2009 in spite of the removal of 317 hectares of coconut palms at UIE Estate during 2009. In 2010, the average yield was 28,135 nuts/hectare compared to 22,616 nuts/hectare achieved in

Harvested crop arriving at the ramp at the Lada Mill in Central Kalimantan.

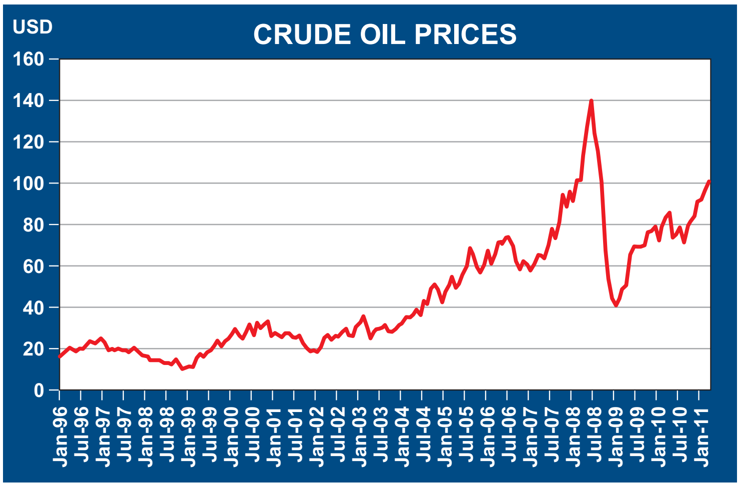
A bountiful harvest of MATAG coconuts in a young field at our Kuala Bernam Estate.

2009. I am happy to report that this, today, is the highest yield in the world for a coconut estate.

- The performance at our refinery, Unitata Bhd, improved significantly during 2010 as a result of improved margins, better efficiencies and a more favourable world economy in comparison with the slow down experienced in 2009. Commercial sales of high grade niche products and our ability to refine and supply a range of sustainably produced products impacted positively on the bottom line, enabling Unitata to post a historic high record profit of RM16.2 million in 2010.

- In spite of the very significant drop in production, I am pleased to inform shareholders that our Group's cost of production (excluding depreciation and amortization) only rose by 10% from RM539/MT of CPO to RM594/MT of CPO amidst increasing labour and material costs.

Whilst every effort is being made by Management to maintain this gratifying cost structure, we must nevertheless be prepared to face a higher cost base within the next 12 months as labour costs are increasing and escalating energy prices adversely impact fertilizer prices.

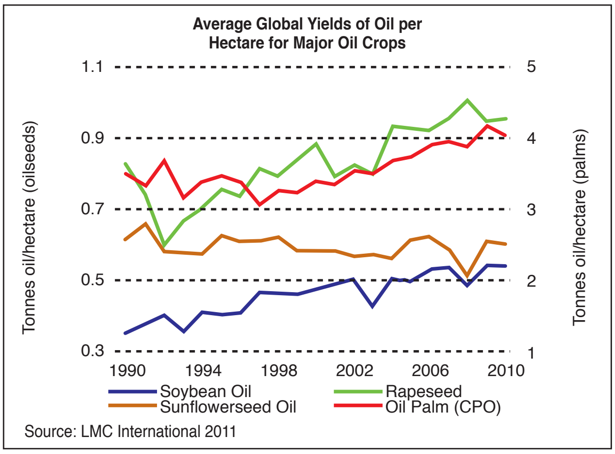


The rising cost of crude mineral oil prices (translating into higher energy cost)

A well laid out Oil Palm Nursery at UIE in preparation for the large replanting programme.

Replanting Policy

Concerted efforts are continuously being made by Management to enhance the Company's Breeding-Agronomy and Tissue Culture activities as these remain of cardinal importance in terms of our Group's ability to further improve our agronomic practices. This aspect of our operations will continue to grow in importance if our Industry is to remain competitive against other competing oil crops such as Rapeseed, Soybean and, to a lesser extent, Sunflower seed. Noteworthy yield gains in these crops are being achieved not only through GMO advancements but also through better agronomic inputs.



The net oil yield increase or decrease trend for the 4 major edible oil crops on a worldwide basis .

In this connection, I am pleased to note that our Group's long term replanting policy remains a high priority, both in times of low as well as high commodity prices. Failure to implement this critical aspect of plantation management will inevitably lead to stagnating yields and declining production.

Herein, I would like to reiterate that there is a dire need for the Malaysian palm oil industry to be more resolute and embark on a large scale and much needed replanting scheme in order to improve the age profile of the nation's planted area under oil palm. Unless this is done, Malaysia will ultimately lose out in terms of its competitive edge vis-à-vis the sixteen other oils and fats, especially when considering the inevitable rises in energy, fertilizer and labour costs.

In this respect, I wish to report that during 2010 our Company managed to replant 2,107 hectares of aged and lower yielding oil palms with new, superior planting material produced in-house at the United Plantations Research & Development Centre.

The vast majority of our replanted areas continue to produce encouraging results, challenging previous yield records, albeit having faced a setback in 2010 for reasons mentioned earlier. As of 31 December 2010, a total of 8,468 hectares equal to 23.72% of the Group's total area (35,747 Ha) under oil palms in Malaysia have been replanted with these higher yielding elite and clonal materials.

In this connection, I am pleased to report that all replantings carried out during 2010 continue to

be done in accordance with the environmentally friendly "zero burn policy" thereby complying fully with the regulations laid down by the Department of Environment.

Indeed, this practice has remained an integral part of our Good Agricultural Practices since 1989 and has helped not only in ameliorating and conserving the organic carbon status in our topsoil but also in improving the overall fertility status of our soils.

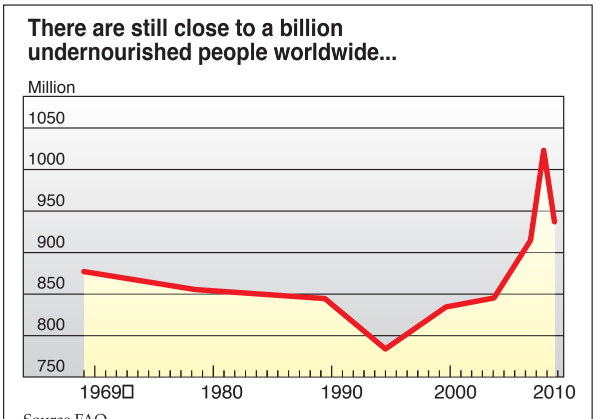
Global Issues, Challenges and Managing Growth

The World's population continues to grow at a staggering rate, increasing by approximately 82 million people per year, equal to the total German population of today. Indeed, during the course of 2011, the world's population is expected to reach 7 billion.

This trend is expected to continue into the future and by 2050 the Food and Agriculture Organization (FAO) has predicted the world population will reach 9.3 billion compared to 6.93 billion today.

Food production, in general, is therefore expected to come under increasing pressure, especially when considering the fact that there are close to

World Hunger & Food Production



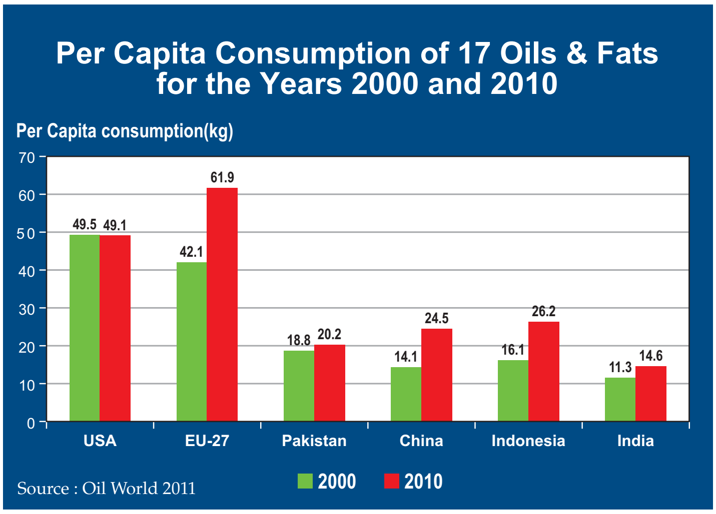
Source FAO

Mr. Geoffrey Cooper, Senior Manager, UIE Estate 2 together with Mr. Migeemanathan, Estate Superintendent, at a replanted field with lush cover crop.

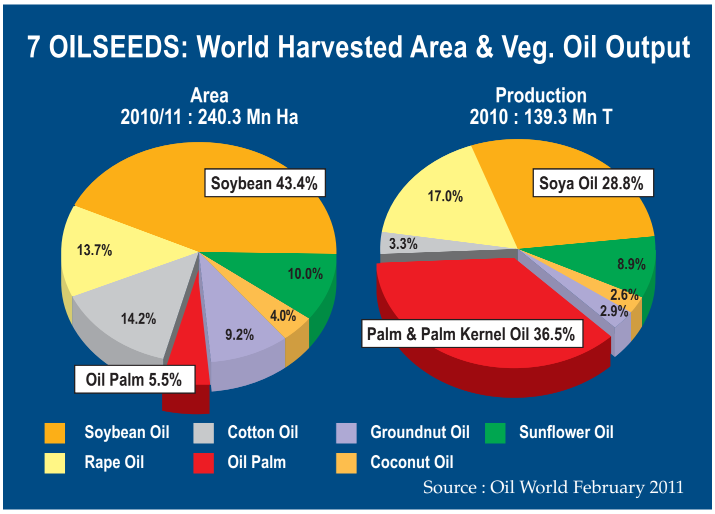
1 billion people today who fall under the United Nations category of being chronically undernourished.

With the anticipated continued growth in the World's population and the prospect of further increases in the number of chronically malnourished people, the FAO announced in 2010 that food production would have to increase by 70% within the next 40 years in order to meet the growing demand of a World population expected to reach 9.3 billion by 2050.

This is a daunting task, especially when considering that the demand for vegetable oils is poised to rise very significantly during the next



The table illustrates per capita consumption of Oils & Fats for certain countries for the years 2000 and 2010. It should be noted that per capita consumption includes the use of Oils & Fats for food and non-food purposes (feed, oleochemicals & biofuels).



Whilst the oil palm area occupied 5.5% of the total harvested area under the 7 Oilseeds, it accounted for 36.5% of the 8 major oils produced in terms of output in 2010.

New Housing Complex in progress at Lada Estate, Central Kalimantan. In the background is the Kumai River.

10-20 years in tune with improved levels of development, incomes and rising living standards from a bourgeoning middle class in the emerging economies. The World Bank recently estimated that by 2030 the number of middle class people in the developing world will reach 1.2 billion – up 200% from 2005. This literally means that the developing world's middle class alone will be larger than the total population of Europe, Japan and the United States combined. The seven major oilseeds will therefore continue to play a significant role in the coming years in terms of contributing towards increasing food production.

In this context, one cannot ignore palm oil's growing importance and its increasingly dominant role as a means of providing the world's poorest people with a cheap yet healthy source of nutrients and calories. During 2010, world palm produce accounted for about 60% of the world's 17 Oils & Fats exports. It is worth recognizing that world palm and palm kernel oil production reached 50.8 million tonnes during 2010 representing 30% of the total world's production of the 17 Oils & Fats in 2010.

17 Oils & Fats : World Production in Million Tonnes

Grand Total	2002 Jan Dec	2003 Jan Dec	2004 Jan Dec	2005 Jan Dec	2006 Jan Dec	2007 Jan Dec	2008 Jan Dec	2009 Jan Dec	2010 Jan Dec
Production	120.75	125.68	132.16	140.91	149.83	153.90	159.62	164.00	170.90

Source : ISTA Mielke GmbH 28 Feb 2011

Children in Pangkalan Bun, Indonesia.

Indonesia

Good progress continues to be made with our Company's investment in Kalimantan where the Indonesian authorities have still only issued permits to proceed with the first phase of our Group's intended development.

Whilst the Board of Directors remain committed to the expansion into Indonesia, it has nevertheless been decided to focus on completing and consolidating the first phase of our development before embarking with the second phase of expansion. Upon completion of the first phase, about 10,000 hectares of palms will have been planted and about 5,500 hectares of permanent conservation areas established. These conservation areas consist primarily of riparian reserves, peat swamps as well as heavily degraded secondary forests as a result of the intense logging activities carried out in the past. These sanctuaries are a testimony to our company's commitment towards maintaining an important balance between economy and ecology, however, at the same time accepting the fact that conservation means development as much as it does protection of the environment.

To reinforce our commitment, I am pleased to report that our Company signed a Memorandum of Understanding with the Copenhagen Zoo on 1 October 2010 to formally cement the collaboration which began in mid 2006. The objective of this coperation is hopefully to provide our Group with the necessary expertise in not only setting up but also running and operationalizing a Biodiversity Department.

As at 31 December 2010, a total of 10,021 hectares has been planted with oil palms in Indonesia compared to 9,796 hectares during 2009 of which 3,677 hectares came into maturity during the year under review. Overall palm vigour and growth is developing satisfactorily, with the investment now providing employment for 1,250 people, most of whom were previously unemployed. Our Group's total area planted with oil palms (Malaysia and Indonesia) has now reached 45,768 hectares of which 28% or 12,642 hectares are immature.

All infrastructural investments in Indonesia are progressing as planned on both properties with more than 100 modern quarters for our staff and workers having been completed and an additional

Members of the EXCO, Mr. Ho Dua Tiam and Ybhg Dato Carl' Bek-Nielsen with Mr. Sundian, Sr General Manager, Runtu Estate, Mr. Aseervatham, Manager, Runtu Estate (Umpang Division), Pak Kaiser, Manager, Runtu Estate, in one of their visits at Runtu Estate, Central Kalimantan.

Mr. Martin Bek-Nielsen (Executive Director, Finance & Marketing), Mr. Hans Schäffer (a guest), Ibu Dewy (Sr Manger, Legal & Corp. Affairs, President Director PT SSS2) and Pak George Kapitan, Commissioner of PT SSS during a meeting at our Jakarta office in Indonesia.

50 are expected to be completed by the middle of 2011. In addition to this, I am pleased to report that our company has also embarked on a series of social amenity projects such as a hospital, a kindergarten, a crèche, new staff and executive quarters as well as a modern Field Office, a Research & Biodiversity complex, a Fertilizer Store, a Tractor Pool and others.

The new 60 tonne per hour palm oil mill on Lada Estate was commissioned during 2010. It is truly a 'state of the art' mill, incorporating the best equipment and advanced technology. As of 31 December 2010, a total of 28,648 MT of FFB were processed. Eventhough this was crop harvested from young areas, an OER of 21.05% was achieved.

Sustainability & Carbon Footprint

Whilst the 16th Conference of the Parties (COP) Meeting in Cancun, Mexico, was less of a let-down than the COP Meeting held in Copenhagen, it was, nevertheless a clear manifestation that the nations of the world will still not commit themselves to legally binding thresholds to control emissions of carbon. One can probably conclude that the discourse of green growth has to a large extent been elbowed aside by a preoccupation with tackling austerity and debt, especially in Europe and the USA.

Our Company nevertheless continues to believe that we humans, more than ever, live in an age of sustainability based on the reconciliation and allocation of mutual necessities and priorities. These, amongst others, include the natural environment, our social responsibilities, the need for development and conservation, the question of fuel, energy supplies, as well as continuing emissions which may in one way or another affect the climate.

In this respect, one cannot deny the people in developing countries from also having the same rights to energy based services as those in the rich countries of the world.

There is therefore no absolute benchmark or standard for these matters, but there remains a requirement to establish a reasonable equilibrium between these competing and complex factors since most of them are inter-related and inter-dependent.

Nevertheless, having stated the above, our Group's commitment towards reducing its "carbon footprint" and thereby its Greenhouse Gas (GHG) emissions remains a high priority to which new initiatives and important investments continued to be made in 2010.

For example, the world's first comprehensive Life Cycle Assessment (LCA) in accordance with the ISO 14040 and 14044 International Standards on palm oil which was finalized in 2008 was updated recently, greatly facilitating management to scientifically identify areas in need of further improvement within our Group. In this respect, I am pleased to inform our shareholders that your company continues to remain at the very forefront

An aerial view of Lima Blas Estate showing new replanting with the 80 ha Jungle Reserve at the centre.

in terms of implementing Clean Development Mechanisms (CDM) within the Plantation Industry in accordance with the Kyoto Protocol, whose objective is to reduce GHG emissions in industrialized countries by at least 5% below the 1990 levels in the commitment period 2008-2012.

Our Biomass Reciprocating Boiler and Biogas Plant, since their start-up in 2006, have contributed immensely towards mitigating CO_2 and CH_4 emissions by a minimum of 70% and 80% respectively.

Additional initiatives using the findings of the LCA Study to further mitigate our company's emissions of the more potent GHG, CH_4, by 75-80% have also been completed on our UIE and Ulu Basir Plantations' processing facilities where two new biogas plants are now in full operation.

Efforts to register these as CDM are underway but have been jammed up in the unimaginable bureaucracy of the United Nations. In conclusion, the various initiatives undertaken since 2006 should by the end of 2012 see our Group's "carbon footprint" per tonne of refined palm oil produced reduce by 35% compared to pre 2005 levels.

Worldwide 4.884 billion hectares of land are currently under agriculture (including agricultural land, pastures and meadows). The need to produce as much food as possible on every hectare of arable land is therefore going to be of increasing importance as land resources diminish worldwide in line with a rising world population. In this context, it is interesting to note that in 2005 every hectare of land had to support 4-5 persons, compared to 2020 when every hectare of land will need to support between 6.1 - 6.4 people. Obviously each hectare of land will have to produce more food.

In this regard, it is worthwhile noting that the mature area under oil palms today only occupies about 13.28 million hectares of land worldwide. This is equal to about 0.26% of the world's entire area under agriculture. Nevertheless, in spite of this, world palm oil produce during 2010 (Crude

Palm Oil and Palm Kernel Oil) made up 30% of the world's total 17 Oils & Fats production of 170.9 million tonnes. Nevertheless, it must remain an obligation of all agricultural units to do their level best to increase yields and manage their land resources better in order to live up to the essentials of sustainable development.

United Plantations and the Roundtable on Sustainable Palm Oil

I am pleased to inform shareholders that your Company's tireless efforts over the past many decades in terms of its leadership within the segment of sustainable agricultural production continues to be recognized around the world, especially since United Plantations Bhd became the world's very first certified producer of sustainable palm oil in accordance with the Principles and Criteria of the Roundtable on Sustainable Palm Oil (RSPO) on 26 August 2008. Today these criteria on sustainability are beyond doubt the world's strictest for any agricultural crop.

However, palm oil producers worldwide, continue to be exposed to much criticism by predominantly Western Non-Governmental Organizations (NGOs). Their accusations take the form of generalized views that disregard the positive impact of the industry and highlight mainly allegations of deforestation, environmental degradation, social conflicts and economic problems. Nonetheless, dialogue with NGOs in a constructive atmosphere of goodwill and fairness is essential in order to pursue the process of achieving a balance between the natural environment and habitat as well as the need for economic development. Those dedicated to this cause always need to be aware of the other side's case.

In this connection, it is worth mentioning that it was recently revealed by a credible UK-based non-profit organization that more than €66 million have been paid to various NGOs from 1998 to 2009 by the European Commission (EC).

This revelation seems to shed more light on to the issue as to why the debate has become very polarized, often resulting in defamatory attacks on the Palm Oil Industry, especially by NGOs where this EC funding accounted for more than 50% of their annual budgets.

Nevertheless, we must recognize that certain campaigning NGOs can bring important insights to any sectorial initiative like the RSPO, often helping raise the bar when standards are being established and auditing processes designed.

The palm oil industry must therefore acknowledge that there is always room for improvement and recognize that sadly there are a small number of

Young jungle tree species planted around the Biogas Plant at UIE.

producers within the industry who favour short term profits over long term sustainable practices.

Such producers should be taken to task by the authorities as their actions only help to portray a very negative perception of the industry to the outside world. However, it is important to stress that these 'black sheep' are a minority within the industry; it is therefore wrong to paint the entire palm oil industry with the same brush.

Environmental and social awareness are absolutely essential and United Plantations will continue to engage itself with the ongoing debate by both supporting and promoting the essentials of sustainable development through the Roundtable on Sustainable Palm Oil.

The Indonesian government has now decided to establish a mandatory certification scheme, namely the Indonesian Sustainable Palm Oil Principles & Criteria (ISPO) to ensure that all producers within a few years will have to live up to certain standards when operating in Indonesia. Being mandatory, producers in Indonesia will have to comply with the ISPO criteria and cannot hide behind the voluntary RSPO scheme as members only.

A detailed report of our Corporate Social Responsibility is presented in a separate section of this Annual Report on pages 46 to 87.

Ybhg. Dato' Carl Bek-Nielsen, Vice-Chairman, Executive Director (Corporate Affairs), accompanied the Malaysian Delegation lead by the Honorable Minister of Plantations and Commodities, Y.B. Tan Sri Bernard Giluk Dompok, Dr. Bayu Krisnamurti, Deputy Minister of Agriculture, Indonesia and Ybhg. Dato' Lee Yeow Chor, Executive Director IOI Corporation Bhd. to the EU Parliament on 16 November 2010.

Happy children at school, Division 3, Jendarata Estate. As part of our social commitment, we make continuous improvement to maintain the highest possible welfare standards for our employees and their school going children.

Social Commitments

Our Company's commitment towards providing and improving social amenities remains very much a hallmark within our Group. Continuous improvements were made during 2010 to maintain the highest possible welfare standards for our workforce.

Today, our Group has eight Primary Schools and six Kindergartens on its properties which are maintained by the company, providing education for more than 480 children ranging from the age of 5 to 12 years.

United Plantations continues to provide and maintain crèches for personalized child care, places of worship for our employees, bus subsidies for school going children, a fully operational Danish Bakery and a Senior Citizen Home to care for the aged and the homeless.

In addition, 62 scholarships were granted to children of our employees during 2010, thereby enabling these students to pursue their tertiary studies.

The Community Halls on our estates continue to be put to good use providing our employees with vastly improved facilities for private and special functions such as weddings, engagements and other religious ceremonies. Several new staff quarters and modern employees' houses were also built during 2010 in line with the Company's goal to provide its employees with the best housing facilities within the Industry.

Regular inspections of the employees housing are made by the Health Care Team to ensure that sanitation, health and drainage standards are upkept according to the Company's policies.

Some of the 64 recipients of the long service certificates of appreciation and gratuity payments from UP Workers Benevolent Fund posing proudly with Senior Executive Director, Mr. Ho Dua Tiam, Executive Director (Corporate Affairs), Ybhg. Dato' Carl Bek-Nielsen, his wife Ybhg. Datin Maria Bek-Nielsen, Executive Director, Mr. Martin Bek-Nielsen, Ms. Tine Madsen and Mr. Brian Bech Nielsen, Director of UP. These gratuity payments are made in addition to the employees' entitlements under their Collective Agreement as an extra token of appreciation for our employees' dedicated and loyal service.

UP has a tradition of recognizing and rewarding its long serving employees for their loyalty, commitment and dedication. It supports the principles of valuing its staff and puts much consideration in acknowledging the fact that the most important resources in any organization is its employees. The recipients of the awards are seen here with the Chairman and Executive Directors at two special functions.

Two executives of Unitata, Mr. Chow Kwan Yen and Mr. Phillip Arrais who retired on 31 December 2010 after 34 and 33 years of service respectively.

Recipients of Unitata's 25 Years Long Service Award.

Recipients of the Company's 25 Years Long Service Award.

In September 2010, construction commenced on a new housing estate for our local general employees consisting of 40 modern 3-bedroom quarters, fully tiled and furnished with a modern study room, spacious kitchen facilities i.e. stainless steel kitchen cabinets cum sink area.

The upgrading of 24 general workers' quarters on Lima Blas Estate was also completed in 2010 only to be followed with the next phase of upgrading consisting of an additional 32 spacious quarters scheduled to be completed by the beginning of 2012.

Upgrading of our foreign guest workers living quarters began in mid 2010 and will upon completion in 2011 provide the finest facilities in our industry for more than 300 employees, with more to follow.

During 2010, the Company helped to build a new Hindu Temple at Division III Jendarata Estate which was consecrated on 23 January 2011. It is the Company's desire also to build a new mosque on both Sungei Erong and Sungei Chawang Estates during 2011 in order to meet the growing needs and requirements for our Muslim population on these two estates.

Annual benevolent payments as well as other compassionate and educational payments made by the Company to workers amounted to RM551,514 during 2010.

Social and Environmental Commitments of United Plantations Berhad

	2006 RM	2007 RM	2008 RM	2009 RM	2010 RM	Grand Total RM
Hospital & Medicine For Employees	1,108,295	1,127,991	1,294,552	1,282,014	1,447,210	6,260,062
Retirement Benevolent Fund	224,000	271,000	247,000	189,000	209,000	1,140,000*
Educational Welfare, Scholarships & Other	55,738	103,843	122,960	84,540	90,360	457,441*
Bus Subsidy for School Children	217,945	272,643	291,007	272,429	252,154	1,306,178*
External Donations	128,478	118,013	155,011	153,923	100,948	656,373
New Infrastructure-Road, TNB and Water-supply for domestic use	2,878,743	1,677,481	1,879,311	1,480,963	1,321,092	9,237,590
Employee Housing	1,537,313	2,531,894	1,319,728	3,232,642	2,339,611	10,961,188
Infrastructure Projects, Building Community Hall, Places of Worship	901,889	99,698	476,655	423,150	353,054	2,254,446
Environmental friendly operational activities	5,600,000	6,100,000	7,087,000	7,700,000	8,496,000	34,983,000
Environmental friendly projects (Biogas, Biomass-others)	23,674,000**	-	-	-	12,600,000**	36,274,000
Biodiversity & Conservation (Forest reserve, Endangered tree species projects, Colaboration with Copenhagen Zoo)	2,500,000	3,900,000	5,600,000	475,000	550,000	13,025,000
TOTAL	38,826,401	16,202,563	18,473,224	15,293,661	27,759,429	116,555,278

* *The above payments are in addition to the regulatory contributions by the Company to the Employees Provident Fund and Social Security Contributions and other benefits.*

** *Shown in the year when the project was commissioned.*

In this context, it is sad to note the sharp drop in retirement benefit payments in 2010 compared with payments for many previous years. The drop is because of the continued reduction in availability of Malaysian workers and our increased dependence on foreign guest workers for estate operations. Indeed, in the Malaysian Economic Report 2010/2011 compiled by the Finance Ministry, it was stated that of the 1.8 million registered guest workers in Malaysia, 14.2% were employed in the plantation sector.

It should be noted that the shortage of oil palm harvesters (12.96%) todate in the critical areas affecting production, mill throughput, palm oil quality, and consequently taxes paid by the company and others deserve the immediate attention of the Malaysian Government.

Group s Employees - Year 2007 to Current

	28 Feb 2007	29 Feb 2008	28 Feb 2009	28 Feb 2010	28 Feb 2011
UP Bhd	5,707	5,795	5,613	5,397	5,463
Unitata Bhd	472	482	467	399	308*
Bernam Agencies Sdn Bhd	3	3	3	-	-
Butterworth Bulking Installation Sdn Bhd	15	16	15	18	17
PT SSS1, Indonesia	503	1,023	1,227	1,142	1,084
PT SSS2, Indonesia	-	-	-	222	188
Total	6,700	7,319	7,325	7,178	7,060

** Due to repatriation of Nepalese guest workers back to Nepal.*

Net Vacancies / Shortages in the Group s Malaysian Plantations and Mills As Per Job Categories, as at 28 February 2011

Job Categories	Existing Workforce			Vacancies/ Shortage	Total No. of Workers Required
	Local	Foreign	Total		
Oil Palm Harvesters	30	1,725	1,755	-91	1,846
Field Workers	369	1,249	1,618	+11	1,607
General Workers	576	739	1,315	-35	1,350
Skilled Workers	92	49	141	-7	148
Coconut Huskers	-	239	239	+10	229
Total	1,067	4,001	5,068	-112	5,180

New housing complex at Lada Estate, Central Kalimantan nearing completion.

Mr. Kumaresan, Senior Assistant Manager, Jendarata Estate, briefing spray operators on Safety aspects of pesticide spraying.

Chemical Health Risk Assessment (CHRA) and Medical Surveillance programmes are carried out for all employees engaged in handling pesticide and other chemicals. In this context, training programmes in the use of personal protective equipment for workers exposed to hazardous compound are regularly conducted and have been a vital part of our operations for years.

Audiometric tests and fire drills are also conducted on a regular basis. These are kept up to the mark by the periodic workplace inspections carried out by the Company's Safety and Health Officer. This includes holding Health and Safety Committee Meetings in accordance with the Department of Safety & Health (DOSH) regulations of Malaysia.

In recent years, Hazard Identification, Risk Assessment and Risk Control (HIRARC) has become fundamental to the planning, management and the operation of a business as a basic risk management. In line with our approach of PREVENTIVE MEASURES as a way of providing safe workplaces, we have conducted HIRARC on all our operations. With HIRARC, we were able to identify hazards, analyze and assess its associated risk and then apply the suitable control measures. We are pleased to report further positive changes in our working environment with the introduction of HIRARC.

Ybhg. Dato' Carl Bek-Nielsen , Vice Chairman with Mr. Arne Frank, President and CEO of AarhusKarlshamn at a replanted field with lush cover crop.

Factors to watch in 2011

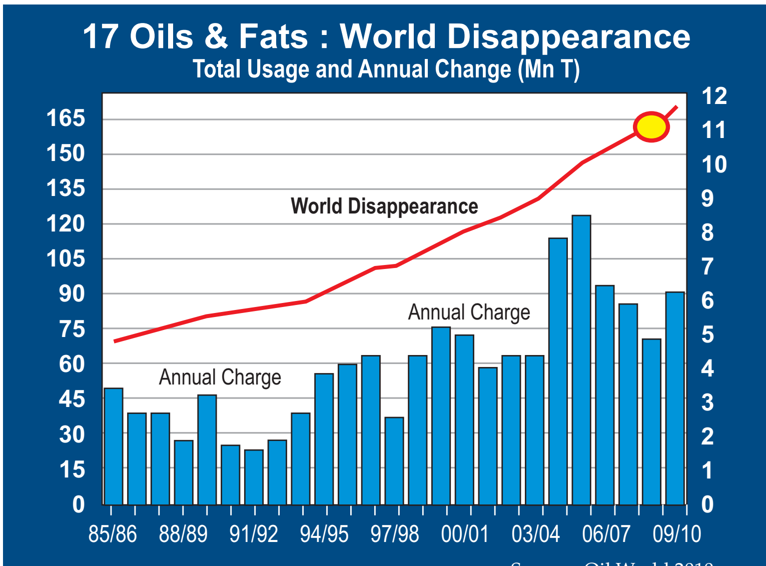
Nearly 3½ years have passed since the world experienced what was to become the worst financial crisis since the mid 1930s. The world economy has now started its slow recovery and with that we have seen demand improving. But it is still too early to proclaim victory as the crisis is far from over for many sectors, not to mention certain European Union countries like Portugal, Ireland, Greece and Spain.

Nevertheless, the situation for vegetable oil producers has been more favourable, particularly during the last quarter of 2010 due to the worldwide demand for edible oils outstripping supply. Demand during 2010 surpassed most experts' expectations thus causing the price complex for the world's vegetable oils to rise dramatically from a level of □RM2,500 per tonne of CPO a year ago to □RM3,300 per tonne of CPO now.

It is difficult to predict the long term trend of such development. However, it is believed that the main price determining factors during 2011 will depend on the developments of the following four key areas, namely:

i) Biodiesel Usage

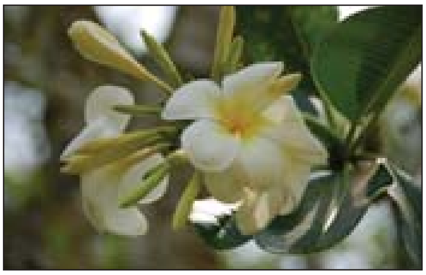
During 2010 just under 10% of the total 17 Oils & Fats or ±17 million tonnes were used for fossil fuel replacement purposes. It is therefore clear that the biofuel sector continues to play a fundamental role in terms of influencing the price complex of vegetable oils. This also includes the enormous effect of the US Administration's domestic policy on biofuels, primarily corn based bio-ethanol. During 2010, the US Environmental Protection Agency (EPA) allowed the percentage of ethanol in gasoline for cars to rise as high as 15% from the current 10%. Ethanol already consumes about 36% of America's corn crop and the 2007 Energy Bill mandated that the US steadily increase biofuel use from the current 14 billion to 36 billion gallons by 2022. This of course has had a significant influence on the vegetable oil output as there has been a continuous fight for acreages in the US between grain and soybean farmers. In addition, the Argentinean and Indonesian duty structures make it viable for biodiesel producers to operate profitably resulting in increased production and export from these countries. Any downward revision of the previously fixed biofuel targets by the European Union or the US Administration as well as changes in duty structures that would hurt biodiesel manufacturers would therefore have a detrimental and unavoidable effect on prices.



Source : Oil World 2010

That said, I would like to reiterate that United Plantations continues to stand firm on its earlier decision not to enter or supply raw materials and refined products to the business segment of first generation biofuels. Instead we will continue to dedicate our resources to producing high quality palm oil and its fractions as well as coconuts in the most sustainable manner for traditional uses.



The Splendour of flowering trees found at UP properties in Malaysia.

ii) Cellulosic Ethanol

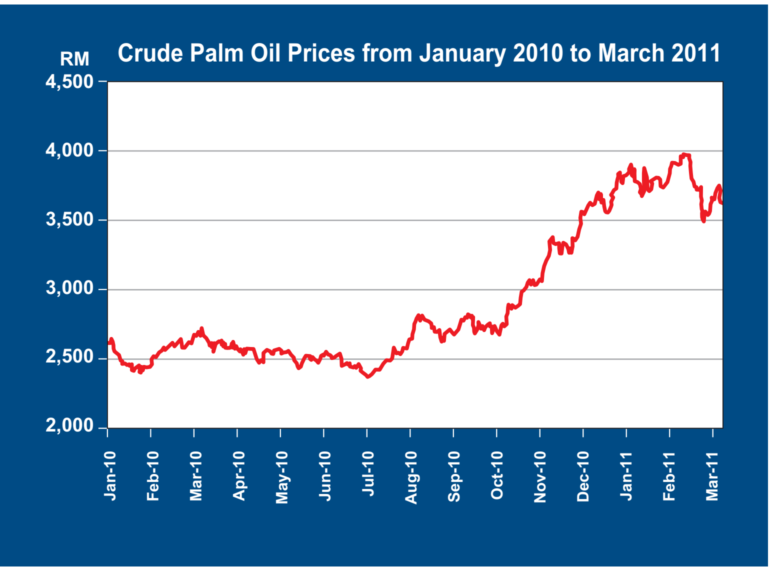
Another area which needs to be monitored closely in the years ahead is the development of the commercial production of cellulosic ethanol. This might well become more viable. Should such commercial production prove cost competitive with technological break-throughs, then it is believed that this second generation pathway of producing biofuels will play an increasingly important role in terms of meeting the world's biofuels target. As a consequence, the demand for the current feedstocks used for the first generation biofuels such as corn, rapeseed oil, soybean oil and palm oil might reduce significantly. This would have a significant impact on demand for vegetable oils and thus influence the price complex adversely downwards.

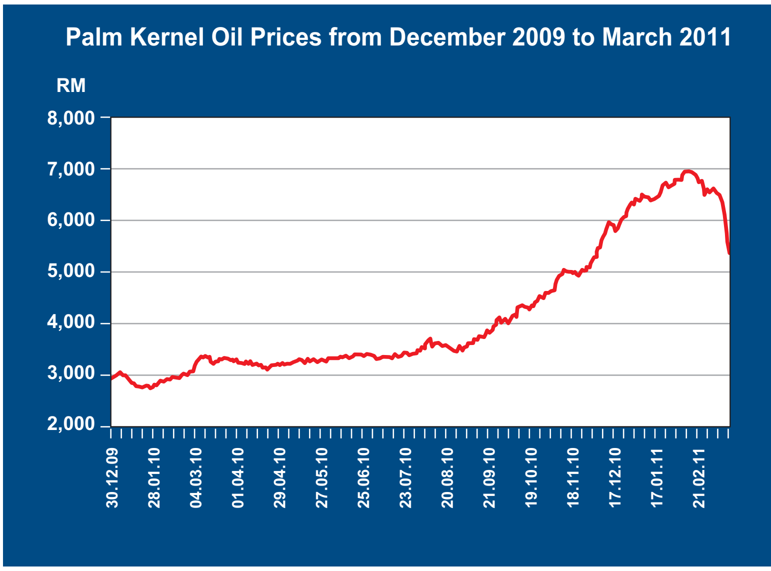
iii) Malaysian and Indonesian Palm Oil out put in 2011

A third factor which will have a strong influence on the vegetable oil price complex during 2011 will depend on the supply structure. With palm oil's growing dominance now accounting for close to 60% of all expected vegetable oils worldwide, one must appreciate that any shortfall or increase in the supply of palm oil will have a corresponding impact on the total supply of the 17 Oils & Fats and thereby also prices. In this respect, we must now monitor the nation-wide recovery of the pronounced biological yield decline experienced by Malaysian palm oil producers in 2010. This should see production recovering in 2011, enabling Malaysia to produce around ±17.5 million tons of palm oil. Indonesia's production for 2011 is also expected to increase to above 23 million tons of palm oil with recently planted areas coming into maturity. Such a situation would very likely apply a downward pressure on prices from the current highs. However, with the historically low stock usage ratio of vegetable oils globally any adverse weather problem in crop producing areas could result in a significant price rally resulting in vegetable oil prices reaching a new peak in 2011.

iv) Labour Shortages

Finally, the Malaysian plantation sector continues to be highly exposed to labour shortages, albeit the situation should be somewhat better than in 2010. The prolonged effects of this will surely have a detrimental effect for oil palm plantations in many parts of Malaysia where field upkeep and harvesting standards will deteriorate. Whilst every avenue is being pursued to mitigate this within United Plantations by reinforcing our Human Resource Department, we continue to depend heavily on foreign guest workers from Indonesia, Bangladesh and the Southern part of India. More than ever, these workers hold the key to ensuring our company and the Malaysian Oil Palm Industry can function viably. Any impediments to the recruitment of these guest workers will not be to the benefit of our Industry, let alone Malaysia. Of crucial importance to emphasize is that the palm oil industry contributed a massive RM62.8billion in net export earnings last year.





Prospects & Outlook

United Plantations plans to replant a large area in Malaysia in 2011 in accordance with its replanting policy. Areas in its Indonesian operations came into maturity in 2010 and as more areas will be maturing in 2011, the Indonesian production will compensate somewhat for the crop loss from the replanted areas in Malaysia. In view of the above, and with the improved prices of palm oil and palm kernels currently enjoyed, the Board of Directors expects that the 2011 results will be better than in 2010.

Acknowledgement

In closing, I would like to applaud Management for the various concerted efforts made during the last many years which during October 2010 resulted in our Company being awarded KPMG's Shareholder Value Creation top rank within the agricultural and fisheries sector in Malaysia, which was most pleasing.

Finally, I would like to take this opportunity to place on record my appreciation of the commitment, understanding and wise counsel I have received from the Directors and the Executive Directors, at all times. On behalf of the Board of Directors, I would also like to place on record my sincere appreciation to all United Plantations' employees for their loyal and dedicated service which is so essential for the future growth of our Group of Companies.

TAN SRI DATUK DR. JOHARI BIN MAT
CHAIRMAN

1 April 2011

FFB from in-field collection is loaded on to cages which are then pulled by the diesel locomotive. UP's unique light railway system ensures high quality palm oil with the speedy and environmentally friendly transportation to the mills.

Statement on Corporate Social Responsibility

The Corporate Social Responsibility Report is a relatively new concept, however, for over a century United Plantations (UP) Corporate Social Responsibility (CSR) has been an integral part of our way of doing business. Companies that are responsible go beyond the requirements of the law to make a positive impact on society and the environment through their overall business practices. It is not only a responsibility to manage our resources resourcefully and engage in activities that optimize returns for our shareholders but also to show society that we care for the common good.

A vital part of UP s CSR Policy is our commitment to the Principles and Criteria of The Roundtable on Sustainable Palm Oil (RSPO). For generations, UP has focused on maintaining environmental awareness and striving to the best of its abilities to create a balance between economy and ecology. This focus resulted in the World s first RSPO certificate being awarded to United Plantations in 2008 and indicates our commitment to being a leader in economic, environmental and social sustainability.

CSR Policy

UP s Corporate Social Responsibility Policy focuses on continuous care, commitment and responsibility towards its employees, the environment, the community and the marketplace in which it operates. We remain committed to conducting our business in a manner that achieves sustainable growth whilst maintaining a high degree of social and environmental responsibility.

To demonstrate our commitment to CSR is a continuous process, we aim to align our business values, purposes and strategy with the following CSR principles, divided into four main areas as follows:

Employees

- We hire educate and train our employees on the basis of our mutual needs and respect in a safe, healthy, open and honest working environment.
- We aim to be recognised as the Employer of Choice through our core values.

Environment

- We strive towards being recognized as the leader in sustainable agricultural practices, respecting the balance between economy and ecology.
- We are committed to safeguarding the environment by reducing our carbon footprint through continuous improvement of our performance.

Community

- We strongly believe in building good relationships with the communities where we operate.
- We aim to be an active contributor to the local community development, through economic support and social contribution.

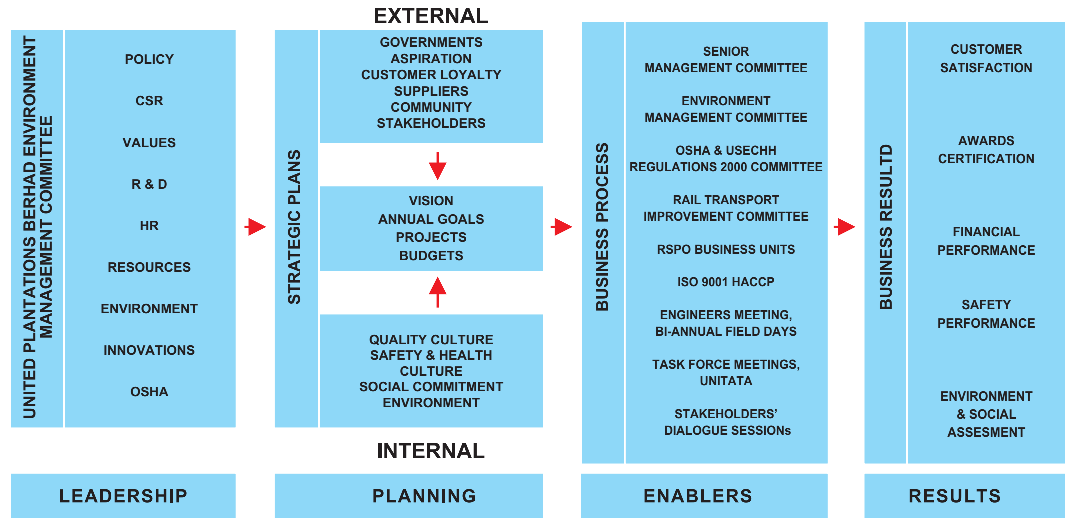
Marketplace

- We are committed to providing high quality products and services to customers worldwide, through our people and technology.
- We aim for continuous improvement and work towards building long-term relationships with all stakeholders.

Operations & Environment Management System

United Plantations CSR Policy is embedded in its culture as documented in the Operations & Environment Management System (OEMS), evolved on four operating principles of Leadership, Strategic Plans, Business Processes and Business Results. Strategic plans encompassing external and internal needs are formulated through the company s vision, policies, goals, projects and budgets. The OEMS is illustrated in the following framework:

Established in July 2003, The Environment Management Committee is at the highest level of the company and is headed by the Vice Chairman-cum-Executive Director Corporate Affairs. This committee provides policy directions on environment and sustainable development, occupational safety and health, corporate social responsibility, allocation of resources and communications.



Operations & Environment Management System (OEMS)

In 2007, the RSPO Business Units was formed. The RSPO Business Units are headed by the Human Resource and Environment, Safety and Health Department. In 2010 we established our CSR sub-committee as an extension of our Environment Management Committee in order to formalise and take charge of necessary and relevant CSR topics.

The Environment Management Committee, various sub-committees and the RSPO Business Units are enablers of the OEMS and ensure that adoption of the environmental and operational policies are implemented. They are guided by the following policies and manuals:

1. RSPO Principles and Criteria
2. Field Management Manual
3. Standard Operating Procedures — Oil palm field practices
4. Standard Operating Procedures — palm oil mill operations
5. Occupational Safety and Health and HIRARC Manual
6. Environment & Social Impact Assessments and its Management & Monitoring Plans
7. High conservation Value Reports and its Management & Monitoring Plans
8. ISO9001:2008, HACCP and Quality Manual for Unitata Refinery

Business results are measured through customer satisfaction, safety performance, financial performance, environment and social assessments.

Code Of Conduct and Business Ethics

A key element in UP s CSR framework is our Code of Conduct and Business Ethics. We implement responsible and ethical business policies and practices in all aspects of our operations:

Standard of Conduct

We conduct our operations with honesty, integrity and openness, and with respect for the human rights and interests of our employees. We shall similarly respect the legitimate interests of those with whom we have relationships.

Obeying the Law

UP Group and our employees are required to comply with the laws and regulations of the countries in which we operate.

UP will promote and defend our legitimate business interests. UP will co-operate with governments and other organizations, both directly and through bodies such as trade associations, in the development of proposed legislation and other regulations which may affect our legitimate business interests.

Employees

UP is committed to diversity in a working environment where there is mutual trust and respect and where everyone feels responsible for the performance and reputation of our group.

We will recruit, employ and promote employees on the sole basis of the qualifications and abilities needed for the work to be performed. We are committed to safe and healthy working conditions for all employees. We will not use any form of forced, compulsory or child labour.

We are committed to working with employees to develop and enhance each individual s skills and capabilities. We respect the dignity of the individual and the rights of employees to freedom of association. We will maintain good communications with employees through company-based information and consultation procedures.

Consumers

UP is committed to providing quality products and services which consistently offer value in terms of price and which are safe for their intended use. Products will be accurately and properly labelled, advertised and communicated.

Shareholders

UP will conduct its operations in accordance with internationally accepted ethics of good corporate governance. We will provide timely, regular and reliable information on our activities, structure, financial situation and performance to all shareholders.

Business Partners

UP is committed to establishing mutually beneficial relations with our suppliers, customers and business partners. In our business dealings, we expect our business partners to adhere to business ethics consistent with our own.

Community Involvement

UP strives to be a trusted corporate citizen and as an integral part of society, to fulfil its responsibilities to the societies and communities in which we operate.

The Environment

UP is committed to making continuous improvements in the management of our environmental impact and to the longer-term goal of developing a sustainable business.

Competition

UP believes in vigorous yet fair competition and supports the development of appropriate competition laws. UP and its employees will conduct their operations in accordance with the principles of fair competition and all applicable regulations.

Business Integrity

UP does not give or receive whether directly or indirectly bribes or other improper advantages for business or financial gain. Similarly such unhealthy practices by its employees are not tolerated. We commit to the principles of Free, Prior and Informed Consent and adhere to these principles in all our negotiations and interactions with stakeholders.

Conflicts of Interests

All UP employees are expected to avoid personal activities and financial interests which would be in conflict with their responsibilities to the group. UP employees must not seek gain for themselves or others through misuse of their positions.

Whistle Blower Policy

All UP personnel and business partners are encouraged and have the responsibility to report any known or suspected incidences of improper conduct by reporting verbally or making a protected disclosure to any member of the Executive Committee or to the Company Secretary. The Executive Directors and Company Secretary all reside on the plantation and practise an "open door policy", factors which have been of great benefit towards encouraging whistle blowing for generations.

Confidentiality of the whistle blower is maintained and appropriate reward is made when an allegation is proven to be true.

The General Manager and Members of the Board of UIE Ltd, the major shareholder of UP, seen here with members of our Executive Board and Vice President, Engineering, PT SSS during their visit to Lada Mill, Central Kalimantan.

Employees

Our employees are our core assets and human capital and management is considered an integral and vital part of our operations.

Rights of Employees

UP respects the rights of all personnel to join and to participate in registered trade unions and to bargain collectively.

We do not engage in nor support discrimination against employees or job applicants on any grounds including HIV/AIDS.

We do not engage in nor support the use of child or forced labour in our operations. The minimum age of workers should not be less than 16 years. We adhere to the International Labour Organisation s (ILO) core labour standards.

We support universal human rights, particularly those of our employees, the communities and parties with whom we do business.

We will continue to place substantial value upon our suppliers and customers who comply with the above.

Railway gang laying steel sleepers replacing old timber sleepers. The rail system has been long established at our estates in Malaysia which has proven to be highly effective in terms of cost and quality.

Occupational Safety And Health Policy

At UP we are committed to securing the safety and health of all our employees at work. In the operation of our activities, we strive to maintain a safe and healthy working environment for our employees, customers and the public.

We value Safety and Health in our work place as of paramount importance to the well being of all our employees and, our respective Managers/Heads of Departments are responsible in implementing this policy.

In striving to secure a safe and healthy work environment we shall:

- Devote our continuous efforts to accident prevention.
- Provide continuous training and supervision to all categories of employees to build and promote a safe and healthy work environment in full compliance with legislative requirements.
- Equip and train employees to use appropriate protective equipment and to develop a health and safety conscious citizen.
- Develop a culture of individual responsibility and accountability for the employee s own well being as well as those of the personnel and facilities under their control.
- Require contractors working on our behalf and suppliers doing business with us to adhere to the safety and health regulations and standards.

Safe handling is a priority when using pesticides.

Employee Safety and Health

The Company operates two well-equipped estate group hospitals with trained resident Hospital Assistants supervised by a Medical Doctor. Periodic inspection of the workers housing is made by a health care team to ensure that proper sanitation and drainage standards are maintained. Chemical Health Risks Assessment (CHRA) and medical surveillance programmes are carried out for our chemical sprayers on the estates and for factory workers exposed to chemicals. Training programmes in the use of personal protective equipment for workers handling chemical compounds are regularly conducted. Audiometric tests and fire drills are conducted on a regular basis.

The Company s Safety and Health Officer makes periodic workplace inspections and Safety Committee meetings are held in accordance with Department of Safety & Health (DOSH) regulations.

Safety operating procedures and system checks for all processes and equipment are in place and product quality standards are stringently maintained in a responsible manner. Our palm oil refinery received certification of the highly recognized Hazard Analysis Critical Control Points (HACCP) which is a recognition of the Company s commitment towards product quality and process controls.

In line with the Company s approach of preventive measures as a way of internalizing the values of Occupational Safety and Health, we have embarked on Hazard Identification, Risk Assessment and Risk Control (HIRARC). HIRARC has become fundamental to the practice of planning, management and the operation of business as a basic risk management tool.

A well-equipped hospital in Ulu Bernam with trained resident hospital assistants supervised by a medical doctor.

Continuous Stakeholder Engagement

Sustainable development cannot be achieved without engagement with stakeholders.

UP has engagements with various stakeholders in and around our areas of operation.

All enquiries by stakeholders are recorded and monitored in order to resolve any ongoing issues.

Grievance Procedure for Stakeholder Issues

Under our RSPO certification, we are obligated to deal with issues openly.

RSPO Principle 1 states the need for a commitment to transparency.

RSPO Principle 6.3 further states that there is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.

This procedure is given to ensure that local and other interested parties understand the communication and consultation process for raising any issues with UP.

UP accepts its responsibility as a corporate citizen and wants local communities to be aware and involved in the communications and consultation methods it uses.

UP aims to resolve grievances (including those originating from employees) through consultative process and realizes that any system must resolve disputes in an effective, timely and appropriate manner that is open and transparent to any affected party.

Sexual Harassment Policy

We at UP are committed to maintaining a workplace free from harassment of any kind, including harassment based on an employee s race, colour, religion, gender, national origin, ancestry, disability, marital status, sexual orientation or gender identity. All employees have the right to work in an environment free from all forms of discrimination and conduct which can be considered harassing, coercive, or disruptive, including sexual harassment. No employee, either male or female, should be subjected verbally or physically to unsolicited and unwelcomed sexual overtures or conduct.

We will take immediate action to address harassment of employees by managers, co-workers, or non-employees whether the harassment occurs in the workplace or in the course of an employee s work.

Gender Committee

In keeping with UP s Sexual Harassment Policy, Gender Committees were instituted in the three Business Units during the course of 2007 for the welfare of our female employees.

These Gender Committees, comprising ladies from all sections of each Business Unit, meet regularly to assist, counsel and advise female employees in matters relating to sexual harassment in the workplace. Guidelines on grievance redressal procedures have been communicated to all female employees through these committees.

Guest Worker Committees

Our guest workers are indispensable partners in our business. Each estate and department has a formal guest workers' committee comprising representatives of various nationalities, contractors, staff and management which meets monthly. It is a collaborative platform to address all issues pertaining to guest workers, induction course, home away from home, festival celebrations, safety, health and recreation.

Environment

We are committed to being a leader in an environmental performance and to safeguard natural resources by focusing on continuous improvement in order to minimise waste and our overall carbon footprint.

Our Environmental Policy

To conduct our agricultural business in the best principles of agriculture and in harmony with the natural environment.

Our Objectives:

- To produce elite oil palm, coconut and banana planting materials with proven yield potential
- To adopt proven and sustainable agricultural practices that are in accordance with the Principles and Criteria of the RSPO
- To promote the conservation and development of biodiversity within our group of plantations
- To continuously work towards a dynamic and innovative waste management and utilisation system aimed towards achieving zero waste
- To practise a zero-burn policy
- To prevent degradation and erosion of any land under our control
- To conserve and maintain the quality of ground and surface waters
- To practice integrated pest management
- To optimise energy usage and minimise emissions through continuous improvement initiatives

Buffaloes are used in the evacuation of FFB in areas where the ground is too soft for vehicles. Here, the buffaloes are seen "cooling off" after a hard day's work.

Photosynthesis - The Pillar of our Existence

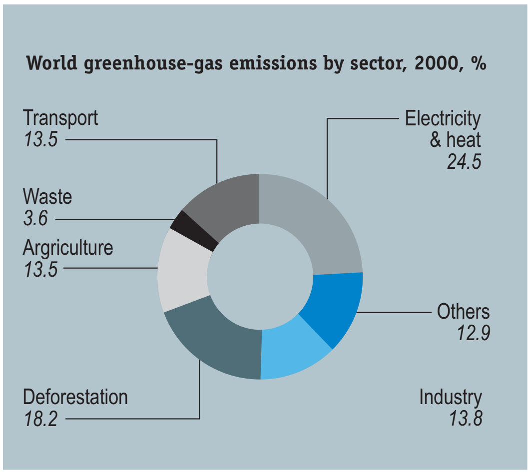
The importance of plants ability to store carbon, thus making the planet habitable is often not fully appreciated. Indeed every leaf or oil palm frond for that matter contains chlorophyll molecules that play a vital role in photosynthesis — the essence of life. The leaves and fronds behave as green solar panels, sucking in sunlight to ship electrons and in the process splitting water molecules and combining the resulting hydrogen with carbon dioxide extracted from the air. This produces carbohydrates that plants turn into sugar to be burnt off in respiration or converted into vegetative matter or ultimately harvestable food products. The main waste product of photosynthesis, oxygen, is emitted through the plants stomata.

Indeed, about 90% of all calories consumed by humans today are derived from a mere 15 agricultural crops.

A Tranquil Environment
The morning rays that gleam through the canopy signals the dawn of another tranquil day in the plantation.

Deforestation — How to balance Development & Conservation

As a rule of thumb, roughly half the dry weight of a tree is made up of stored carbon, most of which is released into the atmosphere when the tree rots or is burnt. Today it is estimated that between 15-18% of man-made greenhouse gas emissions originate from the consequences of deforestation.



Globally, according to the Food & Agricultural Organization (FAO), 13 million hectares of forests are cleared every year. Between 1990 to 2010 almost 300 million hectares of forests were cleared and converted into other uses such as commercial ranching, agriculture, town expansion as well as infrastructural projects amongst others.

The environmental consequences of such severe land use changes must be taken seriously and as far as possible limited by incorporating sustainable practices.

A certain portion of oil palm cultivation, just like all other agriculture, is a result of land use change. However, it is incorrect to single out the oil palm industry as the lightning rod for the world s growing anger on global warming and deforestation.

Indeed, things should be put in perspective and acknowledgement given to the fact that the worldwide area under mature oil palms from 1990 to 2010 increased by 9.17 million hectares thus accounting for only 3% of the total area of 300 mill hectares deforested globally during that period.

The above-mentioned net growth in oil palm areas does not take into account the large land banks formerly cultivated with cocoa, coconut and rubber, which were subsequently converted into oil palms. This would further reduce the component attributed to deforestation by the oil palm sector.

Herein, one must recognize that the world s growing population poised to reach 7 billion people during the course of 2011 bears the major brunt of our environmental woes as humans more than ever before are exerting an unprecedented impact on the world s natural resources caused by our growing demands.

Indeed, demand for the latest household appliances, new cars, bigger houses, larger roads, more food are all taking their toll. This very much also includes the pressure on the world s finite land banks.

As can be seen in Table I, the total global land bank area is today estimated to be 13.011 billion hectares. Of these 4.884 billion hectares or 37.5% is currently under agricultural land, of which, 1.527 billion hectares or 31.3% is designated as permanent agricultural crops leaving the remaining 68.7% or 3.357 billion hectares of agricultural land under the category of permanent meadows and pastures.

Mature oil palms share of the world agricultural land (permanent crop, meadows and pastures included) as 31 December 2010 was 12.73 million hectares or equal to 0.26% of the area. In spite of this the oil palm (which produces palm oil and palm kernel oil) produced about 30% of the world s total of 17 oils and fats in 2010.

Nevertheless, concerted efforts must continue to be made towards increasing the industry s agricultural yields in order to optimize the existing areas under agricultural cultivation, thus producing more with less.

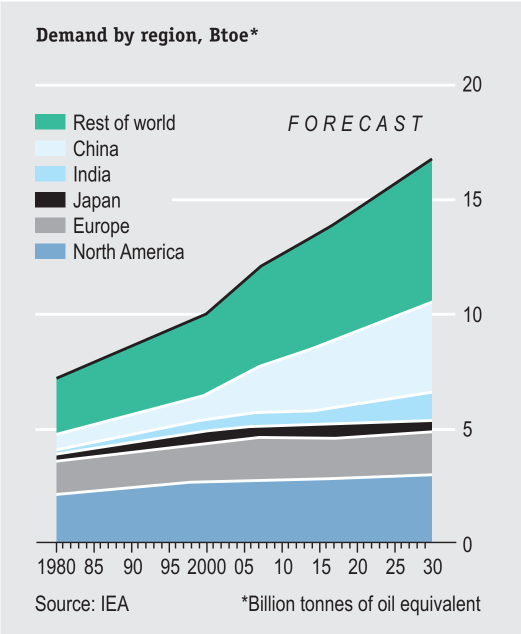
Table 1 - Land use category

	Area in Billion Ha
Forests	4.033
Other Wooded Land	1.145
Agricultural Land (Arable land for permanent crop : 1.527) (Permanent meadows & pastures : 3.357)	4.884
Built-up Land	0.325
Other Land	2.624
Total Land Bank	13.011

An Indonesian smallholder clearing land during the dry season by setting fire to the dry debris. This practice violates the "zero-burn" policy, however it is unfortunately still a common sight in rural areas.

Source of global warming

In this day and age, coal, oil and natural gas continue to provide some 80% of the world s energy demand. Fossil Fuels therefore yield the bulk of carbon dioxide (CO_2) and other greenhouse gas emissions that are claimed to heat the planet. According to the International Energy Agency (IEA), global energy demand is poised to jump by about 50% by 2030. The IEA expects that nearly all of this will be met by fossil fuels.



In 2007, OECD countries used around 5.5 billion tonnes of oil equivalent, compared with 6.2 billion tonnes in non-OECD countries. By 2030 the world is expected to consume 16.8 billion tonnes of oil equivalent.

The biggest contributor of greenhouse gases (GHG) amongst sources of power (electricity and heat) is coal. Today coal accounts for about 40% of the world s emissions of CO_2, the leading cause of what is termed and believed to promote global warming.

Today coal produces 50% of America s electricity, 70% of India s and 80% of China s. China currently uses 40% of the world s coal — more than America, Europe and Japan put together.

About two-thirds of all energy is consumed in urban areas, though only about half the world s population live in cities.

Livestock — 18% of all man-made Greenhouse Gas Emissions

Livestock is another segment that contributes significantly towards GHG emissions. Indeed, the Chairman for the United Nations Intergovernmental Panel for Climate Change, Dr Rajendran Pachuri has officially stated that current animal production accounts for 18% of all GHG emissions.

In this respect, it is interesting to note that the Amazonian cattle herd has, according to the Economist (2010), grown by over 40 million head in the past two decades. Today it is estimated that Brazilian cattle ranching alone occupies 209 million hectares. Worldwide there are less than 13 million hectares of mature oil palms.

Development - The China Factor

China has today become the world s largest consumer of energy accounting for half of the world s growth in oil demand even though its per capita energy use is less than one-third of that in the United States. This is mainly due to the fact that China has become the workshop of the world fuelling its energy demand, accounting for one-third of global industrial energy demand, up from 13% in 1990.

China today only imports 10% of its energy requirements thanks to its vast domestic reserves of coal, which supply 70% of its total energy demand.

Nevertheless, the 10% that China must import is still the same amount of energy that is needed to power the entire U.K., the world s sixth largest economy.

The European Union

The European Union is often applauded for their stance on mitigating GHG emissions and for implementing stringent targets that will reduce its emissions by 25% by 2020 and has already set a goal of reducing its emissions by 80-95% by 2050.

Mr Bj¿rn Lomborg, a well known Director of the Copenhagen Consensus Center recently stated,

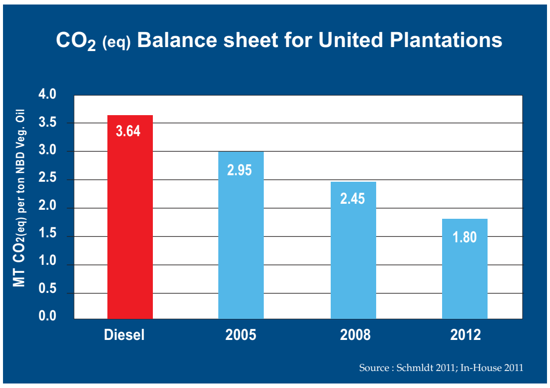
The policy by the EU will, if fulfilled, help to reduce temperatures by just one-tenth of one degree Fahrenheit in 2100, at a cost of USD380 billion a year for the rest of the century. The massive price tag exists because there is no affordable alternative to fossil fuel. Current green technology is so inefficient that - to take just one example - if we were serious about wind power, we would have to blanket most countries with wind turbines to generate enough energy. We would still have the massive problem of storage and there would be no power when the wind does not blow.

The Honorable Minister of Plantations and Commodities, Y.B. Tan Sri Bernard Giluk Dompok and Ybhg Dato' Carl Bek-Nielsen, having a briefing session with members of the EU Parliament on the palm oil industry and specially on sustainability issues. Also present is H.E. Connie Hedegaard, European Commissioner for Climate Action.

United Plantations Carbon Footprints Initiatives

At UP, we have since 2006 been identifying ways of reducing our reliance on fossil fuels following the world s first panel reviewed Life Cycle Assessment study on the cradle to grave production of 1 tonne of refined palm oil.

Significant investments have been made in promoting green energy starting with the Biomass Reciprocating Boiler cum Power Plant and a Biogas Plant in 2006. Both projects have since helped to significantly reduce our operating units CO_2 and CH_4 emissions by 70% and 80% respectively. Following this the company embarked on the construction of two additional biogas plants at our processing facilities at UIE and Ulu Basir. Both these new plants were commissioned towards the tail end of 2010. Combined with the earlier initiatives undertaken by the company we are on track to reduce our carbon footprint by 35% per tonne of refined palm oil produced in Malaysia by the end of 2012 vis- -vis levels pre 2005.



Carbon Footprints

Managing our footprints

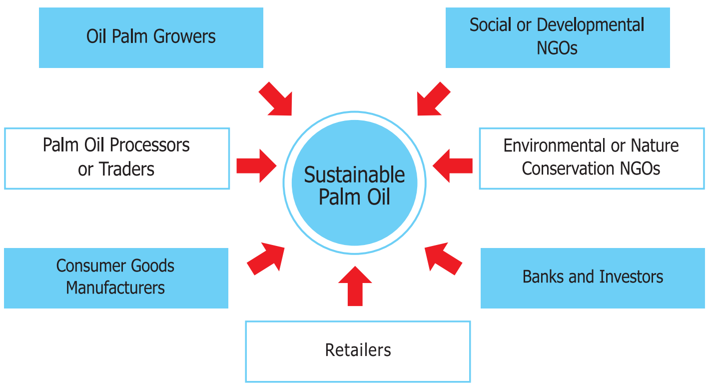
CDM projects

United Plantations and The Round Table on Sustainable Palm Oil

The Roundtable On Sustainable Palm Oil (RSPO) is a global, multi-stakeholder initiative formed in 2004 as a response to the world s growing demand for sustainably produced palm oil. The primary objective of the RSPO is to promote the growth and use of sustainable palm oil products through credible global standards and engagement of stakeholders.

Established under the Article 60 of the Swiss Civil Code on 8 April 2004, the not-for-profit association embraces today 432 ordinary members, 87 affiliates from palm oil and 45 supply chain associates, producers and processors, trading houses, consumer goods manufacturers, retailers, banks and investors to nature conservation NGOs and social or development NGOs.

Players in the Sustainable Palm Oil Supply Chain



Palm oil is today the most used vegetable oil in the world, contributing to more than 30% of the global production of vegetable oils. Palm oil is versatile and has numerous uses. It is found in food products, soaps, detergents, cosmetics, plastics and over the last number of years also in biofuel production.

Oil palms are highly efficient producers of vegetable oil, requiring less land than any other oil-producing crop. Despite being one of the more sustainable sources of vegetable oil, there is concern that the growing demand for food and biofuel could lead to rapid expansion of palm oil production and result in serious environmental and social consequences.

Consequently, the RSPO promotes palm oil production practices that help reduce deforestation, preserve biodiversity and respect the livelihoods of rural communities. It ensures that no new primary forest or other high conservation value areas are sacrificed for oil palm plantations, that plantations apply accepted best practices and that the basic rights and living conditions of millions of plantation workers, smallholders and indigenous people are fully respected.

The RSPO has defined eight principles and thirty nine criteria and numerous indicators, which must be followed and implemented in order for palm oil producers to become RSPO certified. While producers are expected to implement the principles and criteria, the non-producers are expected to implement equivalents standards in their procurement and use of palm oil hence binding all members to its common objectives.

Source: www.rspo.org

RSPO
Roundtable on Sustainable Palm Oil

Roundtable
A round table is one which has no head and no sides , and therefore no one person sitting at it is given a privileged position and all are treated as equals. The idea stems from the Arthurian legend about the Knights of the Round Table in Camelot. (Wikipedia)

Sustainable
Capable of meeting the needs of the present without compromising the ability of future generations to meet their own needs. (The Brundtland Commission s definition)

UP s role regarding the RSPO remains one of being active and in this connection we are proud to state that our company was one of the initial palm plantation signatories to the RSPO. Since the establishment of the RSPO, much emphasis has been given to developing the criteria to define sustainable palm oil.

Our formal journey towards being recognized as a certified producer of sustainable palm oil commenced in September 2003 when we became the world s first certified producer and processor of sustainably produced palm oil in accordance to the Migros criteria which was audited by ProForest.

UP s entire oil palm plantations in Malaysia were successfully certified in accordance with the RSPO Principles and Criteria thus becoming the world s first producer of certified sustainable palm oil on the 26th of August 2008.

The maximum validity of this RSPO certificate is five years. During the lifetime of the certificate, monitoring or surveillance assessments to check continued compliance takes place annually.

Since UP received the world s first RSPO certification, many other companies have managed to become certified and as of March 2011, a total of 24 companies have obtained certification.

The total volume of certified sustainable palm oil globally is currently 4,131,866 MT. The total volume of certified sustainable palm kernels is 952,507 MT. The total production area providing the above-mentioned quantities is 831,946 Ha.

Unitata in collaboration with Pangkor Oil Mills Sdn Bhd produces certified Sustainable Palm Kernel Oil. Mr. Martin Bek-Nielsen, Executive Director, Marketing & Finance, and Mr. Allan Loh, Senior Assistant Manager, Commerce, Unitata with Mr. Lee of Pangkor Oil Mill during one of their visits to Pangkor Oil Mill.

Multistock Deodoriser Plant at Unitata which was commissioned in 2009.

Unitata Berhad gets RSPO Supply Chain Certification

In October 2010, Unitata Berhad refinery went through the extensive process of becoming RSPO Supply Chain Certified. The RSPO cooperates with the traceability service provider, UTZ, in certifying downstream manufacturers to handle RSPO certified palm and palm kernel oil in the refining processes.

The supply chain certification is the buyers' and consumers' guarantee that the palm oil or palm kernel oil used in the production of finished goods actually comes from the claimed RSPO source.

Unitata Berhad received its Supply Chain Certification in December 2010 and is now officially able to handle and deliver first class Sustainably Certified and Segregated Palm and Palm Kernel Oil solutions to customers worldwide. Our total segregated certified quantity available is approximately 180,000 MT of palm oil and 45,000 MT of palm kernels.

The interest for certified sustainable palm oil is increasing, and UP is especially seeing a demand for fully segregated and refined palm oil solutions, which we are able to provide to the market. UP sells part of its sustainable palm and palm kernel as segregated and certified oil under the RSPO Principles and Criteria.

In order to increase consumer awareness of sustainable palm oil, the RSPO launched a new trademark during the eighth RSPO conference in Jakarta in November 2010.

It is a guarantee for the end consumer that the palm oil used in the end product is traceable all through the supply chain and it will make it easier for consumers to recognize finished products containing certified segregated palm and palm kernel oil.

UTZ™ CERTIFIED Good inside

UTZ offers traceability services for RSPO certified palm oil products. Many people know the UTZ logo from sustainable and fair-trade coffee.

CERTIFIED SUSTAINABLE PALM OIL™ · RSPO ·

This RSPO certified Sustainable palm oil trademark will be used by end manufactures in their on-pack communication.

GreenPalm
A certificate trading programme for sustainable palm oil and palm kernel oil

It is possible to process and ship sustainable palm oil and palm kernel oil separately. However, less than 10% of the global palm oil and palm kernel oil is currently certified as sustainable palm oil by RSPO, the physical segregation of this sustainable oil adds cost at every stage.

The GreenPalm programme bypasses the physical supply chain completely as:

1. RSPO certified palm oil producers can register a quantity of their outputs with the GreenPalm programme. They are awarded one GreenPalm certificate for each tonne of palm oil which has been sustainably produced. They can then put those certificates up for sale on the GreenPalm web based trading platform, @www.greenpalm.org.

2. Manufacturers or retailers can then bid for and buy those certificates online, in order to be able to claim that they have supported the production of sustainable palm oil. The payment is made directly to the palm oil producer. The palm oil itself is sold, processed and purchased in the same way.

3. By buying a product which bears the GreenPalm logo, consumers can make environmentally responsible purchasing decisions and make a positive contribution to the production of certified sustainable palm oil and palm kernel oil.

This GreenPalm trademark ensures that consumers know that they are supporting the production of sustainable palm oil and palm kernel oil.

By making or selling products which are covered by the GreenPalm programme, food manufacturers and retailers can reward palm producers for working in a sustainable and responsible way, and tell their customers that they have done so.

UP sells part of its sustainable palm oil and palm kernels via the GreenPalm trading platform.

Biodiversity and Partnership

To encourage biodiversity and wildlife on our estates, large conservation areas are set aside. Riparian reserves are maintained to preserve flora and fauna, provide wildlife corridors, ensure water quality and prevent erosion. In order to develop effective conservation strategies, we need the assistance of experts in these field and who have established a series of collaborations and partnerships. One such partner is Copenhagen Zoo (CPH Zoo).

Since 2007, UP has been engaging CPH Zoo s Senior Research and Programme Coordinator (South East Asia Conservation Programme), Dr. Carl Traeholt, as their External Environmental Advisor to provide Management with recommendations and views pertaining to its development in Indonesia with special emphasis on enhancing sustainability, biodiversity and conservation. This included reviewing the High Conservation Value Forest Assessments (later changed to High Conversation Value) undertaken for our properties and providing proposals in terms of further raising the bar of sustainable practices within the palm oil industry.

When UP, in 2006, took over the properties in Indonesia consisting of 15,500 Ha of land, about 7,930 Ha was under heavily logged over secondary forest and bush land.

The High Conservation Value Assessment, undertaken in accordance with the RSPO requirements, recommended that 2,985 Ha of this area be set aside as this was considered to be of High Conservation Value leaving the more degraded areas to be earmarked for agricultural development. Nevertheless, following the recommendations of Dr. Carl Traeholt additional areas of degraded forest lands were set aside in view that rehabilitative measures could help to improve the inherent value of these areas.

Today, the company has set aside more than one-third of its Indonesian land bank as conservation areas, which is in line with our commitment towards merging economic development with conservation measures.

In order to better manage these large conservation areas a Memorandum of Understanding (MOU) was signed between UP and CPH Zoo on the 1st October 2010 in which a Biodiversity Department would be established in Indonesia under the purview of Dr. Carl Traeholt, our Group s Chief Environmental Advisor.

Dr. Carl Traeholt has contributed with the following article in connection with the collaboration between UP and CPH Zoo:

Ybhg Dato' Carl Bek-Nielsen with Dr. Carl Traeholt of Copenhagen Zoo, who is engaged by UP to establish a Biodiversity Division at the Group's properties in Central Kalimantan.

One of many leopard cats (Prionailurus bengalensis) found in Lada Estate. These cats live on small mice, rats and birds.

United Plantations and Copenhagen Zoo

Account by Dr. Carl Traeholt

On Sunday 7 May 2006, I travelled to Central Kalimantan together with a close friend and colleague of mine from the oil palm industry. I had to provide an independent evaluation of 80,000 Ha of forest that was up for sale in Central Kalimantan. It seemed destiny that United Plantations Bhd s Vice Chairman and Executive Director Dato Carl Bek-Nielsen was on the same flight with similar intentions. Before we arrived in Jakarta we had exchanged lots of ideas, views and perspectives in relation to sustainable palm oil production and this was literally how the collaboration began between our two organizations, United Plantations Bhd and Copenhagen Zoo, Denmark. But what does a zoological garden in Copenhagen have in common with a palm oil producer in Malaysia? Apart from a shared national ancestry agonizingly little else seemed destined to bring these two organizations on a common path. To understand how this came about we must take a look at the history of CPH Zoo and UP.

CPH Zoo is one of Europe s oldest zoological gardens. It was established as a private institution in 1859 by the Danish ornithologist Niels Kj rb¿lling who - after a request to King Frederik VII in 1859 - was granted permission to develop a small 4,000m² zoo in Frederiksberg Garden. After World War II it had grown to its present size (11 Ha) and was registered as an independent organization with a senior management team appointed by a board of directors. In 2002, CPH Zoo was granted environmental certification according to the international ISO 14,001-standard and as the World s first zoological garden, CPH Zoo also received environmental certification by the more far-reaching European EMAS II-criteria in the same year. Today, CPH Zoo is a reputable international conservation organization that is known for its expertise in biodiversity conservation, applied research, awareness building and education.

In line with CPH Zoos vision and commitment to biodiversity conservation we became involved in *in-situ* projects across the World. Our SE Asia programme commenced in 1998 when we provided support to the Malaysian Department of Wildlife and National Parks for the development of a management plan for Krau Wildlife Reserve in the state of Pahang. Being responsible for operating and developing our conservation programme in SE Asia I had explored the opportunities to engage with the palm oil sector in conservation programmes already in the beginning of the millennium. CPH Zoo s Scientific Director, Bengt Holst, and I had many fruitful discussions about this issue and despite the sensitivity of the matter we both felt that working together with a palm oil company in biodiversity conservation offered fantastic opportunities. We noticed that - despite excellent profitability and responsible for managing millions of hectares of land - there was not a single company among palm oil producers with a functional environmental division. The emergence of RSPO in 2004 provided a much needed platform to promote sustainable palm oil production, and whilst RSPO struggles with incremental challenges and lacks broad certification credibility, it is a phenomenal testament to cross-sectoral collaboration and achievement. RSPO remains the most realistic platform to globalize the sustainability agenda.

At a very early stage of the RSPO process UP aspired to become certified as a sustainable producer. UP had already prioritized environmental sustainability and social welfare many years prior to the formation of the RSPO and to many in the industry it was anticipated when UP announced that it was the first company to receive RSPO certification in 2008. However, Greenpeace took advantage of the fact that the RSPO certification system was still coming of age and targeted UP in a 2008 campaign that put the company in the unfamiliar role as a bad boy . Despite receiving a couple of low blows UP acknowledged certain elements of the critique and set about to improve their performance well beyond the requirements of RSPO. It soon became apparent that integrating environmental concerns into standard operational practices was a much larger task than originally anticipated.

At the same time as UP was hit by bad press coverage, CPH Zoo was regarded as a bit of a rebel for wanting to sleep with the enemy by many NGOs and other zoos. Several British, Australian and New Zealand Zoos ran campaigns against buying products containing palm oil and advocated against RSPO. With EAZA s (European Association for Zoos and Aquaria) direct outreach to 500 million European consumers we knew that if this approach prevailed within EAZA the economic damage to the palm oil industry could potentially be a hundred times more severe than any of Greenpeace s occasional campaigns — and with it an escalation of biodiversity loss. Digging deeper trenches does not advance the sustainability agenda. Building cooperation does, especially cooperation that is based on shared values such as trust, a commitment to doing the right thing, determination to be second to none and transparency. As it turned out, UP shared similar values and this gave us the confidence to forge a fruitful collaboration in which CPH Zoo is committed to provide expertise to develop in-house biodiversity capacity for UP, followed by the development of an environmental master plan.

President Director, Mr. Edward Daniels and Mr. Ramadevan, Manager, Lada Estate with Mr. Bengt Holst, Copenhagen Zoo's Scientific Director, at one of the watch towers at Runtu Estate, Central Kalimantan.

The CPH Zoo -UP collaboration was the result of 3.5-years of familiarization that began on that fateful May-day in 2006. In the years between 2006 and 2009 I made five short trips to UP s new properties in Kalimantan to offer comprehensive and candid advice on how to manage and integrate biodiversity concerns into standard operational practices. These visits also acted to demonstrate CPH Zoo as a highly professional organization with international expertise in biodiversity conservation, environmental management and organizational capacity building. At the same time, UP gave me the opportunity to spy for CPH Zoo too. It was essentially building trust between our two organizations and, subsequently, UP s Vice Chairman Dato Carl Bek-Nielsen visited Copenhagen Zoo in December 2009, which was reciprocated by CPH Zoo s Scientific Director Bengt Holst s visit to UP s estates in May 2010. The CPH Zoo -UP cooperation agreement came into effect on the 1st of October 2010, and we consider it another important milestone in our history.

Whereas signing such an agreement is indeed a milestone achieved, the big challenge still lies ahead. Environmental sustainability encompasses a great deal more than merely setting aside certain areas required by national laws and/or the RSPO Principles and Criteria. Legal compliance is compulsory, but unfortunately it does not equate to environmental sustainability. Compliance set-aside is often defined as conservation land and left without any further management intervention, but since most conservation areas in a plantation landscape measure less than 1,000 Ha biodiversity will decline by 50% within a short period of time if left without active management intervention. Therefore, sustainable production and management calls for a holistic approach with the overall goal of maintaining ecological processes intact, and this requires environmental planning right from the beginning of the estate development that is, before the first road is built, before the first bulldozer is sent in and before the first palm is planted. Sustainability cannot be integrated within the company with a bi-annual visit by an external consultant. It requires in-house capacity in the form of, for example, a biodiversity division with solid expertise in terrestrial and aquatic ecology, wildlife ecology, population ecology, habitat management, GIS and remote sensing as well as community development.

Dr. Carl Traeholt of Copenhagen Zoo together with Mr. Sundian, Sr General Manager, Runtu Estate showing Directors of UIEL, Mr. John Goodwin and Mr. Kjeld Ranum the nature reserves rich in flora and fauna that exist in and around the Group's properties in Central Kalimantan.

Members of EXCO, together with the President Director of PT SSS1, the President Director of PT SSS2, other members of management team and Masyarakat (local community members) at our 'Gladys' conservation area in Central Kalimantan.

At CPH Zoo, we are in no illusion that such a fundamental change will happen overnight. There remain good and respected colleagues in UP who are still not entirely certain about what this biodiversity issue is all about. Let me make it clear that a biodiversity division is not created to limit, delay or deny any other unit of progress, production possibilities and yield. It is not a financial and organizational emergency brake , but it is a company asset that will contribute to additional and - more importantly - better business in the future by providing much needed advice, research and management of UP s natural resources. It is a natural organizational evolution that keeps UP in tune with contemporary geopolitical, social and economic agendas, where large companies are increasingly required to focus on the values that they provide society rather than volume and monetary profit. Essentially, it is a continuation of UP s long history of achievements and it will help to ensure that UP continues to be at the forefront of responsible and sustainable palm oil production for many more years to come. CPH Zoo s overall agenda is to promote healthy living conditions to human kind across the World by having access to fresh air, water and food. We acknowledge that it exceeds what can possibly be achieved together with UP, but we firmly believe that this cooperation can spearhead a positive development and become an example to other environmental organizations and plantation companies. We would rather aim for the stars than be content underachievers, and we expect nothing less from UP.

To get back to my first question of why such different organizations have chosen to enter into such cooperation? For us, it is simply because we believe that together with UP we can make a real difference and contribute actively to conservation of biodiversity and our natural resources.

Putting words into action UP has already allocated funds to setup a biodiversity division. At the time of writing we have recruited a biodiversity officer and are in the midst of recruiting 2-3 additional executives as well as 5-6 field rangers. The budding team is currently busy mapping biodiversity resources in Lada Estate and Runtu Estate. We expect to be at full strength by the middle of May, when we have planned an orangutan and crocodile survey and will develop a list of priority interventions and activities for the immediate future.

A green "padi" frog (Rana erythraea) found on Lada estate. There is a rich amphibian life in the drains around Lada estate.

Magnificent Rengas Trees ***(Anacardiaceae)*** *at one of our "Nature Reserves" at Runtu Estate, Central Kalimantan*

The Kingham-Cooper Tree Species Reserve

James Kingham is Malaysia s Tree Guru and a pioneer of tree species conservation for the country. He has dedicated his life towards creating a Noah s Ark of biodiversity, via his family run nursery business Penawar Hutan (Healers of the Forest) which is situated just over an hour north from Kuala Lumpur and stocks over 2 million trees, across 2000 types of different species. Many of the seeds have been sourced from trees deep inside the Malaysian jungles across Peninsular and East Malaysia. The idea of the Endangered Tree Species reserve evolved a few years ago after discussions between James Kingham and Mr Geoffrey Cooper, Senior Manager at UIE Estates. With Mr. James Kingam s generous advice and assistance, United Plantations is indeed fortunate to have his expertise that has led to the establishment and further improvement of our reserves on UIE.

Our objective is to establish a gene bank/seed garden from the mother trees planted, which can be harvested and grown on site for further use in our other nature conservation areas in Malaysia, namely, The Bek-Nielsen Jungle Reserve and the Bukit Kecil Reserve(UIE estates), The Grut Jungle Sanctuary (Changkat Mentri Estate), The Lima Blas Jungle Reserve as well as our riparian/river boundary reserves. These areas can be further improved by introducing a much greater biodiversity from our own grown trees on site, enabling United Plantations to play our part in protecting Malaysia s tree species in future.

During 2010 the development has progressed well with a further 950 trees planted, bringing to a total of 8,000 trees to date in the Kingham-Cooper Tree Species Reserve, Head Office park, and the area surrounding the new Biogas Plant at UIE. 2011 will see a continuation of our mother trees/gene bank initiative with an increased number of species planted thereby expanding the numbers on UIE. Today there are over 175 different species from 40 diverse family groups such as Dipterocarpaceae (the tall jungle canopy trees which provide valuable hard wood) to the smaller lower storey tree species such as the Euphorbiaceae family which provide fruits for birds and other animals.

At the end of 2010, during CNN s coverage of Malaysia in I-Report, their crew wrote and filmed a piece about James Kingham and the salutary work carried out at his nursery, including footage at UIE Estates with Mr Geoffrey Cooper explaining about the conservation of indigenous trees there. This can be viewed here:
http://www.cnn.com/2010/WORLD/asiapcf/10/28/malaysia.palm.oil/index.html

Conservation of jungle reserves and wildlife sanctuaries as well as promoting green corridors are examples of our commitment to the environment. Todate, United Plantations has set aside more than 5,000 hectares of land for conservation purposes representing approximately 10% of our total planted area. All of the undeveloped land has been mapped and HCV assessments have been made in order to further enhance and protect the areas. Our collaboration with Copenhagen Zoo and the establishment of our Indonesian Biodiversity Department will further improve our conservation commitment going forward.

Conservation of jungle reserves and promoting green corridors are examples of our commitment to the environment.

Two field employees can be seen here treating palms against rhinoserous beetle attacks via a tractor facilitated operation.

Minimising Pesticide Usage

UP has a strong commitment to Integrated Pest Management (IPM), and in line with the Principles and Criteria of the RSPO we are continuously working on reducing the usage of pesticides. Our employees safety is a top priority and in this connection all sprayers are trained extensively and are required to use full Personal Protective Equiment.

	United Plantations Palm Oil				Soybean	Sunflower	Rapeseed
	2007	2008	2009	2010			
Pesticide / Herbicides (kg per tonne oil)	0.54	0.44	0.46	0.59*	29	28	3.73

* Due to the fall in production during 2010 the pesticide/herbicides usage figure has increased compared with 2009.

Careful use of pesticides can deliver substantial benefits for our society through increasing the availability of good quality and more affordable priced food products. However, pesticides are inherently dangerous and it is in everyone s interest to minimize the risk they pose to people and the environment.

Over the years our commitment towards continuous improvements has resulted in minimizing the usage of pesticides in relation to other major oil seed crops, primarily through Good Agricultural Practices. Today, UP s use of pesticide is 6-8 times lower per tonne of oil produced compared to Rapeseed farmers and about 45-50 times lower compared to Soybean Oil farmers.

Over the last many years, UP has been working towards minimizing the use of pesticides through implementing the following key components of IPM.

Establishing Beneficial Flowering Plants:

To-date a total of 98,371 beneficial broadleaf flowering plants have been planted in our plantations encouraging parasite and predator activities which is a vital part of our IPM programme. This represents a five-fold increase in the number of beneficial plants planted over the last 5 years which is set to further rise in the coming years.

Cassia cobanensis	-	*29,396 planted*
Tunera Subulata	-	*53,430 planted*
Antignon leptosus	-	*6,280 planted*
Carambola sp	-	*3,630 planted*
Others	-	*5,635 planted*

Encouraging predator activity through establishing flower in plants.

Surveillance and Monitoring of Pest Outbreaks

The key to minimizing both the economic impact of pest and environmental impacts from excessive use of pesticides is by regular surveillance and monitoring. Treatment is only carried out when the damage exceeds established critical thresholds. Several census gangs are deployed on each estate to survey the extent of pest infestation. This is coupled with regular aerial reconnaissance in order to track and pre-empt thereby more effectively treating potential outbreaks.

Use of biological pesticides and pheromones

First line treatment against leaf pests ie. Nettle Caterpillar and Bagworm is by biological treatment in the form of Bacillus Thuringiensis. The use of pheromones is to trap Rhinoceros Beetles thus reducing the dependency on chemical pesticides is also adopted on all estates.

Barn Owls

Installation of barn owl boxes enhanced the population of Tyto alba (Barn Owls) which predates on rats, resulting in major reduction of rodenticide usage.

Barn Owl Boxes – 1,594 boxes over 27,520 ha (17 ha coverage per box)

Mowing of Harvesters Paths

Blanket weeding is discouraged, soft weeds with shallow root system which do not grow to excessive heights are encouraged outside the weeded palm circle. Harvesters paths are mowed. This practice maintains a flora which is favourable to natural enemies of crop pests.

Use of Safer Class 3 & 4 pesticides where ever possible:

In line with RSPO s continuous improvements initiative the Company s Operations and Environment Management Committee monitors and reviews pesticides usage, exploring avenues to reduce overall pesticide usage as well as evaluating alternative safer pesticides.

In this context, UP has since February 2008 been working towards minimizing the usage of Paraquat, which has been documented in the annual RSPO Surveillance Audits. In May 2010, the Board based on Management s advice took the decision to voluntarily phase out the usage of Paraquat, a goal which was realized with effect from October 2010.

Smear Campaign by Danish Newspaper, Politiken

Despite the above initiatives, UP was, nevertheless, exposed to a smear campaign by a Danish Newspaper, Politiken, who during the months of September and October 2010 published more than 25 defamatory articles insinuating that our employees were treated to slave like conditions , harassed by management and exposed to an unsafe working environment resulting in several incidents of pesticide poisonings every month on our plantations amongst others.

UP immediately refuted these allegations in well documented rebuttals see (www. unitedplantations.com) and opened its doors to several external verification auditors, customers as well as Governmental bodies.

These included amongst others:

- The National Union of Plantation Workers (NUPW) and Malaysian Agricultural Producers Association (MAPA) where visits were made by the National Executive Secretary and the Perak Branch Secretary.
- Aarhus Karlshamn AB and its auditors Pricewaterhouse Coopers.
- The Danish Energy Agency with participation from the Danish Environmental Agency.
- External verification auditors under the RSPO.
- The District Labour Department under the Ministry of Labour in Malaysia.
- The Department of Occupational Safety and Health (OSHA).

The findings from all of the above-mentioned independent bodies unanimously refuted the allegations made by Politiken as baseless, unsubstantiated and poorly researched. As an example it can be noted that the journalist from Politiken had even gone to the extent of wrongly insinuating that Mr Mark Davis, the Senior Officer-Pesticides Management, of the United Nations Food & Agriculture Organization (FAO) had condemned UP for their unsafe use of pesticides when he in fact had never done so. The newspaper, Politiken, was later compelled to publish an apology in their paper for wrongly quoting the United Nations after Mr Mark Davis wrote a formal complaint to the Chief Editor that he had been misquoted as *he had not expressed astonishment, criticism or any other opinion about the use of pesticides in Malaysia or on United Plantations Bhd .*

In closing, UP wishes to inform all shareholders that pesticide usage, handling and its application are taken seriously by the Company. The same applies to the safety of all employees including the several hundred employees currently working with pesticides. Since 2005, several thousand medical examinations have been undertaken on our employees working with pesticides to which no incidences, symptoms or signs of pesticide poisonings have taken place.

Spraying personnel are required to use Personal Protective Equipment, which is distributed to all employees involved with pesticide spraying activities.

Paraquat-Phased Out

After a number of years of research trials and searching for a suitable and effective alternative, UP during a board meeting in May 2010, decided to phase out Paraquat completely. This goal was achieved in October 2010 and marked an end to the journey that was initiated in February 2008 (only 8 months after this pesticide was forbidden in the EU.)

An aerial view of a few fields from UP's neighbouring estates / smallholders showing severe bagworm attack. If not treated and controlled, this infestation can affect yields as much as 30%.

Monocrotophos

Monocrotophos is a class 1B insecticide which is permitted in Malaysia for trunk injection of palms effected by bagworm. Foliar application usage was disapproved by the Malaysian Government in 1996. Efforts to source and evaluate alternatives for the Class 1B insecticide, monocrotophos, have been ongoing since 2006 and are still being pursued together with several multinational chemical companies, amongst others Bayer, BASF and Syngenta. Although our internal goals were to work towards phasing out monocrotophos by 31 March 2011, we have so far not been able to identify an effective and suitable alternative that is able to effectively contain a bagworm infestation which poses a serious threat to the oil palm stands. This conclusion is shared by all the leading multinational chemical producers present in Malaysia.

Monocrotophos will therefore still be used in very limited quantities for trunk injection only and solely as a last resort in the company s ***5-Step Pest Preventive Programme*** (see box below) when all other attempts to contain or control bagworm outbreak have been exhausted. This is in full compliance with all relevant rules and regulations in Malaysia as well as with the Roundtable on Sustainable Palm Oil s Principles & Criteria which have been formulated amongst others by 22 NGOs such as WWF, OXFAM, Conservation International, Flora & Fauna etc.

5-Step Pest Preventive Programme

5-Step Pest Preventive Programme approach taken to contain and/or control Bagworm outbreak thus limiting the usage of monocrotophos.

1) Integrated Pest Management

E.g. planting of beneficial plants to enhance the natural parasitic and predator activities against bagworm. Todate more than 98,371 beneficial broadleaf flowering plants have been planted.

2) On-going Monitoring

Census gangs deployed on each estate who take random frond samples in a pre-determined pattern throughout each estate. These fronds are subsequently subjected to insect counts and damage assessments by trained personnel.

3) Aerial Surveillance

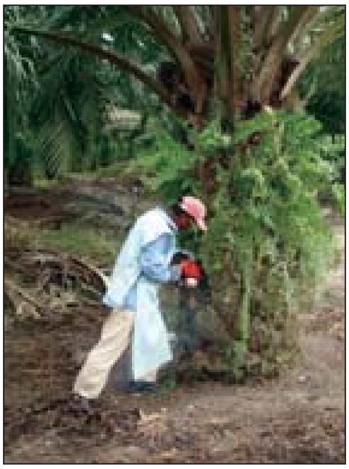
Regular aerial reconnaissance is carried out to better detect, preempt and treat potential outbreaks.

4) Use of biological control agents

E.g. Bacillus Thuringiensis as the first line of treatment against an outbreak.

5) Final Resort

As a final resort and only when as Step 1 to 4 have proven to be futile in containing or controlling the natural equilibrium between pest and beneficial predator, our trained personnel intervenes with the specific treatment of trunk injection using monocrotophos.



A team of three employees working together in the fight against bagworm infected palm trees. The first employee drills a hole in the palm. The second employee injects Monocrotophos in the palm. The third employee patches the hole with clay.

Since embarking on the 5-Step Pest Prevention Programme in 2006, UP has been able to reduce its use of monocrotophos by just over 60% compared to 2006. Of the total pesticides usage at UP Monocrotophos takes up approximately 5%

In order to lessen our dependency on synthetic pesticides, initiatives are now intensifying in close collaboration with reputable international research organizations to explore the use of specific natural enemies to control bagworm, which are endemic in the Lower Perak region.

Close calibration with smallholders and other neighbouring plantations is on-going in order to jointly try and eliminate bagworm infestation.

Calibration for Pesticide Application Equipment

The Company engages the services of equipment suppliers to regularly monitor the calibration of the equipment to avoid application errors (under and over applications) and safety to the operators. Regular training and refresher courses are implemented, all of which are audited by accredited auditors of the RSPO every year.

Chemical Health Risk Assessment (CHRA)

In line with the Use and Standards of Exposure of Chemicals Hazardous to Health (USECHH) Regulations 2000, UP first appointed a certified assessor to conduct CHRA in 2004, for all chemicals utilized in the respective plantations, oil mills and refinery. It is being reviewed every 5 years by the assessor as stipulated in the Regulations and annual medical health surveillances are conducted on all spray operators.

Agrochemical and Energy Inputs in the Cultivation of Oil Palm and Other Oilseed Crops

Input	Per tonne oil basis					
	Oil Palm*			Soybean**	Sunflower**	Rapeseed**
	2008	2009	2010			
Fertiliser nutrients						
Nitrogen (N-kg)	19	16	18	315	96	99
Phosphate (P_2O_5-kg)	7	7	5	77	72	42
Potash (K_2O-kg)	38	32	32	NA	NA	NA
Magnesium (MgO-kg)	4	4	3	NA	NA	NA
Pesticides/Herbicides (kg)	0.44	0.46	0.59***	29	28	3.73
Energy (GJ)	0.42	0.40	0.49	2.9	0.2	0.7

* includes palm oil + palm kernel oil (United Plantations Berhad, 2008-2010)

** Data from FAO, 1996 — Pesticide data for rapeseed updated in 2010.

*** Due to the significant drop in production during 2010, the Pesticides/Herbicides (Kg) figure increased significantly.

The quantity of agrochemicals (fertiliser nutrients and pesticide/herbicides) and energy used in oil palm cultivation in UP over the last three years is comparatively low when compared to other annual oilseed crops such as soybean, sunflower and rapeseed.

Production and Level of Utilisation of Oil Palm Biomass Residues in United Plantations Berhad in Year 2010 (Dry Matter Basis)

Biomass	Quantity Produced (tonnes)	Quantity Utilised (tonnes)	% Utilisation	Method of Utilisation
Trunks and fronds at replanting	162,430	162,430	100	Mulch
Pruned fronds	323,093	323,093	100	Mulch
Spent male flowers	31,067	31,067	100	Organic matter recycled on land
Fibre	62,515	62,515	100	Fuel & mulch in nursery
Shell	38,196	38,196	100	Fuel and mulch for polybag seedlings
POME	27,198	25,073	92	Biogas generation, Nutrient source and organic fertiliser
EFB	76,345	72,528	95	Mulch and Fuel
Total	720,844	714,902	-	-
Level of utilisation = 99%				

In 2010, a total of 720,844 tonnes of biomass residues were generated through the field and mill operations of the company. Of these, 714,902 tonnes or 99% of the total, were effectively utilised with most of the residues recycled as organic matter back to the land as organic mulch in the nursery or as fuel source, thereby enriching our soils and displacing the use of fossil fuels.

Fertiliser Equivalent and Monetary Value of Oil Palm Biomass Residues Recycled on Land in United Plantations Berhad in 2010

Biomass Residues	Method of Utilisation	Quantity Utilised on Dry Basis (tonnes)	Fertiliser Equivalent (tonnes)			
			Urea	Rock Phosphate	Muriate of Potash	Kieserite
Trunk & fronds at replanting	Mulch	162,430	2,030	682	2,612	1,246
Pruned fronds	Mulch	323,093	7,284	2,369	6,160	4,033
Spent male flowers	Organic matter	31,067	1,000	662	1,838	954
EFB	Mulch	58,666	1,020	430	2,835	652
Digested POME	Irrigation	25,073	872	552	1,371	1,003
Total (tonnes)		600,329	12,206	4,695	14,816	7,888
Monetary value (RM)			14,378,582	1,840,479	19,410,262	3,785,571
Total monetary value RM 39,414,894						

With sustainability as a focus, the recycling of field and mill biomass residues back to the oil palm land remains a cornerstone of UP practices. Besides enhancing the soil physical, chemical and biological properties, their application also has a favorable impact on oil palm yield. In 2010, the total organic matter recycled on land in UP amounted to 600,329 tonnes, with a carbon content of 240,132 tonnes. At this rate we are recycling 18 tonnes of organic matter or 7.3 tonnes of carbon per hectare, thereby helping to replenish the soil carbon status.

Upon mineralization, the organic residues release substantial quantities of previously locked plant nutrients to the soil which is available for palm uptake. The fertiliser equivalent of the material recycled on land is of the order of 39,605 tonnes of NPKMg fertiliser worth a substantial RM39.41 million in terms of current fertiliser prices in 2010.

The "zero burn" technique of replanting recycles up to 90 tonnes of organic matter per hectare.

Water Management — Harvesting the Rain

UP fully appreciates that much more can be done in terms of water productivity. In order to maximize the use of available water resources, United Plantations has, since 1913, gone to great lengths to construct an extensive system of water gates, bunds, weirs, canals and drains hereby enabling us to harvest and optimize the usage of rain water.

In addition, young palms are mulched with shredded trunk chips and empty fruit bunches and leguminous cover crops are established in all our immature plantings to conserve moisture.

In this context, it is important to mention that none of UP planted areas under oil palms or coconuts are irrigated. All our areas are under rain-fed agriculture and water from the surrounding rivers, thus making use of whatever water comes naturally from above (green water).

Similar austerity drive on domestic water consumption is monitored at all facilities.

One of the Riverside Reserves at the Group's properties in Central Kalimantan.

Isokinetic Monitoring of Gaseous Emissions from the Palm Oil Mills

Results of on-going monitoring of flue gas emissions by certified assessors in 2010 are tabulated below. The average dust concentration in the flue gases of all six palm oil mills in United Plantations for the past year were within the Department of Environment s allowable limit of 0.4 g/Nm^3 as per the Environment Quality Act, 1978.

Palm Oil Mill	Average Dust Concentration (g/Nm^3)
Jendarata Stack 5	0.272
Ulu Bernam Boiler 2 & 3	0.303
Seri Pelangi Stack 1 } Stack 2 }	0.328
UIE Stack 2 - (Boiler 2 & 3)	0.310
Ulu Basir Boiler 1,2,3	0.342
Lima Blas Boiler 1 } Boiler 2 }	0.230

A third Biogas Plant has been built at Ulu Basir Mill to reduce carbon footprints.

Community

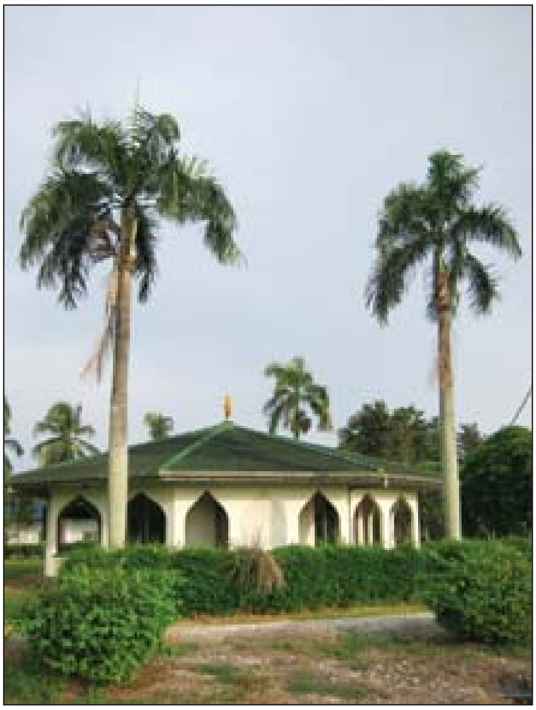
Close bonds with our local communities are a key priority at United Plantations. Our business gives livelihood to families, small businesses and organisations. In and around the plantations, micro-economies grow out of our operations and many people are dependent on us.

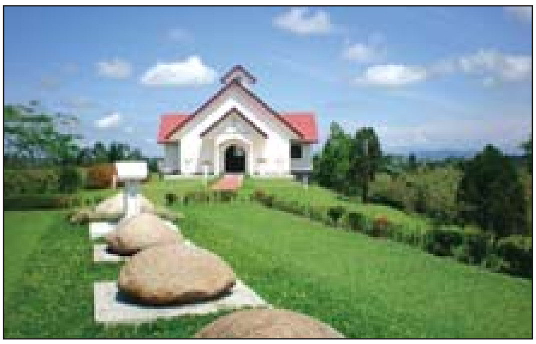
We therefore have an obligation to monitor and manage any impacts our operations might have on these communities and at the same time ensure that our local communities receive financial and social support.

Contributions to Society and the Local Community

We provide premium housing amenities and places of worship for our employees, primary schools and kindergartens for our workers children, cr ches for personalized care, of the young children while parents are at work and an old folks home for the Company s destitute retirees.

We have made aggregate payments of RM551,514 during 2010 to our estate communities by way of employees retirement gratuities, bus subsidies for school transport for the children of our workers, financial assistance to deserving students seeking college and university education, reimbursements for medical expenses to our employees seeking specialist treatment at private hospitals, through the UP Benevolent Fund, established in 1985. We also offer financial support to charitable organizations, which care for the local communities and the society at large.





Places of worship for all employees of different faith.

Bethany Home

An example of UP s commitment to the local community is our long-term support of Bethany Home, a training centre for epileptic & intellectually disabled children & adults.

Bethany Home was established in 1966 by the Evangelical Lutheran Church of Malaysia and Singapore. It offers a wide range of training programmes for children and adults with varying disabilities. The centre is situated in Simpang Empat, near UP s headquarters at Jendarata Estate, and it caters mainly for the local rural population.

Bethany Home s policy is to encourage and support people with disabilities to live within their own families and community. It aims to equip them with skills needed to become as independent as possible and as contributing members of that community. By providing these services, Bethany Home hopes to become a model of how each community in Malaysia can provide services for its disabled population.

UP is proud to sponsor the students and facilities at Bethany Home. Currently the centre has 155 students (children and adults) of all races and religions. This year, a special donation was extended to two students who have been selected to participate in the Special Olympics World Games in Athens, Greece in June 2011. We wish the students and their coaches the best of luck.

Our long-term support of Bethany Home, a training centre for epileptic and intellectually disabled children and adults.

Sporting Activities

We encourage our employees to participate in sporting and social activities by providing facilities such as football fields, community halls, badminton courts, etc. Annual sports days are held at selected estates to enhance friendship and community spirit through sports.

We also promote participation in the local football leagues and co-sponsor sporting events such as badminton tournaments, body building tournaments and the Annual Estates Sports Gala organized by the Malaysian Palm Oil Association.

Fostering goodwill amongst the local communities through sports.

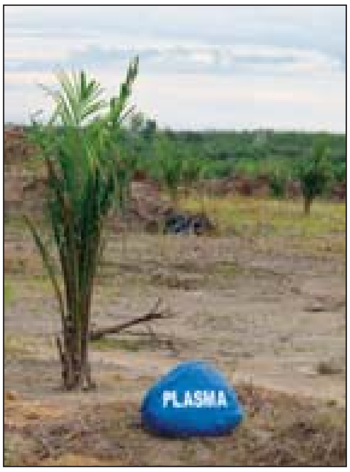
Smallholders Field Day

In December 2010 UP started up a new community initiative namely the Smallholders Field Day. We invited farmers from the local districts to visit our plantation to get a better understanding of good agricultural practices, sustainability initiatives and environmental protection. The smallholders were given training sessions in safe handling of pesticides, in optimal harvesting procedures and fertilizer application in order to assist them with their agricultural interests.

Community initiatives where UP conducts field visits and training for farmers from the surrounding areas.

Plasma Schemes

At our Indonesian Plantations, we are actively involved with a government project known as the Plasma Scheme, designed to assist smallholders to become independent plantation growers. A Plasma project team has been established and it is lead by Mr. Rudolf Heering who has more than 30 years of experience working together with smallholders in Indonesia. Under the smallholders scheme, UP helps smallholders to develop their land, including land clearing, for cultivation of oil palms. Once developed, the plantation will be handed over to the smallholder for self management.



The Group has embarked on Plasma Schemes at our Indonesian operations with the aim of engaging and benefitting the local Masyarakat.

Partnership with the local community is crucial to achieve success in Indonesia. The company provides the smallholders with sufficient resources and is committed to buying their end produce at government determined rates. To assist them, we provide vital training on plantation management practices and financial arrangements. With this programme, we hope to steer them away from illegal logging, as well as slash-and-burn activities that can have a huge negative impact on the environment.

We expect the scheme to provide more opportunities for the smallholders and help alleviate poverty. In the early years of plantation development, before the oil palm trees reach maturity, the livelihood of smallholders is supported through employment by the company. They typically work as employees on our plantations, while they at the same time get an understanding of oil palm cultivation and best management practices.

The United Plantations Museum, a hidden gem of historical artifacts.

The United Plantations Museum

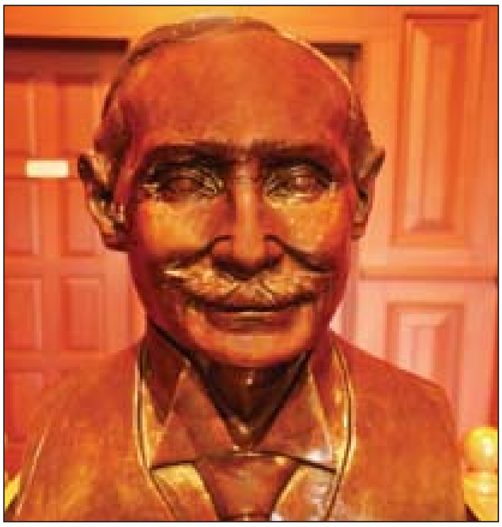
In order to safeguard UPs impressive heritage and as a tribute to the Company s founders and the different generations of employees and their families, suppliers, customers, surrounding communities and others associated to United Plantations in one way or another, the Museum evolved.

The UP Museum had its inception in 2006 in conjunction with United Plantations Centennial celebrations and was officially opened by her Royal Highness Princess Benedikte of Denmark on the 15 September 2006.

The Museum is located modestly in the midst of Jendarata Estate on the grounds of the first registered office of the Company and is a institution that houses and cares for a collection of pictures and stories as well as artifacts and other objects of historical importance. Mr. C. Mathews, the Honorary Curator of the Museum, played an important role in the design of the interior and equipping the Museum. The Museum is truly a repository of the rich culture of UP encompassing various paraphernalia and memorabilia of the past.

The museum houses a repertoire of:

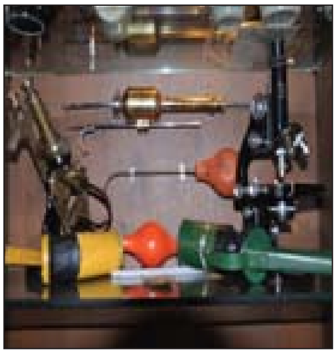
Concrete crusher & portable boiler



Aage Westenholz, Founder of United Plantations Ltd

Pictures & Storyboard

Calculators circa 1950



Oil palm pollination equipment

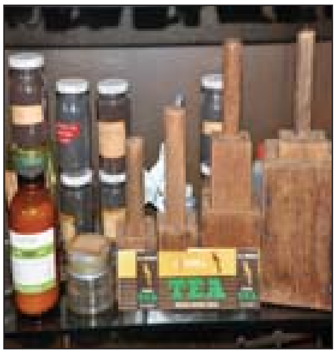
Latex Cups

Kerosene Irons

Relics of UP motor vessels

Spraying Pumps

Rubber sheet manual mangle



Tea tasting paraphernalia

Telephones

Typewriter circa 1940

Time & Date Stamp Plates circa 1940

Cheque printers circa 1930s

Cameras

Chain Measurement

Planters' hats

Marketplace

Through investment in our people and technology, UP is committed to providing high quality products and services to customers worldwide. We aim for continuous improvement in our products and services and we work towards building long-term relationship with all stakeholders through dialogue and feedback.

Quality Policy

It is the Policy of UP to produce quality palm oil, palm kernels, coconuts and their derived products to the total satisfaction of our worldwide valued customers.

Our Quality Philosophy Includes:-

- **U**pholding the name and reputation of United Plantations as a top producer of premium quality palm products.
- **N**urturing a diligent work force who takes pride in contributing to the development of the company.
- **I**nitiating and innovating positive, progressive work ethics, methods and incorporating a winning culture.
- **T**raining of personnel is the key to upgrading our skills and keeping in trend with the marketplace.
- **E**nsuring that only the best quality palm products are produced, to the satisfaction of our customers needs
- **D**elivering decisive efforts in Research and Development to continuously improve our working methods, efficiency and product quality.

Virgin Coconut Oil bottling plant at Unitata.

Mr. Martin Bek-Nielsen, Executive Director, Marketing & Finance giving a tour of our estate operations at Jendarata to our Russian customers.

Nutrolein Golden Palm Oil, a wholesome red palm oil rich in Carotenoids and Vitamin E.

Late 1970s:
Unitata Berhad, the first inland palm oil refinery in Malaysia. It was commissioned in 1974.

Statement On Corporate Governance

The Malaysian Code of Corporate Governance (the Code) sets out the principles of Corporate Governance which essentially relate to the boards practices and procedures involving composition of the board, appointments, directors remuneration, accountability, shareholders, employees, etc.

The Board of Directors of the Company recognizes the importance of good corporate governance and continues to be committed to ensure that high standards of corporate governance are practiced throughout the Group. This Statement is produced by the Board pursuant to para 15.25 of the Bursa Malaysia s Main Market Listing Requirements. Its purpose is to show how the Board has applied the principles set out in Part 1 and the extent to which it has complied with the best practices set out in Part II and where it has not complied with them it has stated the reasons for the non-compliance.

Board Of Directors

The Company has an effective Board entrusted with leadership responsibilities by its shareholders. It is headed by a Chairman who is independent of management and whose key role is the stewardship of the Board. The Senior Executive Director on the other hand is an executive director and the head of management whose key responsibilities are to run the business and implement the policies and strategies approved by the Board. Due to their contrasting roles at the head of the Company, the two roles are not combined.

Following this division of responsibilities at the head of the Company we have in the Board s composition included a balance of executive and independent non-executive directors so that no one group would dominate the decision making process.

Your Board consists of nine (9) directors, three (3) of whom are executives who have an intimate knowledge of the business. Amongst the remaining six (6) non-executive directors four (4) of them are independent, thus fulfilling the requirement under Rule 15.02 of the Bursa Malaysia s Main Market Listing Requirements which states that one-third of the Board s size must be independent. The Board is satisfied that the size has fulfilled its

2011:
The present day Unitata Complex with new PKS plant, new warehouse and additional storage tanks.

requirements adequately. A statutory declaration is made to Bursa Malaysia by all our independent directors in their individual capacity to the effect that they are independent in compliance with the Main Market Listing Requirements.

The composition of the Board reflects a mix of skills and experience and other qualities which non-executive directors should bring to the Board. Due to the diversified backgrounds and their independence the non-executive directors are ably engaged in healthy discussions and debates with the executive directors at the Board meetings which are conducive for an effective Board. The independent directors play a pivotal role in the Board s responsibilities. However, they are not accountable and responsible for the day to day running of the business, which is the role of the executive directors. The independent non-executive directors are actively involved in various Board committees and contribute significantly to areas such as performance monitoring and enhancement of corporate governance by providing independent assessment and opinions on proposals put forward by the executive directors and act as a check and balance for the executive directors.

The Board has established a formal and transparent policy for the role of the executive and non-executive directors as stated herebelow.

Their biographies as given in the Annual Report, show the necessary depth to bring experience and judgment to bear on the collective decision making processes of the Board. The Board s composition fairly represents the ownership structure of the Company with appropriate representatives from the two largest shareholders. There are adequate number of representatives on the Board who fairly reflect the interests of the minority shareholders.

The Board has established position descriptions for the role of the Senior Executive Director/ Inspector General Estates, the Vice Chairman/ Executive Director (Corporate Affairs) and the Executive Director (Finance & Marketing) who have specific management responsibilities for the day to day running of the business.

Shareholders voting during the proceedings at the 89th Annual General Meeting held on 19 June 2010.

The Company has included a Group Philosophy Statement in the inside cover of the Annual Report and it has clearly described its objectives in the statement on Corporate Social Responsibility to which the Board is deeply committed.

The Board has not identified an independent non-executive director to whom concerns may be conveyed as it is satisfied that they can be conveyed and discussed freely with the Chairman and the Senior Executive Director.

Board Responsibilities

The Board has assumed the following stewardship responsibilities in furtherance of its duties:

i) Reviewing and adopting a strategic plan for the Group;

ii) Overseeing the conduct of the Group s business to evaluate whether the business is being properly managed with regards to economy, social and environment;

iii) Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;

iv) Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;

v) Developing and implementing an investor relations programme or shareholder communications policy for the Company; and

vi) Reviewing the adequacy and the integrity of the Group s internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Supply of Information

All the directors are supplied with all information within the Company and the Group in a timely manner. The information is not only financial relating to performance but goes beyond. The Company Secretary upon the instruction of the Chairman will prepare the agenda and organize the information relating thereto in the Board files to be dealt with at the Board Meetings. The Board files are sent out to all directors not less than three (3) days before the Board Meetings.

The Company s monthly management accounts are sent to all Board members on a timely basis. In addition, monthly management accounts of key subsidiaries are sent to all the members of the Audit Committee. The proceedings of all Board and Committee meetings are minuted by the Company Secretary for confirmation at the next Board/Committee Meetings. All minutes of the Board committees are circulated to all members of the Board.

There are procedures in place for non-executive directors to obtain information from management. All directors have access to the services and the advice of the Company Secretary. The Board acknowledges the need for a competent Company Secretary to carry out the duties to which the post entails as well as to provide strong support to the Chairman to ensure its effective functioning.

The Board has access to professional advice from third parties in furtherance of their duties in accordance with the Company s established procedures.

All directors of the Company had completed the Mandatory Accreditation Programme (MAP). The directors are also mindful of their continuous training requirements. Directors are encouraged to attend various external professional programs relevant and useful in contributing to the effective discharging of their duties as directors.

The Company Secretary facilitates programme registration for interested directors and would maintain such records of the programmes and their attendance thereat. All directors are allowed to choose courses/seminars of relevance in discharging their duties.

Relevant training programmes, seminars and conferences attended by directors during the financial year ended 31 December 2010 were:-

A cultural performance during Unitata's dinner function held on 11 December 2010.

1. Financial Instruments: Recognition & Measurement- Practical Application of FRS 139

2. Bursa Malaysia s Annual Palm & Lauric Oils Conference & Exhibition: Price Outlook 2010/2011 (POC2010)

3. Minority Shareholders Watchdog Group (MSWG) Investor Training on Minority Shareholders Rights & Oppression and Remedies

4. RSPO: 8th Roundtable Meeting on Sustainable Palm Oil

5. Update on amendments to Bursa Malaysia Main Market Listing Requirements.

Board Meetings

The Board meets not less than four (4) times a year to review and approve the quarterly results for announcements. The Board meetings for the ensuing year are fixed in advance. Notice of meetings and the agenda are given in a timely manner.

Standard matters set out in the agenda for the Board meetings are as follows:-

1. Matters arising from the previous minutes of the Board and Committees of the Board

2. Monthly, Quarterly and Yearly Financial Statements and financial forecasts/projections

3. Matters relating to the business namely finance, land, staff & labour, succession planning, budgets production, marketing and others

4. New Investments

5. Subsidiary Companies

6. General

Specific responsibilities are delegated to Board Committees where appropriate. During the year under review five (5) Board meetings were held and the directors attendances thereat are summarized herebelow:-

Directors	No. of Meetings Attended	Held
Ybhg. Tan Sri Datuk Dr. Johari bin Mat -Chairman	5	5
Ybhg. Dato Carl Bek-Nielsen	5	5
Mr. Ho Dua Tiam	5	5
Mr. G. Peter Selvarajah	4	5
Mr. Ahmad Riza Basir	4	5
Ybhg. Dato Jeremy Derek Campbell Diamond	5	5
Mr. Martin Bek-Nielsen	5	5
Mr. Mohamad Nasir bin Ab. Latif	5	5
Mr. Brian Bech Nielsen	4	5

Nomination Committee

The Principal Board function of making recommendations for new appointments to the Board is delegated to the Nomination Committee. The Committee consists entirely of non-executive directors who are also independent. The Committee has access to the services of the Company s Secretary who would record and maintain minutes of meetings and obtain information for the purpose of meeting statutory obligations as well as obligations arising from Bursa Malaysia s Main Market Listing Requirements.

The members of the Nomination Committee are as follows:-

Ybhg. Tan Sri Datuk Dr. Johari bin Mat (Chairman)
(Independent, Non-Executive Director)

Ybhg. Dato Jeremy Derek Campbell Diamond
(Independent, Non-Executive Director)

Mr. G. Peter Selvarajah
(Independent, Non-Executive Director)

The Committee held one meeting in respect of year ended 31 December 2010 for the purpose of making an assessment of the directors and for considering directors who are due to retire on rotation at the A.G.M. Under Article 92 of the Company s Memorandum and Articles of Association at the A.G.M. one-third of the directors shall retire from office and are eligible to seek re-election. The committee also reviewed the required mix of skills and qualities that non-executive directors should bring to the Board. At this meeting an assessment on the effectiveness of the Board and the Committees, and the contributions of each individual director were deliberated. The Committee reached the conclusion that the Board Committees and the directors in their individual capacity supported the current needs of the Board.

Audit Committee

The Audit Committee consists entirely of three (3)non-executive directors who are also independent. The Terms of Reference includes scope, functions and activities. The activities of the Audit Committee during the year have been described at length in a separate statement in the Annual Report.

Executive Committee

The Executive Committee consists of executive directors only. Its responsibilities include reviewing the results of the Company and Group, review annual budgets, implement policies and procedures approved by the Board, implement recommendations of the Audit Committee, recommend expansion and diversification plans, implement policies for succession, replanting and replacement of plant and machinery, etc. The Committee has access to the services of the Company Secretary who records and maintains minutes of meetings.

The scope, functions and activities are given in the Terms of Reference approved by the Board.

The Executive Committee met three (3) times during the year 2010, and the minutes thereof were included in the Board files for information and deliberation by the Board.

Remuneration Committee And Directors Remuneration

The Remuneration Committee consists entirely of non-executive directors who are also independent, whose primary function is to review and recommend the remuneration for the Company s executive directors. The members of the Remuneration Committee are stated herebelow:-

Ybhg. Tan Sri Datuk Dr. Johari bin Mat (Chairman)
(Independent, Non-Executive Director)

Ybhg. Dato Jeremy Derek Campbell Diamond
(Independent, Non-Executive Director)

Mr. G. Peter Selvarajah
(Independent, Non-Executive Director)

The Remuneration Committee held one (1) meeting during the financial year ended 31 December 2010. It is the Committee s usual practice to draw information on the company s remuneration policy from management to assist them with their duties. Executive directors do not participate in the deliberations of the Remuneration Committee.

Their salaries are linked to their position, seniority, experience and the Company s overall profitability which would vary from year to year. The salary components are determined in accordance with the Company s established remuneration policy for executive directors.

The directors fees are reviewed by the Board only when it deems necessary, subject however to approval by the shareholders at the A.G.M. The amount is related to their level of responsibilities. The meeting attendance allowance is related to the number of meetings attended.

The aggregate remuneration for the year under review consisted of the following components shown herebelow:-

	Fees (RM)	Basic Salary (RM)	Additional Remuneration (RM)	Other Benefits (RM)	Meeting Attendance Allowance (RM)	Total (RM)
Non-Executive Directors	475,000	-	-	-	67,500	542,500
Executive Directors	195,000	358,800	2,501,250	455,018	22,500	3,532,568
Total	670,000	358,800	2,501,250	455,018	90,000	4,075,068

It is not the Board s policy to disclose the remuneration of each individual director due to the Company s concerns for the sensitivity and confidentiality of such information. However, it has resolved to disclose their salaries in the manner shown herebelow only for purposes of complying with the Code, differentiating the numbers between executive and non-executive directors.

Remuneration Range	Executive Directors	Non-Executive Directors
RM 50,001 - RM 100,000		5
RM 100,001 - RM 200,000		1
RM 1,000,000 - RM 1,100,000	2	
RM 1,300,000 - RM 1,450,000	1	

Shareholders

Communications and Investor Relations

The Board acknowledges the need for an effective communication policy with shareholders and investors as the same intimate relationship that exists with management is usually lacking with shareholders with the exception of the controlling shareholders who are represented on the Board. The Company s website: www.unitedplantations.com and the stock exchange websites: www.bursamalaysia.com, and www.nasdaqomxnordic.com are used as a forum to communicate with shareholders and investors where they can access corporate information, company s announcements, corporate proposals, quarterly and annual reports, etc.

Mr. Ho Dua Tiam, Sr. Executive Director, during one of his regular visits, is seen here with Mr. Aseervatham, Manager, Runtu Estate (Umpang Division) and his staff.

The Company s executive directors hold bi-annual briefings at its Headquarters with institutional investors, market analysts and fund managers. Questions relating to these announcements can be directed to Dato Carl Bek-Nielsen, Vice Chairman/Executive Director (Corporate Affairs) and Mr. Martin Bek-Nielsen, Executive Director (Finance & Marketing).

Besides the above, the Board believes that the Company s Annual Report is a vital source of essential information for shareholders and investors and other stakeholders. The Company strives to provide a high level of reporting and transparency as an added value for users.

The Annual General Meeting (A.G.M.)

The Annual General Meeting is an excellent forum for dialogue with all shareholders for which due notice is given. The shareholders are given the opportunity to vote on the regular business of the meeting, viz. consideration of the financial statements, consideration and approval of a final dividend, consideration and approval of directors and auditors fees, re-election of directors and special business if any, by a show of hands. In specific cases where required the result would be determined by a poll.

The Notice of A.G.M. is sent along with a Proxy Form to all shareholders. Items relating to special business in the agenda, if any, are supported with detailed explanatory notes in a Circular to Shareholders sent along with this Report. There are sufficient notes in the Proxy Forms to guide shareholders for the completion of the Proxy Forms.

The Chairman explains the voting procedure before the commencement of the A.G.M. The shareholders present are given the opportunity to present their views or to seek more information. The resolutions passed at the meeting are released to Bursa Malaysia in a timely manner.

All Board members, Senior Management from the Finance Department and the External Auditors are present to respond to questions from the shareholders during the A.G.M.

Accountability And Audit

Financial Reporting

The Board in compliance with 15.27a of Bursa Malaysia s Main Market Listing Requirements issues a Statement explaining its responsibility for preparing the annual audited financial statements. The Board is required by law to prepare financial statements for each financial year which will give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year in a manner which is comprehensive and transparent. In the preparation of the financial statements, the directors will consider compliance with all applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965.

Proceedings at the Company's 89th Annual General Meeting held on 19 June 2010 .

Internal Control

The Board recognizes its responsibility for the group s system of internal controls. In this connection, the Audit Committee conducts an annual review of the adequacy and effectiveness of the system of internal controls and render a statement to the shareholders to this effect. In this connection, the Audit Committee is assisted by an in-house internal audit department and an external independent professional firm who conduct regular reviews of the internal controls and report to the Audit Committee directly. The external auditors are appointed by the Board to review the Statement of Internal Control and to report thereon.

Relationship with the Auditors

The Board maintains a formal procedure of carrying out an independent review of all quarterly reports and annual audited financial statements by the Audit Committee, at its meetings. The external auditors and representatives of the management are present to answer questions and provide explanations to the Audit Committee.

The activities of the Audit Committee have been described at length in a separate statement given in this Annual Report.

Statement of Compliance with the Best Practices of the Code

Save for the non-disclosure of the remuneration of each individual director and the non-appointment of a senior independent non-executive director the Group has complied with the principles given in Part 1 and best practices in Part 2 of the Malaysian Code of Corporate Governance.

Economic Outlook 2011— Malaysia

Consumer Prices

The headline inflation is expected to average 2.5 - 3.5 % in 2011, as measured by the change in the Consumer Price Index (CPI), will continue to be driven by supply factors. This forecast reflects greater uncertainty in the external and domestic environment, particularly on global food and energy prices and the timing and magnitude of adjustments to administered prices by the Government.

Source : Bank Negara Malaysia

Statement On Directors Responsibility As At 31 December 2010

The Board is required under paragraph 15.27(a) of the Main Market Listing Requirements of Bursa Malaysia to issue a statement explaining its responsibility for preparing the annual audited financial statements.

The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company as at the financial year end and of the results and cashflows of the group for the financial year then ended.

The Directors consider that, in preparing the financial statements of United Plantations Berhad for the financial year ended 31 December 2010 the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates. The Directors also consider that all applicable Financial Reporting Standards in Malaysia have been complied with and confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965.

The Directors are also responsible for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Auditors responsibilities are stated in their report to the shareholders.

Economic Outlook 2011
GDP Growth

The global economy continues to recover, although the growth performance differs markedly across the regions. The advanced economies continue to record modest growth. In the regions, while growth has moderated amid weaker external demand, domestic activity remains robust. Global inflation is increasing primarily due to the rising energy and commodity prices. Following the strong performance in 2010, the Malaysian economy is projected to grow at 5-6% in 2011, supported mainly by continued expansion in domestic demand, whilst the external demand is expected to moderate in 2011.

Country	Real GDP Growth (%)		Inflation (%)	
	2009	2010e	2009	2010e
Asian NIEs[1]	**-0.8**	**8.3**	**1.3**	**2.3**
Korea	0.2	6.1	2.8	2.9
Chinese Taipei	-1.9	10.8	-0.9	1.0
Singapore	-0.8	14.5	0.6	2.8
Hong Kong SAR[2]	-2.7	6.8	0.5	2.4
The People s Republic of China	**9.2**	**10.3**	**-0.7**	**3.3**
ASEAN-4	**1.1**	**6.9**	**2.3**	**3.8**
Malaysia	-1.7	7.2	0.6	1.7
Indonesia	4.5	6.1	4.8	5.1
Thailand	-2.3	7.8	-0.9	3.3
Philippines	1.1	7.3	3.2	3.8
India[3]	**7.0**	**8.6**	**2.1**	**9.4**

1 Newly industrialised economies
2 Inflation refers to composite price index
3 Inflation refers to wholsesale price index
e Estimate

Source:
International Monetary Fund, National Authorities and Bank Negara Malaysia estimates

Statement On Internal Control

The Board of Directors (the Board) of United Plantations Berhad (the Group) recognises its responsibility for the Group s system of internal control and for the review of its adequacy and effectiveness, whilst the role of management is to implement the Board s policies on risks and controls. A sound system of internal control includes the establishment of an appropriate control environment and framework, encompassing financial, operational and compliance controls and management of risks throughout its operations in order to protect its shareholders value and the Group s assets as well as other stakeholders interests, at the same time.

Because of the limitations that are inherent in any system of internal control, such systems are designed to manage and mitigate risks that may impede the achievement of the Group s business objectives. Accordingly, the system of internal control provides only reasonable and not absolute assurance against material misstatement, error or loss. The concept of reasonable assurance also recognises that the cost of control procedures should not exceed the expected benefits.

Internal Control And Risk Management

The Board regards risk management as an integral part of business operations. There is in place a formal process to identify, evaluate and manage significant risks faced by the Group. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken and the time frame to mitigate and minimise these risks. The process is undertaken by management with the assistance of Internal Audit and a written report is submitted to the Board. Management proactively reviews the measures taken to manage those identified risks on a timely and consistent manner.

Other Key Elements Of Internal Control

Other key elements of the Group s system of internal control are as follows: -

- Defined management structure of the Group and clear delegation of authority to committees of the Board and management where authority levels have been clearly established;

- Established operating policies and procedures with respect to key operational areas are continuously reviewed and updated by management to reflect changing risk profile;

- Comprehensive financial and operational reports, including key performance indicators are reviewed against prescribed budgets and parameters by management and executive directors on a monthly basis;

- Regular meetings are held between the executive directors and management to deliberate on Group strategies and policies, operational and financial performance and other key issues;

- An annual budgetary process whereby each operating entity submits a budget and business plan to Group management for consolidation, review and approval, which is then tabled to the Board for deliberation;

- An internal audit function that is outsourced to an independent professional firm which reports directly to the Audit Committee. In addition, the Group also has a group internal audit department to complement the reviews by the independent professional firm. Based on a risk-based audit plan, the internal audit function performs periodic reviews of critical business processes to identify any significant risks, assess the effectiveness and adequacy of the system of internal control and where necessary, recommend possible improvements; and

- The Audit Committee, on behalf of the Board, receives reports from both the internal and external auditors and regularly reviews and holds discussions with management on the actions taken on identified internal control issues. The role of the Audit Committee is further elaborated in the Audit Committee Report on pages 100 to 102.

No major weaknesses in the system of internal controls were identified during the year, nor have any of the reported weaknesses resulted in material losses or contingencies requiring disclosure in the Group s Annual Report. Those areas of non-compliance with the procedures and policies and those which require improvements as highlighted by the internal and external auditors during the period have been, or are being addressed. The Board confirms that its system of internal control were operational throughout the financial year and up to the date of approval of the Annual Report.

The Board remains committed towards operating a sound system of internal control and therefore recognises that the system must continuously evolve to support the type of business and size of operations of the Group. As such, the Board, in striving for continuous improvement will put in place appropriate action plans, when necessary, to further enhance the Group s system of internal control.

Palm Oil Extraction Rates (OER) and Average FFB Yields

OER (%)	2010	2009
Malaysia	20.45	20.49
United Plantations Berhad	21.44*	21.73

FFB Yield (MT/Ha)	2010	2009
Malaysia	18.03	19.20
United Plantations Berhad	23.87*	29.05

Source : www.e-kilangmpob.com.my

* *including the production from our Indonesian plantations*

Malaysian CPO Production 2010

CPO production dropped by 3.3% to 16.99 million tonnes from 17.56 million tonnes in 2009. Unusual weather patterns of hot and dry condition in the first half of the year, coupled with heavy rainfall and floods towards the end of the year had affected the FFB yields and OER which in turn contributed to lower CPO production. The average FFB yield fell 6.1% to 18.03 tonnes.

Source : econ.mpob.gov.my

Audit Committee Report

Members of The Audit Committee :

Ybhg. Dato Jeremy Derek Campbell Diamond
(Chairman — appointed on 31-7-2001)
(Independent, Non-executive Director)

Mr. G. Peter Selvarajah
(appointed on 23-6-2001)
(Independent, Non-executive Director)
(Member of MIA)

Mr. Ahmad Riza Basir
(appointed on 19-6-2004)
(Independent, Non-executive Director)

1) Objectives

The primary objectives of the Committee are :

a) To assist in discharging the Board s responsibilities as they relate to the group s management including risk management, internal controls, accounting policies and financial reporting;

b) To provide, by way of regular meetings, a line of communication between the Board and the external and internal auditors;

c) To oversee and review the quality of the audits conducted by the external and internal auditors; and

d) To enhance the perceptions held by interested parties, such as shareholders, regulators, creditors and employees, of the credibility and objectivity of the financial reports.

2) Terms of Reference

a) Composition

The Committee shall be appointed by the Board from among the Directors of the Company and shall consist of not less than three (3) members, of whom, the majority shall be independent non-executive directors. No alternate director shall be appointed a member of the Committee.

At least one member of the Committee must be a member of the Malaysian Institute of Accountants (MIA) or has the necessary experience and is recognized under the Accountants Act 1967.

The members of the Committee shall elect the Chairman who shall be an independent non-executive director.

b) Authority

The Committee is authorized by the Board to investigate and audit any activity within its terms of reference and shall have unrestricted access to both the external and internal auditors and to all employees of the Group.

The Committee is also authorized by the Board to obtain external legal or other independent professional advice as necessary.

c) Scope and Function

The scope and functions of the Committee shall be to :

(a) Review the audit plan with the external auditors;

(b) Review with the external auditors, the Group s financial statements, and, reports issued by them in order to :

i) provide a channel for communication between the Board and audit function;

ii) evaluate the performance of the external auditors and consequently recommend their reappointment or otherwise; and

iii) recommend for approval of the Board the external audit fees.

(c) Review and approve the financial Statements prior to presentation to the Board of Directors for approval;

(d) Review and approve the internal audit plan;

(e) Review with the external and internal auditors, their evaluation of the system of internal controls;

(f) Report to the Board of Directors all pertinent issues raised by the external and internal auditors;

(g) Review the quality and effectiveness of the internal audit function;

(h) Review follow-up actions by management on any weaknesses in internal accounting procedures and controls as highlighted by the external and internal auditors;

(i) Review any significant transactions which are not within the normal course of business and any related party transactions that may arise within the Company or Group;

(j) Review interim financial information;

(k) Review accounting policies to determine suitability; and

(l) Perform any other work that is required or empowered to do by statutory legislation or guidelines as prepared by relevant government authorities which will include, but not limited to:

i) the Securities Commission;
ii) Bursa Malaysia Securities Berhad; and
iii) the Ministry of Finance.

d) Frequency of Meetings and Attendance

The Committee shall meet at least four times a year.

The quorum of two members is the minimum required to be present at any Committee meeting. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

Questions arising at any meeting shall be decided by a majority vote, each member having one vote and in the event of a tie, the Chairman shall have a second or casting vote. However, at meetings where two members form a quorum, or when only two members are competent to vote on an issue, the Chairman shall not have a casting vote.

The Secretary of the Committee shall be the Company Secretary. The Secretary shall maintain minutes of the proceedings of the meetings. The minutes of the meetings shall be tabled at the United Plantations Berhad Board of Directors meeting.

Members of management of the Group and representatives of the external and internal auditors may attend the Committee meetings by invitation.

The external auditors may request a meeting if they consider it necessary to discuss matters which they believe should be brought to the attention of the Committee.

3) Meetings

The Committee held five (5) meetings in the year 2010 to conduct and discharge its functions in accordance with the Terms Reference mentioned above. Details of Directors attendances at Audit Committee meetings are as follows:

Name of Director	No. of meetings Attended	Held
Ybhg. Dato Jeremy Derek Campbell Diamond	5	5
Mr. G. Peter Selvarajah	5	5
Mr. Ahmad Riza Basir	4	5

4) Activities

The following activities were carried out by the Committee since the last financial year:

a) Reviewed and discussed the Quarterly Financial Statements and the Annual Financial Statements of the Group with the external auditors prior to presentation to the Board for approval;

b) Reviewed all related party transactions;

c) Reviewed the recurrent related party transactions included in the circular to shareholders for their mandate;

d) Reviewed with the external and internal auditors their audit plans, scope of work and ascertained that they will meet the needs of the Board, the shareholders and regulatory authorities;

e) Reviewed and discussed with the external and internal auditors issues and their findings noted in the course of their audit of the Group, including their evaluation of the system of internal control and risk management policies and procedures;

f) Made recommendations to the management on pertinent points noted by the external and internal auditors; and

g) The Committee also appraised the adequacy of actions and remedial measures taken by management in resolving issues reported by the external and internal auditors and by the Committee; and

h) Considered the appointment of external auditors for the Group for the year 2011 and recommended to the Board for its approval.

Additional Disclosures

Pursuant to the listing requirements of Bursa Malaysia Securities Berhad, additional disclosures by the Group for the year ended 31 December 2010 are as follows :-

1) Utilization of proceeds raised from Corporate Proposals

   There were no issue of shares during the financial year.

2) Share Buy-Backs

   There were no share buy-backs or cancellation or resale of treasury shares during the financial year.

3) Options, Warrants and Convertible Securities

   There were no option, warrants or convertible securities in issue during the financial year.

4) American Depository Receipt (ADR) and Global Depository Receipt (GDR)

   The Company did not sponsor any ADR and GDR in the financial year.

5) Sanctions and / or Penalties

   During the financial year, there were no sanctions and/or penalties imposed on the Company or its subsidiary companies, Directors or Officers arising from any significant breach of rules/guidelines/legislation by the relevant regulatory authorities.

6) Non-audit fees paid to External Auditors

   Non-audit fees paid and payable to Company and Subsidiaries external auditors for the financial year were as follows :-

	RM
Tax services	73,200

7) Variation in Profit Estimates, Forecasts, Projections or Unaudited Results

   The Group had not issued any profit estimate, forecast or projections during the financial year. There was no variation in the results from the unaudited results for the financial year previously announced.

8) Profit Guarantee

   The Group has not provided any profit guarantee in the financial year.

9) Cost of Internal Audit

   RM 331,000 was incurred by the Group in the financial year for its outsourced internal audit and in-house internal audit department.

UP Share Prices

Year	2010	2009	2008	2007	2006
Highest Price Per Share (RM)	17.70	14.00	14.60	14.80	9.75
Lowest Price Per Share (RM)	13.32	9.70	7.85	9.00	7.00

The price of United Plantations Berhad shares on Bursa Malaysia Securities Berhad reached a **high** of **RM17.70** and recorded a **low** of **RM13.32** per share for the year ended 31 December 2010. Compared with the corresponding prices achieved in 2006, this represented an increase of 81.54% and 90.28% respectively.

UNITED PLANTATIONS BERHAD
(Company No. 240-A)

Financial Statements
For the year ended 31 December 2010

Contents

Crop harvested at one of our estates in Indonesia being transported by small trucks to our mill.

Report Of The Directors For The Year Ended 31 December 2010

The Directors have pleasure in submitting for your consideration their 90th annual report together with the audited financial statements of the Company and of the Group for the year ended 31 December 2010.

Principal Activities

The Company carries on the business of oil palm and coconut cultivation and processing on its plantations in Peninsular Malaysia.

The Company also has an active Research Centre providing improved planting material for the Group's estates as well as for the Malaysian agricultural sector in general.

The subsidiary companies are primarily engaged in the following activities:

(a) Business of oil palm cultivation and processing in Indonesia.

(b) Refining of palm oil, manufacturing edible oils, fats, soap products, cocoa butter substitute and trading in crude palm oil and palm kernel products.

(c) Handling, storage, shipping and forwarding of vegetable oil and molasses.

(d) Investment holding.

There have been no significant changes in the nature of these activities during the year.

Financial Results

	Group RM'000	Company RM'000
Profit after taxation	264,707	255,132
Attributable to:		
Equity holders of the Company	264,307	255,132
Minority Interests	400	-
Total	264,707	255,132

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, other than the effects arising from the changes in accounting policies that have been disclosed in the financial statements.

Group's Plantation Properties

The Group's plantation properties at the end of the year were as follows:

Malaysia	Hectares
UIE estates	10,363
Jendarata	6,380
Kuala Bernam	830
Sungei Bernam	2,292
Ulu Bernam	3,194
Changkat Mentri	2,549
Ulu Basir	3,987
Sungei Erong	3,663
Sungei Chawang	3,286
Seri Pelangi	1,422
Lima Blas	2,889
Sub-total	40,855
Indonesia	
PT Surya Sawit Sejati (planted area)	9,093
PT Sawit Seberang Seberang (planted area)	928
Sub-total	10,021
Total	50,876

Report Of The Directors For The Year Ended 31 December 2010

A statement, which is included in the annual report, contains an analysis of the area of the individual crops. The planting and replanting programmes completed during 2010 were as follows:

2,037 hectares of oil palm replanted with oil palm
94 hectares of coconut replanted with coconut
70 hectares of coconut replanted with oil palm
225 hectares newly planted with oil palm

Dividends

Dividends paid by the Company since the end of the previous financial year are as follows:

a) An interim dividend of 20% less 25% tax amounting to RM31,220,140 in respect of the previous financial year was paid on 4 February 2010.

b) A final dividend of 20% less 25% tax amounting to RM31,220,140 in respect of the previous financial year was paid on 22 July 2010.

c) A special dividend of 30% less 25% tax amounting to RM46,830,210 in respect of the previous financial year was paid on 22 July 2010.

d) An interim dividend of 20% less 25% tax amounting to RM31,220,140 in respect of the current financial year was paid on 28 January 2011.

e) A special dividend of 15% less 25% tax amounting to RM23,415,105 in respect of the current financial year was paid on 28 January 2011.

At the forthcoming Annual General Meeting, a final dividend of 20% less 25% tax amounting to RM31,220,140 and a special dividend of 35% less 25% tax amounting to RM54,635,245 in respect of the year ended 31 December 2010 on the ordinary shares in issue at book closure date will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2011.

Directors

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Ybhg. Tan Sri Datuk Dr. Johari bin Mat
Mr. Ho Dua Tiam
Mr. G. Peter Selvarajah
Ybhg. Dato' Carl Bek-Nielsen
Mr. Ahmad Riza Basir
Ybhg. Dato' Jeremy Derek Campbell Diamond
Mr. Martin Bek-Nielsen
Mr. Mohamad Nasir bin Ab. Latif
Mr. Brian Bech Nielsen

Report Of The Directors For The Year Ended 31 December 2010

The following Directors who held office at the end of the financial year had according to the register required to be kept under Section 134 of the Companies Act, 1965, an interest in shares of the Company and its subsidiary companies, as stated below:

	Number of Shares of RM1.00 each				
The Company:	1 January 2010	Bought	Sold	31 December 2010	% of Issued Share Capital
Ybhg. Tan Sri Datuk Dr. Johari bin Mat					
- held directly	110,000	-	-	110,000	0.05
- deemed interested	-	10,000	-	10,000	-
Mr. Ho Dua Tiam					
- held directly	707,400	-	-	707,400	0.34
Mr. G. Peter Selvarajah					
- held directly	88,120	-	-	88,120	0.04
Ybhg. Dato' Carl Bek-Nielsen					
- held directly	1,858,185	203,371	-	2,061,556	0.99
- deemed interested	95,382,617	592,993	-	95,975,610*1	46.11
Mr. Ahmad Riza Basir					
- held directly	70,500	-	-	70,500	0.03
- deemed interested	2,641,440	-	-	2,641,440	1.27
Ybhg. Dato' Jeremy Derek Campbell Diamond					
- held directly	14,000	-	-	14,000	0.01
- deemed interested	210,000	15,000	-	225,000	0.11
Mr. Martin Bek-Nielsen					
- held directly	501,412	20,000	-	521,412	0.25
- deemed interested	95,377,617	557,500	-	95,935,117*2	46.09
Mr. Brian Bech Nielsen					
- deemed interested	5,000	-	-	5,000	-

Report Of The Directors For The Year Ended 31 December 2010

Notes:

*1 Dato' Carl Bek-Nielsen

8,478,132 shares	-	Deemed interested in the shares registered in the name of United International Enterprises Limited
87,446,600 shares	-	Deemed interested in the shares registered in the name of Maximum Vista Sdn. Bhd.
10,385 shares	-	Deemed interested in the shares registered in the name of International Plantations Services Limited Ref. 10
28,058 shares	-	Deemed interested in the shares registered in the name of his spouse
12,435 shares	-	Deemed interested in the shares registered in the name of his daughter
95,975,610 shares		

*2 Mr. Martin Bek-Nielsen

8,478,132 shares	-	Deemed interested in the shares registered in the name of United International Enterprises Limited
87,446,600 shares	-	Deemed interested in the shares registered in the name of Maximum Vista Sdn. Bhd.
10,385 shares	-	Deemed interested in the shares registered in the name of International Plantations Services Limited Ref. 10
95,935,117 shares		

By virtue of their interest in the shares of United International Enterprises Limited, Maximum Vista Sdn. Bhd. and International Plantations Services Limited, Dato' Carl Bek-Nielsen and Mr. Martin Bek-Nielsen are also deemed to have interest in the shares of all the subsidiary companies of the Company to the extent the Company has an interest in them.

The remaining Director in office at the end of the financial year did not have any interest in shares in the Company or its related corporations during the financial year.

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest except as disclosed in Note 26 to the financial statements.

Report Of The Directors For The Year Ended 31 December 2010

Other Statutory Information

(a) Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

  (i) it necessary to write off any bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

  (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report there does not exist:

  (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

  (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

  (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations when they fall due; and

  (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Report Of The Directors For The Year Ended 31 December 2010

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 1 April 2011.

TAN SRI DATUK DR. JOHARI BIN MAT	}	Directors
HO DUA TIAM	}	

Jendarata Estate,
36009 Teluk Intan,
Perak Darul Ridzuan,
Malaysia

Income Statements

For The Year Ended 31 December 2010

		Group		Company	
		2010	2009 (restated)	2010	2009 (restated)
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	4	969,163	816,674	505,328	553,888
Other income		23,920	26,968	10,514	12,246
		993,083	843,642	515,842	566,134
Changes in finished goods		6,184	(1,672)	16,417	2,717
Raw materials and consumables used		(424,463)	(255,987)	(19,148)	(17,744)
Amortisation of biological assets		(20,206)	(18,962)	(17,928)	(18,284)
Depreciation of property, plant and equipment		(27,138)	(23,317)	(19,143)	(17,989)
Amortisation of land use rights		(300)	(300)	-	-
Staff costs		(107,461)	(106,664)	(92,442)	(94,935)
Other expenses		(81,207)	(74,606)	(53,034)	(59,999)
Profit from operations	5	338,492	362,134	330,564	359,900
Finance costs	6	(17)	(31)	(15)	(27)
Reversal of impairment losses on unquoted shares		-	1,482	-	1,482
Share of results of associate	12	-	50	-	-
Investment and interest income	7	10,985	9,162	10,306	8,004
Profit before taxation		349,460	372,797	340,855	369,359
Taxation	8	(84,753)	(91,913)	(85,723)	(93,600)
Net profit for the year		264,707	280,884	255,132	275,759
Attributable to:					
Equity holders of the Company		264,307	281,475	255,132	275,759
Minority interests		400	(591)	-	-
		264,707	280,884	255,132	275,759
Earnings per share (sen)	9	127	135		

The accompanying notes form an integral part of the financial statements.

Statements Of Comprehensive Income
For The Year Ended 31 December 2010

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Net profit for the year	264,707	280,884	255,132	275,759
Foreign Currency Translation	(25)	1,813	-	-
Other comprehensive income (loss)/income for the year, net of tax	(25)	1,813	-	-
Total comprehensive income for the year	264,682	282,697	255,132	275,759
Total comprehensive income attributable to:				
Equity holders of the Company	264,302	283,208	255,132	275,759
Minority interests	380	(511)	-	-
	264,682	282,697	255,132	275,759

The accompanying notes form an integral part of the financial statements.

Statement Of Financial Position

As At 31 December 2010

Group	Note	2010 RM'000	2009 (restated) RM'000	As at 1 January 2009 (restated) RM'000
Assets				
Non-Current Assets				
Biological assets	10(a)	355,266	321,821	241,345
Property, plant and equipment	10(b)	874,153	846,380	744,175
Land use rights	10(c)	30,794	31,173	25,105
Advances to a foreign company		-	-	19,182
Associated company	12	50	50	-
Available for sale financial assets	13	7,521	10,553	9,071
Derivatives	29(g)	2,029	-	2,968
		1,269,813	1,209,977	1,041,846
Current Assets				
Inventories	14	140,220	135,168	139,465
Trade receivables	15	39,451	22,719	60,433
Other receivables, deposits and prepayments	16	51,568	40,377	37,154
Tax recoverable		361	475	487
Amount due from associated company	12	6	48	48
Available for sale financial assets	13	5,000	-	-
Deposits with licensed banks	17	489,024	415,013	361,084
Cash and bank balances		8,922	13,211	11,201
Derivatives	29(g)	1,795	-	-
		736,347	627,011	609,872
Total Assets		2,006,160	1,836,988	1,651,718
Equity and Liabilities				
Equity attributable to equity holders of the Company				
Share capital	18	208,134	208,134	208,134
Reserves	19	1,563,935	1,430,011	1,224,853
		1,772,069	1,638,145	1,432,987
Minority Interest		505	125	619
Total Equity		1,772,574	1,638,270	1,433,606
Non-Current Liabilities				
Deferred taxation	20	68,535	62,286	59,094
Retirement benefit obligations	21	7,433	6,704	7,129
Derivatives	29(g)	-	26	-
		75,968	69,016	66,223
Current Liabilities				
Trade payables	22	22,679	12,006	19,193
Other payables and accruals	22	52,510	45,973	56,278
Taxation		23,901	33,089	37,120
Dividends payable		54,635	31,220	31,220
Bank borrowings	23	1,487	123	19
Retirement benefit obligations	21	1,917	1,178	1,424
Derivatives	29(g)	489	6,113	6,635
		157,618	129,702	151,889
Total Liabilities		233,586	198,718	218,112
Total Equity and Liabilities		2,006,160	1,836,988	1,651,718

The accompanying notes form an integral part of the financial statements.

Statement Of Financial Position

As At 31 December 2010

Company	Note	2010 RM'000	2009 (restated) RM'000	As at 1 January 2009 (restated) RM'000
Assets				
Non-Current Assets				
Biological assets	10(a)	197,057	183,645	178,722
Property, plant and equipment	10(b)	697,006	691,165	684,701
Subsidiary companies	11	347,051	300,451	177,451
Associated company	12	50	50	50
Available for sale financial assets	13	7,521	10,553	9,071
		1,248,685	1,185,864	1,049,995
Current Assets				
Inventories	14	60,796	46,453	45,282
Trade receivables	15	103	3,450	4,496
Other receivables, deposits and prepayments	16	34,386	7,665	16,652
Amounts due from subsidiary companies	11	94,568	116,130	93,761
Amount due from associated company	12	6	48	48
Available for sale financial assets	13	5,000	-	-
Deposits with licensed banks	17	448,815	380,065	327,079
Cash and bank balances		740	2,336	5,570
		644,414	556,147	492,888
Total Assets		1,893,099	1,742,011	1,542,883
Equity and Liabilities				
Equity attributable to equity holders of the Company				
Share capital	18	208,134	208,134	208,134
Reserves	19	1,491,157	1,366,742	1,169,033
Total Equity		1,699,291	1,574,876	1,377,167
Non-Current Liabilities				
Deferred taxation	20	66,600	59,000	53,800
Retirement benefit obligations	21	5,823	5,391	5,787
		72,423	64,391	59,587
Current Liabilities				
Trade payables	22	1,575	1,694	1,302
Other payables and accruals	22	37,115	33,749	34,076
Amounts due to subsidiary companies	11	2,454	1,926	1,594
Taxation		23,901	33,085	36,735
Dividends payable		54,635	31,220	31,220
Retirement benefit obligations	21	1,705	1,070	1,202
		121,385	102,744	106,129
Total Liabilities		193,808	167,135	165,716
Total Equity and Liabilities		1,893,099	1,742,011	1,542,883

The accompanying notes form an integral part of the financial statements.

Consolidated Statement Of Changes In Equity

For The Year Ended 31 December 2010

Group	Note	Share capital (Note 18)	Available for sale reserve (Note 19)	Share premium (Note 19)	Capital reserve (Note 19)	Foreign currency translation reserve (Note 19)	Retained profits (Note 19)	Total	Minority interest	Total equity
		← Attributable to Equity Holders of the Company						→		
		← Non-distributable				→	Distributable			
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2009		208,134	-	181,920	21,798	(2,989)	1,024,124	1,432,987	619	1,433,606
Acquisition of subsidiary	11(b)	-	-	-	-	-	-	-	17	17
Total comprehensive income for the year		-	-	-	-	1,733	281,475	283,208	(511)	282,697
Dividends	24	-	-	-	-	-	(78,050)	(78,050)	-	(78,050)
At 31 December 2009		208,134	-	181,920	21,798	(1,256)	1,227,549	1,638,145	125	1,638,270
At 1 January 2010		208,134	-	181,920	21,798	(1,256)	1,227,549	1,638,145	125	1,638,270
Effects arising from adoption of FRS 139		-	2,307	-	-	-	-	2,307	-	2,307
		208,134	2,307	181,920	21,798	(1,256)	1,227,549	1,640,452	125	1,640,577
Total comprehensive income for the year		-	(339)	-	-	334	264,307	264,302	380	264,682
Dividends	24	-	-	-	-	-	(132,685)	(132,685)	-	(132,685)
At 31 December 2010		208,134	1,968	181,920	21,798	(922)	1,359,171	1,772,069	505	1,772,574

The accompanying notes form an integral part of the financial statements.

Statement Of Changes In Equity
For The Year Ended 31 December 2010

Company

	Note	Share capital (Note 18) RM'000	Available for sales reserve (Note 19) RM'000	Share premium (Note 19) RM'000	Retained profits (Note 19) RM'000	Total RM'000
		← Non-distributable		→	Distributable	
At 1 January 2009		208,134	-	181,920	987,113	1,377,167
Total comprehensive income for the year		-	-	-	275,759	275,759
Dividends	24	-	-	-	(78,050)	(78,050)
At 31 December 2009		208,134	-	181,920	1,184,822	1,574,876
At 1 January 2010		208,134	-	181,920	1,184,822	1,574,876
Effects arising from adoption of FRS 139		-	2,307	-	-	2,307
		208,134	2,307	181,920	1,184,822	1,577,183
Total comprehensive income for the year		-	(339)	-	255,132	254,793
Dividends	24	-	-	-	(132,685)	(132,685)
At 31 December 2010		208,134	1,968	181,920	1,307,269	1,699,291

The accompanying notes form an integral part of the financial statements.

Cash Flow Statements
For The Year Ended 31 December 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Cash Flows From Operating Activities					
Receipts from customers		952,431	854,388	508,675	554,934
Payments to suppliers		(413,790)	(263,174)	(19,267)	(17,352)
Payments of operating expenses		(187,695)	(191,891)	(166,410)	(140,068)
Payments of taxes		(87,578)	(92,740)	(87,307)	(92,050)
Other receipts		23,683	26,847	10,277	12,134
Net cash generated from operating activities		287,051	333,430	245,968	317,598
Cash Flows From Investing Activities					
Proceeds from sale of property, plant and equipment		544	121	497	112
Interest income		11,695	7,407	11,117	6,271
Pre-cropping expenditure incurred		(62,119)	(80,094)	(32,413)	(25,379)
Purchase of property, plant and equipment	(a)	(59,837)	(126,192)	(25,335)	(26,581)
Land use rights payment made		(804)	(1,602)	-	-
Subscription of Redeemable Cumulative Convertible Preference Shares ("RCCPS") issued by subsidiary companies	11(a)	-	-	(46,600)	(123,000)
Acquisition of subsidiary	11(b)	-	1	-	-
Grant received from Government		1,073	845	1,073	845
Net cash used in investing activities		(109,448)	(199,514)	(91,661)	(167,732)

The accompanying notes form an integral part of the financial statements.

Cash Flow Statements
For The Year Ended 31 December 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Cash Flows From Financing Activities					
Interest paid		(17)	(31)	(15)	(27)
Dividends paid		(109,270)	(78,050)	(109,270)	(78,050)
Inter-company balances		-	-	22,090	(22,037)
Associated company balances		42	-	42	-
Net cash used in financing activities		(109,245)	(78,081)	(87,153)	(100,114)
Net increase in cash and cash equivalents		68,358	55,835	67,154	49,752
Cash and cash equivalents at beginning of year		428,101	372,266	382,401	332,649
Cash and cash equivalents at end of year	(b)	496,459	428,101	449,555	382,401

(a) Purchase of property, plant and equipment during the year was fully paid for in cash and excludes intragroup transfers.

(b) Analysis of cash and cash equivalents:

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Deposits with licensed banks	489,024	415,013	448,815	380,065
Cash and bank balances	8,922	13,211	740	2,336
Bank overdrafts	(1,487)	(123)	-	-
	496,459	428,101	449,555	382,401

The accompanying notes form an integral part of the financial statements.

Notes To The Financial Statements

1. Corporate Information

The Company carries on the business of oil palm and coconut cultivation and processing on its plantations in Peninsular Malaysia. The Company also has an active Research Centre providing improved planting material for the Group's estates as well as for the Malaysian agricultural sector in general. The principal activities of the subsidiary companies and associated company are as disclosed in Note 3.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad and the NASDAQ OMX Copenhagen A/S. The registered office and principal place of business is located at Jendarata Estate, 36009 Teluk Intan, Perak Darul Ridzuan.

The number of employees at 31 December 2010 for the Group was 6,995 (2009: 7,029) and for the Company was 5,386 (2009: 5,415).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 1 April 2011.

2. Significant Accounting Policies

2.1 Basis of Preparation

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards (“FRS”) and the Companies Act, 1965 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (“RM'000”) except when otherwise indicated.

2.2 Changes In Accounting Policies

On 1 January 2010, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

– FRS 7 Financial Instruments : Disclosures
– FRS 8 Operating Segments
– FRS 101 Presentation of Financial Statements (Revised)
– FRS 123 Borrowing Costs
– FRS 139 Financial Instruments: Recognition and Measurement
– Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of and Investment in a Subsidiary, Jointly Controlled Entity or Associate

- Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 132 Financial Instruments: Presentation
- Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
- Improvements to FRS issued in 2009
- IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 10 Interim Financial Reporting and Impairment
- IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13 Customer Loyalty Programmes
- IC Interpretation 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

FRS 4 Insurance Contracts and TR i-3 Presentation of Financial Statements of Islamic Financial Institutions will also be effective for annual periods beginning on or after 1 January 2010. These FRS are, however, not applicable to the Group or the Company.

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively (see Note 27).

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as two linked statements.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 30).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard have been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- Equity Instruments
  Prior to 1 January 2010, the Group and the Company classified its investments in equity instruments which were held for non-trading purposes as non-current investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investments, except for those whose fair value cannot be reliably measured, are designated at 1 January 2010 as available-for-sale financial assets and accordingly are stated at their fair values as at that date amounting to RM7,860,000. The adjustments to their previous carrying amounts are recognised as adjustments to the opening balance of reserves as at 1 January 2010.

The following are effects arising from the above changes in accounting policies:

Group and Company	Increase/(Decrease) As at 31 December 2010 RM'000	As at 1 January 2010 RM'000
Statements of financial position		
Investment in securities (non-current)		
- available-for-sale financial assets	(339)	2,307
Other reserves		
- fair value adjustment reserve	(339)	2,307
Statements of comprehensive income		
Foreign currency translation	(339)	-
Total comprehensive income	(339)	-

Amendments to FRS 117 Lease

Prior to 1 January 2010, leasehold land where the title was not expected to pass to the lessee by the end of lease term was treated as an operating lease. The payment made on entering into or acquiring a leasehold land was accounted for as land use rights that were amortised over the lease term in accordance with the pattern of benefits provided.

Upon the adoption of the amendments to FRS 117 in relation to classification of lease of land, the Group and the Company reassessed the classification of a leasehold land as a finance lease or an operating lease based on the extent of risks and rewards associated with the land. The Group and the Company have determined that all leasehold land of the Group and the Company in Malaysia are in substance finance leases and have reclassified their leasehold land from land use rights to property, plant and equipment.

The reclassification has been made retrospectively and does not affect the profit or loss for the current period ended 31 December 2010 and the preceding year corresponding period ended 31 December 2009.

Notes To The Financial Statements

The following are effects to the statements of financial positions as at 31 December 2010 arising from the above change in accounting policy:

	Group and Company RM'000
Increase / (decrease) in:	
Property, plant and equipment	347,530
Land use rights	(347,530)

The following comparatives have been restated:

	As previously stated RM'000	Adjustment RM'000	As restated RM'000
Statements of financial position			
Group			
31 December 2009			
Property, plant and equipment	494,718	351,662	846,380
Land use rights	382,835	(351,662)	31,173
1 January 2009			
Property, plant and equipment	388,414	355,761	744,175
Land use rights	380,866	(355,761)	25,105
Company			
31 December 2009			
Property, plant and equipment	339,503	351,662	691,165
Land use rights	351,662	(351,662)	-
1 January 2009			
Property, plant and equipment	328,940	355,761	684,701
Land use rights	355,761	(355,761)	-

Notes To The Financial Statements

The following reclassifications were made to the income statements of prior year to be consistent with current year presentation arising from the above change in accounting policy:

	As previously stated RM'000	Adjustment RM'000	As restated RM'000
Income Statements			
Group			
31 December 2009			
Depreciation of property, plant and equipment	(19,218)	(4,099)	(23,317)
Amortisation of land use rights	(4,399)	4,099	(300)
Company			
31 December 2009			
Depreciation of property, plant and equipment	(13,890)	(4,099)	(17,989)
Amortisation of land use rights	(4,099)	4,099	-

The above reclassifications do not have any impact on the profit of prior year.

Notes To The Financial Statements

2.3 Summary Of Significant Accounting Policies

(a) Subsidiary Companies And Basis Of Consolidation

Subsidiary companies are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the reporting date. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiary companies are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group. It is measured at the minorities' share of the fair values of the subsidiary companies' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiary companies' equity since then.

(b) Associated Companies

Associated companies are entities in which the Group has significant influence and that is neither a subsidiary company nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associated company is carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associated company.

The Group's share of the net profit or loss of the associated company is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associated company, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses in transactions between the Group and the associated company are eliminated to the extent of the Group's interest in the associated company. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associated company. The associated company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company.

Goodwill relating to an associated company is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any long-term interest that, in substance, form part of the Group's net investment in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

The most recent available audited financial statements of the associated companies are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associated companies are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

(c) (i) Biological Assets

Biological assets comprise pre-cropping expenditure incurred from land clearing to the point of maturity. Such expenditure is capitalised and is amortised at maturity of the crop at the following rates which are deemed as the useful economic lives of the crop:

Pre-cropping expenditure - oil palm	over 20 years or 5%
Pre-cropping expenditure - coconut palm	over 30 years or approximately 3.33%

Notes To The Financial Statements

(c) (ii) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land and capital work-in-progress are stated at cost less accumulated depreciation and any accumulated impairment losses.

The cost of freehold land initially acquired is allocated between the land, buildings and biological assets elements in proportion to the relative fair values for the interests in the land element, buildings element and biological assets element. Freehold land has an unlimited useful life and therefore is not depreciated. Long term leasehold land is depreciated over the period of the lease which ranges from 50 to 99 years. Capital work-in-progress are also not depreciated as these assets are not available for use. Other property, plant and equipment are depreciated by equal annual installments over their estimated economic lives based upon the original cost or deemed cost on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life. The principal annual depreciation rates used are:

Buildings	2% - 5%
Bulking installations	5%
Railways	over 25 years or 4%
Rolling stock	over 14 years or approximately 7.14%
Plant and machinery	5% - 20%
Furniture and office equipment	10% - 20%
Motor vehicles, tractors and implements	12.5% - 25%

The residual value, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

(iii) Land Use Rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

(d) Inventories

Contracted produce stocks are stated at contracted price and uncommitted produce stocks are stated at market value at the reporting date.

All other inventories are valued at the lower of cost and estimated net realisable value. Cost includes the actual cost of materials, labour and appropriate production overheads and is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(e) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income tax payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(f) Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (”RM”), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated to the functional currency at exchange rates ruling on the transaction dates.

Exchange differences arising on the settlement of monetary items or on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign Operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

(g) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Sale of goods
Revenue from sale of produce stocks and finished goods is recognised when the significant risk and rewards of ownership of the produce stocks and finished goods have passed to the buyer.

(ii) Interest income
Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

(iii) Dividend income
Dividend income from investment is recognised when the right to receive payment is established.

(iv) Revenue from services
Revenue from services is recognised when services are rendered and invoiced.

(v) Rental income
Rental income is recognised on a time proportion basis.

(h) Employee Benefits

(i) Short term benefits
Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statement as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). In addition, the Group also contributes to a defined contribution fund set up for certain eligible employees of the Group.

(iii) Defined benefit plans

The Company and certain subsidiary companies provide for retirement benefit for their eligible employees on unfunded, defined benefit plans in accordance with the terms of employment and practices. The Group's obligations under these plans are determined internally based on certain actuarial assumptions where the amount of benefits that employees have earned in return for their services rendered is estimated. Benefits are discounted using the Projected Unit Credit Method in order to determine their present values.

Full provision has been recognised for retirement benefit payable to all eligible employees. Should an employee leave before attaining the retirement age, the provision made for the employee is written back. Actuarial gains or losses are recognised as income or expense immediately. Past service costs are recognised immediately.

(i) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, including land clearing and planting up to the time of maturity, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

(j) Impairment Of Non-Financial Assets

At each reporting date, the Group reviews the carrying amounts of its assets, other than inventories, assets arising from employee benefits and financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of an asset's fair value less cost to sell and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs and prorated to the asset by reference to the cost of the asset to the cost of the cash-generating unit.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any available previously recognised revaluation surplus for the same asset.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(k) Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include available for sale investments and loans and receivables.

(i) Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as receivables.

Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the receivables are derecognised or impaired, and through the amortisation process.

Receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(ii) Available for sale financial assets

Available for sale financial assets are financial assets that are designated as available for sale or are not classified in any of the two preceding categories.

After initial recognition, available for sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available for sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available for sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

(iii) Marketable securities at fair value

Marketable securities are carried at market value, determined on an aggregate basis. Market value is determined based on quoted market price. Increases or decreases in the carrying amount of marketable securities are recognised in the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

(l) Impairment Of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised costs

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group’s and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

(ii) *Available for sale financial assets*

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available for sale financial assets are impaired.

If an available for sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available for sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available for sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(m) Cash And Cash Equivalent

Cash and cash equivalents represent cash and bank balances, fixed deposits and other short term highly liquid investments that are readily convertible into cash with insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

(n) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The Group and the Company classify all their financial liabilities as other financial liabilities.

(i) Payables

Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

(ii) Interest-bearing borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

(iii) Other financial liabilities

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(o) Equity Instruments

Ordinary shares are classified as equity. The transaction costs of an equity transaction, other than in the context of a business combination, are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided. Costs of issuing equity securities in connection with a business combination are included in the cost of acquisition. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(p) Financial Assets Or Financial Liabilities At Fair Value Through Profit Or Loss

Financial assets or financial liabilities held for trading are derivatives. The Group uses derivatives such as forward foreign exchange contracts and commodity futures contracts to hedge the Group's exposure to foreign currency and commodity price fluctuations.

Such derivatives are measured at fair value at each reporting date. The fair values of derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives are recognised in profit or loss.

The fair values of the forward foreign exchange contracts have been calculated using the rates quoted by the Group's bankers to terminate the contracts at the reporting date and the fair value of the commodity futures contracts are calculated using future market prices quoted by the Group's broker as at reporting date.

(q) Research And Development Costs

All general research and development costs are expensed as incurred.

(r) Operating Leases - The Group As Lessee

Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease.

(s) Government Grants

Grants that compensate the Group for replanting expenses incurred are credited against the pre-cropping expenditure and are amortised over the economic life of the crop.

Grants received as incentives by the Group are recognised as income in the periods the incentives are receivable where there is reasonable assurance that the grant will be received.

Notes To The Financial Statements

2.4 Significant Accounting Estimate

The key assumptions concerning the future and other key source of estimation uncertainty at the reporting date, that have significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

(i) Impairment Of Land Use Rights

During the previous financial year, the Group had recognised impairment losses of RM10,832,000 in respect of a subsidiary's land use rights which has been set aside for conservation and social commitments in accordance with the Group's commitment towards the environment, local communities and regulations in Indonesia. The Group carried out the impairment test based on the value-in-use of the land use rights involved. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the land use rights. The carrying amount of the remaining land use rights in the said subsidiary as at 31 December 2010 amounted to RM3,364,000 (2009:RM3,576,000). Further details are disclosed in Note 10(c).

(ii) Biological Assets

Biological assets comprise pre-cropping expenditure incurred from land clearing to the point of maturity. Such expenditure is capitalised and is amortised at maturity of the crop over the useful economic lives of the crop. Management estimates the useful economic lives of the Group's and the Company's oil palms and coconut palms to be 20 years and 30 years respectively.

(iii) Deferred Tax Assets

The unutilised reinvestment allowances are available indefinitely for offset against future taxable profits of a subsidiary company in which those items arose. Deferred tax assets have not been recognised in respect of these items by the management as they are not allowed to be used to offset taxable profits of other companies in the Group, and it is not foreseen that there would be taxable profits to utilise these allowances in the near future.

Notes To The Financial Statements

2.5 Standards Issued But Not Yet Effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
FRS 1 First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 Business Combinations (Revised)	1 July 2010
Amendments to FRS 2 Share-based Payment	1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127 Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132 Classification of Rights Issues	1 March 2010
Amendments to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 7 Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 1 Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2 Group Cash-settled Share-based Payment Transactions	1 January 2011
IC Interpretation 4 Determining Whether An Arrangement contains a Lease	1 January 2011
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
Improvements to FRSs issued in 2010	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14 Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
FRS 124 Related Party Disclosures (Revised)	1 January 2012

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3, the amendments to FRS 127 are described below.

(a) Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be adopted early. However, the Group does not intend to adopt early.

Notes To The Financial Statements

3. Group Structure

The subsidiary companies are as follows:

Company	Country of incorporation	Percentage of equity held by the Group 2010 %	2009 %	Activity (see below)
Unitata Berhad	Malaysia	100	100	(a)
Butterworth Bulking Installation Sdn. Bhd.	Malaysia	100	100	(b)
Bernam Agencies Sdn. Bhd.	Malaysia	100	100	(c)
Bernam Advisory Services Sdn. Bhd.	Malaysia	100	100	(c)
Berta Services Sdn. Bhd.	Malaysia	100	100	(c)
PT. Surya Sawit Sejati (PT SSS1)	Indonesia	95	95	(d)
PT. Sawit Seberang Seberang (PT SSS2) (Note 11(b))	Indonesia	93	93	(e)
United International Enterprises (M) Sdn. Bhd.	Malaysia	100	100	Dormant
Kapal Bernam Sdn. Bhd.	Malaysia	100	100	Dormant
Scanlook Sdn. Bhd.	Malaysia	100	100	Dormant

All subsidiaries and associate are audited by Ernst & Young, Malaysia other than PT SSS1 and PT SSS2, which are audited by a member firm of Ernst & Young Global in Indonesia.

The subsidiary companies are primarily engaged in the following activities:

(a) Refining of palm oil, manufacturing edible oils, fats, soap products, cocoa butter substitute and trading in crude palm oil and palm kernel products.

(b) Handling, storage, shipping and forwarding of vegetable oil and molasses.

(c) Investment holding.

(d) Business of oil palm cultivation and processing in Indonesia.

(e) Business of oil palm cultivation in Indonesia. The 928 hectares of oil palms planted as at the reporting date are still in early phase of maturity. The revenue during the year is insignificant.

Notes To The Financial Statements

The associated company is as follows:

Company	Country of incorporation	Percentage of equity held by the Group 2010 %	2009 %
Bernam Bakery Sdn. Bhd.	Malaysia	30	30

The associated company is dormant and the financial statements of the associated company are coterminous with those of the Group.

4. Revenue

	Group		Company	
	2010 RM 000	2009 RM 000	2010 RM 000	2009 RM 000
Revenue consists of the following and excludes, in respect of the Group, intragroup transactions:				
Sales proceeds of produce stocks	441,469	539,122	505,328	553,888
Sales proceeds of finished goods	526,057	276,309	-	-
Rendering of services	1,637	1,243	-	-
	969,163	816,674	505,328	553,888

Notes To The Financial Statements

5. Profit From Operations

	Group		Company	
	2010 RM 000	2009 RM 000	2010 RM 000	2009 RM 000
Profit from operations is arrived at, after charging:				
Directors remuneration				
- fees	781	781	670	670
- emoluments	3,315	3,303	3,315	3,303
- others	90	95	90	95
Auditors remuneration				
- statutory audit : current year	252	252	172	172
- non-audit service	5	5	5	5
- statutory audit fee received by a member firm of EY Global	70	70	-	-
Write-down of inventories	978	-	727	284
Biological asset written off	-	1,327	-	1,327
Rental of premises	902	355	31	31
Rental of equipment	1,621	880	57	42
Impairment on biological asset	-	1,605	-	-
Impairment on land use rights	-	10,832	-	-
Allowance for impairment for trade receivable	320	62	-	-
Property, plant and equipment written off	112	242	112	211
Unrealised foreign exchange loss	15,951	371	-	11
Realised foreign exchange loss	5	-	-	-
and crediting:				
Rental income	115	104	115	104
Reversal of write-down of inventories	1,031	483	-	-
Profit on disposal of property, plant and equipment	268	121	258	112
Coconut incentive from Government	291	1,063	291	1,063
Unrealised foreign exchange gain	3,000	24,575	-	-
Realised foreign exchange gain	11,119	5,123	-	-

Notes To The Financial Statements

Staff costs of the Group and of the Company incurred during the financial year consist of the following:

	Group		Company	
	2010 RM 000	2009 RM 000	2010 RM 000	2009 RM 000
Wages and salaries	89,576	90,140	76,840	79,988
Social security cost	443	441	326	331
Pension costs				
- defined contribution plans	5,253	5,443	4,434	4,732
- defined benefit plans (Note 21)	1,953	199	1,314	44
Other staff related expenses	10,236	10,441	9,528	9,840
	107,461	106,664	92,442	94,935

Included in staff costs of the Group and of the Company are executive directors' emoluments amounting to RM3,315,000 (2009: RM3,303,000) .

In addition to contribution to the Employees Provident Fund, the Group also contributes to a defined contribution fund set up for certain eligible employees of the Group.

6. Finance Costs

	Group		Company	
	2010 RM 000	2009 RM 000	2010 RM 000	2009 RM 000
Finance costs consist of interest expenses on:				
- bank overdraft / bankers acceptances	17	31	15	27

Notes To The Financial Statements

7. Investment and Interest Income

	Group		Company	
	2010 RM 000	2009 RM 000	2010 RM 000	2009 RM 000
Interest received from subsidiary companies	-	-	420	11
Interest income from deposits with licensed banks	10,985	9,162	9,886	7,993
	10,985	9,162	10,306	8,004

8. Taxation

	Group		Company	
	2010 RM 000	2009 RM 000	2010 RM 000	2009 RM 000
Current income tax:				
Malaysian income tax	79,281	89,825	78,900	89,500
Overprovision in prior years	(777)	(1,104)	(777)	(1,100)
	78,504	88,721	78,123	88,400
Deferred tax (Note 20):				
Relating to origination and reversal of temporary difference	6,249	3,192	7,600	5,200
Total income tax expense	84,753	91,913	85,723	93,600

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year. Deferred tax as at 31 December 2010 is computed based on the assumption that the domestic statutory tax rate will remain at 25% in subsequent years of assessment.

Notes To The Financial Statements

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2010 RM 000	2009 RM 000	2010 RM 000	2009 RM 000
Profit before taxation	349,460	372,797	340,855	369,359
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	87,365	93,199	85,214	92,340
Income not subject to tax	(59)	(6,793)	(59)	(614)
Expenses not deductible for tax purposes	6,388	10,697	4,100	4,763
Utilisation of current year reinvestment allowance and double deduction for research	(6,734)	(1,789)	(2,755)	(1,789)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	-	(845)	-	-
Utilisation of previously unrecognised reinvestment allowances	(755)	(450)	-	-
Deferred tax assets not recognised	665	998	-	-
Overprovision of income tax in prior years	(777)	(1,104)	(777)	(1,100)
Effect of taxation on temporary differences excluded on initial recognition	(1,340)	(2,000)	-	-
Tax expense for the year	84,753	91,913	85,723	93,600

9. Earnings per share

The calculation of earnings per share is based on net profit for the year attributable to equity holders of the Company of RM264,307,000 (2009: RM281,475,000) divided by the weighted number of ordinary shares of 208,134,266 (2009: 208,134,266) in issue during the year.

	Group	
	2010 sen	2009 sen
Basic earnings per share for:		
Profit for the year	127	135

Notes To The Financial Statements

10. (a) Biological Assets

	Group		Company	
	2010 RM 000	2009 RM 000	2010 RM 000	2009 RM 000
Pre-cropping expenditure				
Cost				
At 1 January	585,389	485,913	450,460	428,820
Additions	63,000	81,875	32,413	25,379
Acquisition of subsidiary (Note 11(b))	-	11,712	-	-
Written off	(10,673)	(2,894)	(10,673)	(2,894)
Receipt of grant from Government	(1,073)	(845)	(1,073)	(845)
Exchange differences	(8,276)	9,628	-	-
At 31 December	628,367	585,389	471,127	450,460
Accumulated amortisation and impairment losses				
At 1 January				
Accumulated amortisation	261,963	244,568	266,815	250,098
Accumulated impairment losses	1,605	-	-	-
	263,568	244,568	266,815	250,098
Amortisation for the year	20,206	18,962	17,928	18,284
Impairment	-	1,605	-	-
Written off	(10,673)	(1,567)	(10,673)	(1,567)
At 31 December	273,101	263,568	274,070	266,815
Analysed as :				
Accumulated amortisation	271,496	261,963	274,070	266,815
Accumulated impairment losses	1,605	1,605	-	-
	273,101	263,568	274,070	266,815
Net Book Value				
At 31 December	355,266	321,821	197,057	183,645

Included in the additions of the Group during the year are depreciation of property, plant and equipment of subsidiary companies, PT SSS1 and PT SSS2 totalling RM881,000 (2009: RM1,781,000).

Notes To The Financial Statements

10. (b) Property, Plant and Equipment

Group

	Freehold land RM 000	Long term leasehold land RM 000	Buildings RM 000	Plant and machinery RM 000	Capital work-in-progress* RM 000	Total RM 000
Cost						
At 1 January 2010:						
As previously stated	203,558	-	171,274	410,918	105,556	891,306
Effects of adopting the amendments to FRS 117	-	385,452	-	-	-	385,452
As restated	203,558	385,452	171,274	410,918	105,556	1,276,758
Additions	-	-	10,149	29,427	20,261	59,837
Disposals	-	-	-	(3,332)	-	(3,332)
Written off	-	-	-	(493)	-	(493)
Reclassification	-	-	6,518	88,299	(94,817)	-
Exchange differences	-	-	(127)	(336)	(3,396)	(3,859)
At 31 December 2010	203,558	385,452	187,814	524,483	27,604	1,328,911
Accumulated depreciation and impairment losses						
At 1 January 2010:						
As previously stated						
Accumulated depreciation	-	-	112,543	272,559	-	385,102
Accumulated impairment losses	-	-	-	11,486	-	11,486
	-	-	112,543	284,045	-	396,588
Effects of adopting the amendments to FRS 117	-	33,790	-	-	-	33,790
As restated	-	33,790	112,543	284,045	-	430,378
Depreciation for the year	-	4,132	5,281	17,725	-	27,138
Depreciation capitalised during the year (Note 10(a))	-	-	101	780	-	881
Disposals	-	-	-	(3,056)	-	(3,056)
Written off	-	-	-	(381)	-	(381)
Exchange differences	-	-	(16)	(186)	-	(202)
At 31 December 2010	-	37,922	117,909	298,927	-	454,758

Notes To The Financial Statements

Group

	Freehold land RM 000	Long term leasehold land RM 000	Buildings RM 000	Plant and machinery RM 000	Capital work-in-progress* RM 000	Total RM 000
Analysed as :						
Accumulated depreciation	-	37,922	117,909	287,441	-	443,272
Accumulated impairment losses	-	-	-	11,486	-	11,486
	-	37,922	117,909	298,927	-	454,758
Net Book Value						
At 31 December 2010	203,558	347,530	69,905	225,556	27,604	874,153
Cost						
At 1 January 2009						
As previously stated	203,483	-	161,932	382,014	17,888	765,317
Effects of adopting the amendments to FRS 117	-	385,452	-	-	-	385,452
As restated	203,483	385,452	161,932	382,014	17,888	1,150,769
Additions	75	-	8,376	19,887	97,854	126,192
Acquisition of subsidiary (Note 11(b))	-	-	97	657	-	754
Disposals	-	-	-	(1,188)	-	(1,188)
Written off	-	-	(76)	(558)	-	(634)
Reclassification	-	-	789	9,783	(10,572)	-
Exchange differences	-	-	156	323	386	865
At 31 December 2009 (restated)	203,558	385,452	171,274	410,918	105,556	1,276,758

Notes To The Financial Statements

Group

	Freehold land RM 000	Long term leasehold land RM 000	Buildings RM 000	Plant and machinery RM 000	Capital work-in-progress* RM 000	Total RM 000
Accumulated depreciation and impairment losses						
At 1 January 2009:						
As previously stated						
Accumulated depreciation	-	-	107,236	258,181	-	365,417
Accumulated impairment losses	-	-	-	11,486	-	11,486
	-	-	107,236	269,667	-	376,903
Effects of adopting the amendments to FRS 117	-	29,691	-	-	-	29,691
As restated	-	29,691	107,236	269,667	-	406,594
Depreciation for the year	-	4,099	5,264	13,954	-	23,317
Depreciation capitalised during the year (Note 10(a))	-	-	71	1,710	-	1,781
Acquisition of subsidiary (Note 11(b))	-	-	5	111	-	116
Disposals	-	-	-	(1,188)	-	(1,188)
Written off	-	-	(45)	(347)	-	(392)
Exchange differences	-	-	12	138	-	150
At 31 December 2009 (restated)	**-**	**33,790**	**112,543**	**284,045**	**-**	**430,378**
Analysed as :						
Accumulated depreciation	-	33,790	112,543	272,559	-	418,892
Accumulated impairment losses	-	-	-	11,486	-	11,486
	-	33,790	112,543	284,045	-	430,378
Net Book Value						
At 31 December 2009 (restated)	203,558	351,662	58,731	126,873	105,556	846,380

Notes To The Financial Statements

Group

*Capital work-in-progress of the Group mainly consists of construction of plants and buildings at the following locations:

	2010 RM 000	2009 RM 000
In the estates of the Company in Peninsular Malaysia	1,064	5,986
In Unitata Berhad	18,698	43,087
In PT SSS1, Central Kalimantan, Indonesia	7,842	56,483
	27,604	105,556

Notes To The Financial Statements

Company

	Freehold land RM 000	Long term leasehold land RM 000	Buildings RM 000	Plant and machinery RM 000	Capital work-in-progress* RM 000	Total RM 000
Cost						
At 1 January 2010:						
As previously stated	202,993	-	144,008	272,907	5,986	625,894
Effects of adopting the amendments to FRS 117	-	385,452	-	-	-	385,452
As restated	202,993	385,452	144,008	272,907	5,986	1,011,346
Additions	-	-	6,339	17,932	1,064	25,335
Disposals	-	-	-	(3,123)	-	(3,123)
Written off	-	-	-	(493)	-	(493)
Reclassifications	-	-	-	5,986	(5,986)	-
At 31 December 2010	202,993	385,452	150,347	293,209	1,064	1,033,065
Accumulated Depreciation						
At 1 January 2010:						
As previously stated	-	-	101,628	184,763	-	286,391
Effects of adopting the amendments to FRS 117	-	33,790	-	-	-	33,790
As restated	-	33,790	101,628	184,763	-	320,181
Depreciation for the year	-	4,132	4,579	10,432	-	19,143
Disposals	-	-	-	(2,884)	-	(2,884)
Written off	-	-	-	(381)	-	(381)
At 31 December 2010	-	37,922	106,207	191,930	-	336,059
Net Book Value						
At 31 December 2010	202,993	347,530	44,140	101,279	1,064	697,006

Company

	Freehold land RM 000	Long term leasehold land RM 000	Buildings RM 000	Plant and machinery RM 000	Capital work-in-progress* RM 000	Total RM 000
Cost						
At 1 January 2009						
As previously stated	202,918	-	138,521	261,601	-	603,040
Effects of adopting the amendments to FRS 117	-	385,452	-	-	-	385,452
As restated	202,918	385,452	138,521	261,601	-	988,492
Additions	75	-	7,505	13,015	5,986	26,581
Disposals	-	-	(2,018)	(1,155)	-	(3,173)
Written off	-	-	-	(554)	-	(554)
At 31 December 2009 (restated)	202,993	385,452	144,008	272,907	5,986	1,011,346
Accumulated Depreciation						
At 1 January 2009:						
As previously stated	-	-	96,968	177,132	-	274,100
Effects of adopting the amendments to FRS 117	-	29,691	-	-	-	29,691
As restated	-	29,691	96,968	177,132	-	303,791
Depreciation for the year	-	4,099	4,761	9,129	-	17,989
Disposals	-	-	(101)	(1,155)	-	(1,256)
Written off	-	-	-	(343)	-	(343)
At 31 December 2009 (restated)	-	33,790	101,628	184,763	-	320,181
Net Book Value						
At 31 December 2009 (restated)	202,993	351,662	42,380	88,144	5,986	691,165

Notes To The Financial Statements

10. (c) Land Use Rights

	Group		Company	
	2010 RM 000	2009 RM 000	2010 RM 000	2009 RM 000
At 1 January:				
As previously stated	382,835	380,866	351,662	355,761
Effects of adoption the amendments to FRS 117	(351,662)	(355,761)	(351,662)	(355,761)
At 1 January (restated)	31,173	25,105	-	-
Additions	804	1,602	-	-
Acquisition of subsidiary (Note 11(b))	-	13,622	-	-
Amortisation for the year	(300)	(300)	-	-
Impairment	-	(10,832)	-	-
Exchange differences	(883)	1,976	-	-
At 31 December 2010/2009 (restated)	30,794	31,173	-	-

11. Subsidiary Companies

(a) Investment in subsidiary companies

	Company	
	2010 RM 000	2009 RM 000
Unquoted shares at cost	350,043	303,443
Less: Accumulated impairment losses	(2,992)	(2,992)
	347,051	300,451

During the year, the Company subscribed to a total of 46,600,000 (2009: 123,000,000) RCCPS issued by the following subsidiary companies:-

(i) 43,300,000 (2009: 95,000,000) issued by Bernam Advisory Services Sdn. Bhd.. These funds in turn were used to provide a loan to PT SSS1.

(ii) 3,300,000 (2009: 28,000,000) issued by Berta Services Sdn Bhd.. The funds in the previous year were used to settle the advances provided to PT SSS2 by PT SSS1.

(b) Acquisition of subsidiary in prior year

On 27 April 2007, the Company entered into a Master Agreement with the shareholders of PT. Sawit Seberang Seberang ("PT SSS2"), an unlisted company incorporated in Indonesia, whereby the Company will have a 93% interest in PT SSS2. The Company was in the process of acquiring the shares of PT SSS2 and obtaining the approvals of the relevant Indonesian and Malaysian authorities in previous years. In prior year, the relevant approvals were obtained and as such, the acquisition was completed on 6 November 2009 with a cost of RM84,000.

With the acquisition, the net assets of PT SSS2 were consolidated into the statement of financial position of the Group and all intragroup transactions including the advances provided to PT SSS2 in previous years amounting to RM19,182,000 for the purpose of securing land rights and plantation development costs in Kalimantan, Indonesia were hence eliminated accordingly in the Group’s financial statements as at year end 31 December 2009.

The acquired subsidiary had contributed the following results to the Group:

	2009 RM 000
Revenue	-
Loss for the year	11,572

If the acquisition had occured on 1 January 2009, the Group s share of revenue and loss for the year would have been Nil respectively.

The assets and liabilities arising from the acquisition were as follows:

	Fair value recognised on acquisition RM 000	Acquiree carrying amount RM 000
Cash and bank balances	1	1
Inventories	1,167	1,167
Property, plant and equipment (Note 10(a))	638	638
Biological assets (Note 10(b))	11,712	11,712
Land use rights (Note 10(c))	13,622	13,622
	27,140	27,140
Accounts payable	(27,039)	(27,039)
Fair value of net assets	101	101
Less: Minority interest	(17)	
Group’s share of net assets/cost of acquisition	84	

There was no cash outflow for the Group arising from the acquisition in prior year as the purchase consideration of RM84,000 was netted off against the advances provided to PT SSS2 previously.

(c) Amounts due from subsidiary companies

	Company	
	2010 RM 000	2009 RM 000
At 31 December	101,601	123,163
Less: Allowance for impairment	(7,033)	(7,033)
	94,568	116,130
Amount receivable within next 12 months	94,568	116,130
Amount receivable after next 12 months	-	-
Trade debts	12,151	43,409
Non-trade debts	82,417	72,721
	94,568	116,130

The amounts due from subsidiary companies are unsecured. The trade debts from a subsidiary company have fixed term of repayments and the overdue trade debts bear an average interest at approximately 2.74% (2009: 2.30%) per annum. All other amounts are repayable on demand and non-interest bearing.

(d) Amounts due to subsidiary companies

The amounts due to subsidiary companies are interest free, unsecured and repayable on demand.

Notes To The Financial Statements

12. Associated Company

	Group		Company	
	2010	2009	2010	2009
	RM 000	RM 000	RM 000	RM 000
Investment in an associated company				
Unquoted shares, at cost	101	101	101	101
- Share of post acquisition losses and reserves (see Note (i) below)	(51)	(51)	-	-
- Accumulated impairment losses	-	-	(51)	(51)
	50	50	50	50

	Group	
	2010	2009
	RM 000	RM 000
Represented by :		
Share of net assets	50	50
Note (i):		
Share of post acquisition losses and reserves is arrived at as follows:		
Profit for the year	-	50
Share of accumulated losses	(51)	(101)
	(51)	(51)

The amount due from associated company is interest free, unsecured and repayable on demand.

Notes To The Financial Statements

13. Other Investments

	Group/ Company 2010 RM 000	2009 RM 000
Available for sale financial assets		
- Current		
Negotiable instrument of deposit	5,000	-
- Non-current		
Negotiable instrument of deposit	-	5,000
Unquoted shares		
At cost	10,018	10,018
Accumulated impairment losses	(4,465)	(4,465)
Carrying amount	5,553	5,553
Effects arising from adoption of FRS 139	2,307	-
Fair value changes	(339)	-
	7,521	5,553
	7,521	10,553

The negotiable instrument of deposit with tenor of 4 years was purchased in 2007 and matures on 18 October 2011. During the financial year, the instrument earned interest of 2.45% (2009: 2.45%).

Notes To The Financial Statements

14. Inventories

	Group		Company	
	2010 RM 000	2009 RM 000	2010 RM 000	2009 RM 000
At net realisable value				
Produce stocks	45,711	19,766	36,183	19,766
At carrying amount				
Estate stores (Note (a))	31,356	32,773	24,613	26,687
Raw materials	6,504	7,848	-	-
Work-in-progress	1,391	729	-	-
Finished goods (Note (b))	49,953	69,873	-	-
Consumables (Note (c))	5,305	4,179	-	-
	140,220	135,168	60,796	46,453
Note (a):				
Estate stores	30,376	38,167	24,664	26,952
Reversal of write-down/ (write-down) of inventories	980	(5,394)	(51)	(265)
	31,356	32,773	24,613	26,687
Note (b):				
Finished goods	50,213	69,973	-	-
Write-down of inventories	(260)	(100)	-	-
	49,953	69,873	-	-
Note (c):				
Consumables	6,650	5,340	-	-
Write-down of inventories	(1,345)	(1,161)	-	-
	5,305	4,179	-	-

Included in produce stocks of the Group and of the Company are unrealised profit amounting to RM35,785,000 and RM29,837,000, respectively (2009: Group and Company RM15,052,000) arising from valuation of the inventories at net realisable value. As at 31 January 2011, all the produce stocks as at 31 December 2010 had been delivered to customers.

Notes To The Financial Statements

15. Trade Receivables

	Group		Company	
	2010	2009	2010	2009
	RM 000	RM 000	RM 000	RM 000
Balance as at 31 December	40,055	24,018	103	3,450
Less: Allowance for impairment	(604)	(1,299)	-	-
	39,451	22,719	103	3,450

Included in trade receivables of the Group is an amount of RM19,990,000 (2009: RM10,974,000) being trade debts due from companies in which certain Directors have an interest. These trade debts are unsecured and overdue trade debts, if any, bear interest at prevailing market rate.

The average credit terms granted to the Group's customers, including related parties, are 10 to 60 days (2009: 10 to 60 days).

Except for the amount due from companies in which certain Directors have an interest, the Group has no other significant concentration of risk that may arise from exposures to a single debtor or to a group of debtors.

Ageing analysis of trade receivables

The ageing analysis of the Group and the Company s trade receivables is as follows:

	Group		Company	
	2010	2009	2010	2009
	RM 000	RM 000	RM 000	RM 000
Neither past due nor impaired	38,282	21,852	103	3,450
1 to 30 days past due not impaired	725	581	-	-
31 to 60 days past due not impaired	425	233	-	-
61 to 90 days past due not impaired	5	21	-	-
91 to 120 days past due not impaired	14	32	-	-
	1,169	867	-	-
Impaired	604	1,299	-	-
	40,055	24,018	103	3,450

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 66% (2009: 94%) of the Group trade receivables arise from customers with more than three years of business relationships with the Group.

None of the Group s trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM1,169,000 (2009: RM867,000) that are past due at the reporting date but not impaired. These receivables are unsecured in nature.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2010 RM 000	2009 RM 000
Trade receivables		
- nominal amounts	604	1,299
Less: Allowance for impairment	(604)	(1,299)
	-	-

Movement in allowance accounts:

	Group	
	2010 RM 000	2009 RM 000
At 1 January	1,299	1,237
Charge for the year (Note 5)	320	62
Written off	(1,015)	-
At 31 December	604	1,299

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Notes To The Financial Statements

16. Other receivables, deposits and prepayments

	Group		Company	
	2010	2009	2010	2009
	RM 000	RM 000	RM 000	RM 000
Other receivables	19,957	37,341	6,475	7,485
Deposits	28,494	959	27,484	98
Prepayments	3,117	2,077	427	82
	51,568	40,377	34,386	7,665

Included in other receivables of the Group and the Company is an amount of RM42,000 (2009: RM20,000) being receivables from a company in which certain Directors have interests. This amount is interest free, unsecured and repayable on demand.

Included in deposit of the Group and Company is an amount of RM27,390,000 (2009: Nil) being deposit placed with a broker for Malaysia Derivatives Exchange ("MDEX") of Futures Crude Palm Oil.

Following the disclosure for Derivatives as per Note 29(g), the comparatives for other receivables, deposits and prepayments of the Group have been restated:

	As previously stated RM 000	Adjustment RM 000	As restated RM 000
Group			
31 December 2009			
Other receivables, deposits and prepayments	34,238	6,139	40,377
Derivatives - current liabilities	-	(6,113)	(6,113)
Derivatives - non-current liabilities	-	(26)	(26)
1 January 2009			
Other receivables, deposits and prepayments	33,487	3,667	37,154
Derivatives - non-current assets	-	2,968	2,968
Derivatives - current liabilities	-	(6,635)	(6,635)

Notes To The Financial Statements

17. Deposits With Licensed Banks

The weighted average interest rates during the financial year and the average maturity period of deposits as at 31 December 2010 are as follows:

	Weighted average interest rates		Average maturity period	
	2010 %	2009 %	2010 Days	2009 Days
Deposits with licensed banks	2.63	2.17	60	60

18. Share Capital

	Number of ordinary shares of RM1 each		Amount	
	2010 Unit 000	2009 Unit 000	2010 RM 000	2009 RM 000
Authorised	500,000	500,000	500,000	500,000
Issued and fully paid:				
At 1 January and 31 December	208,134	208,134	208,134	208,134

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Notes To The Financial Statements

19. Reserves

	Group 2010 RM 000	Group 2009 RM 000	Company 2010 RM 000	Company 2009 RM 000
Distributable				
Retained profits	1,359,171	1,227,549	1,307,269	1,184,822
Non-distributable				
Available for sale reserve	1,968	-	1,968	-
Share premium	181,920	181,920	181,920	181,920
Capital reserve	21,798	21,798	-	-
Foreign currency translation reserve	(922)	(1,256)	-	-
	204,764	202,462	183,888	181,920
Total	1,563,935	1,430,011	1,491,157	1,366,742

The nature and purpose of each category of reserve are as follows:

(a) Retained Profits

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2010 and 2009 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

As at 31 December 2010, the Company has sufficient credit in the 108 balance and tax exempt income account to pay frank dividends amounting to RM616,474,000 (2009: RM745,587,000) out of its retained earnings. If the balance of the retained earnings of RM690,795,000 (2009: RM439,235,000) were to be distributed as dividends, the Company may distribute such dividends under the single tier system.

(b) Available For Sale Reserve

The available for sale reserve represents the cumulative fair value changes, until the available for sale financial assets are disposed of or impaired.

(c) Capital Reserve

The capital reserve is in respect of bonus shares issued by subsidiary companies out of their retained earnings.

(d) Foreign Currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations.

20. Deferred taxation

	Group		Company	
	2010 RM 000	2009 RM 000	2010 RM 000	2009 RM 000
At 1 January	62,286	59,094	59,000	53,800
Recognised in profit or loss (Note 8)	6,249	3,192	7,600	5,200
At 31 December	68,535	62,286	66,600	59,000
Presented after appropriate offsetting as follows:				
Deferred tax assets	(13,417)	(9,522)	(3,700)	(3,344)
Deferred tax liabilities	81,952	71,808	70,300	62,344
	68,535	62,286	66,600	59,000

Notes To The Financial Statements

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Accelerated Capital Allowances RM 000	Others RM 000	Total RM 000
At 1 January 2010	71,575	233	71,808
Recognised in profit or loss	9,491	653	10,144
At 31 December 2010	81,066	886	81,952
At 1 January 2009	65,709	149	65,858
Recognised in profit or loss	5,866	84	5,950
At 31 December 2009	71,575	233	71,808

Deferred tax assets of the Group:

	Retirement Benefits Obligations RM 000	Unutilised Tax Losses And Reinvestment Allowances RM 000	Others RM 000	Total RM 000
At 1 January 2010	(1,971)	(5,137)	(2,414)	(9,522)
Recognised in profit or loss	(367)	(3,996)	468	(3,895)
At 31 December 2010	(2,338)	(9,133)	(1,946)	(13,417)
At 1 January 2009	(2,083)	(1,876)	(2,805)	(6,764)
Recognised in profit or loss	112	(3,261)	391	(2,758)
At 31 December 2009	(1,971)	(5,137)	(2,414)	(9,522)

Notes To The Financial Statements

Deferred tax liabilities of the Company:

	Accelerated Capital Allowances RM 000
At 1 January 2010	62,344
Recognised in profit or loss	7,956
At 31 December 2010	70,300
At 1 January 2009	55,786
Recognised in profit or loss	6,558
At 31 December 2009	62,344

Deferred tax assets of the Company:

	Retirement Benefits Obligations RM 000	Others RM 000	Total RM 000
At 1 January 2010	(1,615)	(1,729)	(3,344)
Recognised in profit or loss	(267)	(89)	(356)
At 31 December 2010	(1,882)	(1,818)	(3,700)
At 1 January 2009	(1,717)	(269)	(1.986)
Recognised in profit or loss	102	(1,460)	(1,358)
At 31 December 2009	(1,615)	(1,729)	(3,344)

Deferred tax assets (net) have not been recognised in respect of the following items:

	Group	
	2010 RM 000	2009 RM 000
Unutilised reinvestment allowances	1,419	755

The unutilised reinvestment allowances are available indefinitely for offsetting against future taxable profits of the subsidiary company in which those items arose, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

21. Retirement Benefit Obligations

The Company and certain subsidiary companies pay retirement benefits to their eligible employees in accordance with the terms of employment and practices. These plans are generally of the defined benefit type under which benefits are based on employees years of service and at predetermined rates and or average final remuneration, and are unfunded. No formal independent actuarial valuations have been undertaken to value the Group s obligations under these plans but are estimated by the Group based on the following actuarial assumptions:

	2010 %	2009 %
Discount rate in determining the actuarial present value of the obligations	6.0	6.0
The average rate of increase in future earnings	4.0	4.0
Turnover of employees under the age of 45 years	20.0	20.0

The amounts recognised in the statements of financial position are determined as follows:

	Group		Company	
	2010	2009	2010	2009
	RM 000	RM 000	RM 000	RM 000
Present value of unfunded defined benefit obligations	9,350	7,882	7,528	6,461
At 1 January	7,882	8,553	6,461	6,989
Provision during the year	1,953	199	1,314	44
Paid during the year	(485)	(870)	(247)	(572)
At 31 December	9,350	7,882	7,528	6,461
Analysed as:				
Current	1,917	1,178	1,705	1,070
Non-current:				
Later than 1 year but not later than 2 years	627	681	541	417
Later than 2 years but not later than 5 years	1,700	1,318	1,187	1,021
Later than 5 years	5,106	4,705	4,095	3,953
	7,433	6,704	5,823	5,391
	9,350	7,882	7,528	6,461

Notes To The Financial Statements

22. Trade Payables, Other Payables and Accruals

Trade Payables

Trade payables are non-interest bearing and the average credit terms granted to the Group range from 30 to 60 days (2009: 30 to 60 days).

Other Payables and Accruals

	Group		Company	
	2010 RM 000	2009 RM 000	2010 RM 000	2009 RM 000
Other Payables	18,506	16,937	10,865	8,189
Accruals	28,717	27,227	24,491	23,751
Advances from customers	5,287	1,809	1,759	1,809
	52,510	45,973	37,115	33,749

Included in other payables of the Group and the Company is an amount of RM101,000 (2009: RM213,000) owing to a company in which certain Directors have an interest. This amount is interest free, unsecured and repayable on demand.

23. Bank Borrowings

	Group	
	2010 RM 000	2009 RM 000
Bank overdraft - unsecured	1,487	123

The interest rate applicable to the bank borrowings for the year was 7.25% (2009: 7.25%) per annum.

Notes To The Financial Statements

24. Dividends

	Group/Company			
	Amount		Net Dividends Per Share	
	2010 RM 000	2009 RM 000	2010 Sen	2009 Sen
Final dividend paid in respect of previous financial year: - 20% less 25% tax (2009: 20% less 25% tax)	31,220	31,220	15.00	15.00
Special dividend paid in respect of previous financial year: - 30% less 25% tax (2009: 10% less 25% tax)	46,830	15,610	22.50	7.50
Interim dividend in respect of the current financial year: - 20% less 25% tax (2009: 20% less 25% tax)	31,220	31,220	15.00	15.00
Special dividend in respect of the current financial year: - 15% less 25% tax (2009: Nil)	23,415	-	11.25	-
	132,685	78,050	63.75	37.50

At the forthcoming Annual General Meeting, a final dividend of 20% less 25% tax amounting to RM31,220,140 and a special dividend of 35% less 25% tax amounting to RM54,635,245 in respect of the year ended 31 December 2010 on the ordinary shares in issue at book closure date will be proposed for shareholders approval. The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved by the shareholders, will be accounted for in shareholders equity as an appropriation of retained profits in the next financial year ending 31 December 2011.

25. Significant Inter-Company Transactions

	Company 2010 RM 000	Company 2009 RM 000
Sale of raw materials to a subsidiary company	74,586	17,361
Sale of biomass and biogas steam to a subsidiary company	2,307	2,140
Disposal of assets to a subsidiary company	-	1,917
Interest charged to a subsidiary company	420	11

All transactions with the subsidiary companies are undertaken in the ordinary course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

26. Significant Related Party Transactions

(a) The Group entered into transactions with AarhusKarlshamn AB ("AAK"), a company incorporated in Sweden, and its subsidiary companies, and International Plantations Services Limited ("IPS"), a company incorporated in Bahamas. These companies are related to certain Directors of the Group, namely Ybhg. Dato' Carl Bek-Nielsen and Mr. Martin Bek-Nielsen by virtue of their mutual interests in AAK, IPS and the Group.

The Group also entered into transactions with Fima Palmbulk Services Sdn. Bhd. ("FPS"). This company is related to a Director of the Group, namely Mr. Ahmad Riza Basir by virtue of his indirect interest in FPS.

In addition, the Group also entered into transactions with Jerneh Insurance Berhad ("JIB"), which is deemed related to the Group by virtue of common directorship held by Mr. Ahmad Riza Basir in both JIB and the Group.

In prior year, the Group entered into transactions with Fontannaz Futures Sdn. Bhd. ("FFSB"), a wholly owned subsidiary of AAK. The Company was related to certain Directors of the Group, namely Ybhg. Dato' Carl Bek-Nielsen and Mr. Martin Bek-Nielsen by virtue of their interests in AAK. During the year, FFSB ceased to be a related party to the Group.

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the year:

Notes To The Financial Statements

Nature of transactions

	Amount Billed Group		Amount Billed Company	
	2010 RM 000	2009 RM 000	2010 RM 000	2009 RM 000
Sale of cocoa butter substitute to AAK	327,265	166,874	-	-
Storage and handling charges paid to FPS	665	9	-	-
Insurance premium paid to JIB	547	424	541	418
Service fees paid to IPS	156	156	156	156

The Directors are of the opinion that the above related party transactions are undertaken in the ordinary course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties

	Group		Company	
	2010 RM 000	2009 RM 000	2010 RM 000	2009 RM 000
Amount outstanding at 31 December:				
Due from AAK	19,990	10,974	42	20
Due to IPS	(101)	(213)	(101)	(213)

(b) Compensation of key management personnel

The remuneration of key management during the year was as follows:

	Group		Company	
	2010 RM 000	2009 RM 000	2010 RM 000	2009 RM 000
Short-term employee benefits	3,291	3,268	3,291	3,268
Post employment benefits:				
Defined contribution plan	519	515	519	515
Defined benefit plan	10	4	10	4
	3,820	3,787	3,820	3,787

Notes To The Financial Statements

27. Segmental Information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:-

(a) The plantations segment carries on the business of oil palm and coconut cultivation and processing on its plantations in Peninsular Malaysia and Kalimantan Indonesia. Under this segment, there is also an active Research Centre providing improved planting material for the Group's estates as well as for the Malaysian agricultural sector in general.

(b) The palm oil refining segment carries on the business of palm oil processing, manufacturing of edible oils, fats, soap products, cocoa butter substitute and trading in crude palm oil and palm oil products.

(c) The other segments consist of bulking facilities which carries on the business of handling and storage of vegetable oils and molasses, and, holding companies for subsidiaries in Indonesia.

The Group's principal activities are the cultivation and processing of oil palm and coconut on plantations in Peninsular Malaysia and Indonesia. The activities of the subsidiary companies (except Unitata Berhad) are all incidental to the main activity and in terms of revenue, profit contribution and assets employed they are insignificant. Inter-segment sales at fair market values have been eliminated. The principal activity of Unitata Berhad is palm oil refining and its ancillary activities.

The analysis of Group operations is as follows:

(i) Business segments

	Plantations		Palm Oil Refining		Other Segments		Elimination		Consolidated	
	2010 RM 000	2009 RM 000	2010 RM 000	2009 RM 000	2010 RM 000	2009 RM 000	2010 RM 000	2009 RM 000	2010 RM 000	2009 RM 000
Revenue And Expenses										
Revenue:										
External sales	441,469	539,106	526,057	276,325	1,637	1,243	-	-	969,163	816,674
Inter-segment sales	77,521	17,361	-	-	72	350	(77,593)	(17,711)	-	-
Total revenue	518,990	556,467	526,057	276,325	1,709	1,593	(77,593)	(17,711)	969,163	816,674
Results										
Segment results/ operating profit/(loss)	337,694	336,290	16,531	895	(15,733)	24,949	-	-	338,492	362,134
Reversal of impairment losses on unquoted shares	-	-	-	-	-	1,482	-	-	-	1,482
Share of results of associate	-	-	-	-	-	50	-	-	-	50
Interest income	10,454	8,080	91	363	21,116	730	(20,676)	(11)	10,985	9,162
Interest expense	(20,271)	(27)	(422)	(15)	-	-	20,676	11	(17)	(31)
Income taxes	(84,383)	(91,600)	-	-	(370)	(313)	-	-	(84,753)	(91,913)
Net profit for the year									264,707	280,884

Notes To The Financial Statements

	Plantations		Palm Oil Refining		Other Segments		Elimination		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000
Assets And Liabilities										
Segment assets	1,727,889	1,585,695	230,751	225,656	34,949	8,895	-	-	1,993,589	1,820,246
Investment in an associated company	-	-	-	-	50	50	-	-	50	50
Other investments	-	-	-	-	12,521	10,553	-	-	12,521	10,553
Consolidated total assets									2,006,160	1,830,849
Segment liabilities	204,659	175,007	28,749	17,167	178	405	-	-	233,586	192,579
Consolidated total liabilities									233,586	192,579
Other Information										
Capital expenditure*	106,083	157,958	16,624	49,908	53	22	-	-	122,760	207,888
Depreciation	20,715	17,989	6,312	5,222	111	106	-	-	27,138	23,317
Amortisation	20,506	19,262	-	-	-	-	-	-	20,506	19,262
Other significant non-cash expenses:										
(Reversal of write-down)/ Write-down of inventories	(237)	5,413	184	(5,896)	-	-	-	-	(53)	(483)
Allowance for impairment on trade receivables	-	-	320	62	-	-	-	-	320	62
Net unrealised foreign exchange loss/(gain)	-	11	(3,000)	360	15,951	(24,575)	-	-	12,951	(24,204)

(ii) Geographical Segments

In determining the geographical segments of the Group, revenue is based on the geographical location of customers. Total assets and capital expenditure are based on the geographical location of assets:

	Malaysia		Indonesia		Europe		United States		Others		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000
Revenue	574,119	627,966	13,666	2,579	221,695	120,467	115,237	36,518	44,446	29,144	969,163	816,674
Segment assets	1,717,297	1,581,780	283,466	236,907	-	4,722	-	3,773	4,908	3,667	2,005,671	1,830,849
Capital expenditure*	74,425	101,890	48,335	105,998	-	-	-	-	-	-	122,760	207,888

Notes To The Financial Statements

* Capital expenditure presented above consist of the following items as presented in the consolidated statement of financial position:

	Group	
	2010	2009
	RM 000	RM 000
Biological assets	63,000	81,875
Property, plant and equipment	59,837	126,192
Land use rights	804	1,602
Depreciation capitalised	(881)	(1,781)
	122,760	207,888

(ii) Information about a major customer

Revenue from one major customer amount to RM327,265,000 (2009: RM166,874,000), arising from sales by the palm oil refining segment.

28. Capital Commitments

	Group		Company	
	2010	2009	2010	2009
	RM 000	RM 000	RM 000	RM 000
Capital expenditure approved by the Directors but not contracted	85,895	93,854	55,310	52,556
Capital expenditure contracted but not provided for	24,441	38,691	8,635	14,213
	110,336	132,545	63,945	66,769

Notes To The Financial Statements

29. Financial Instruments

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its interest rate, liquidity, foreign exchange, commodity price and credit risks. The Group operates within clearly defined guidelines that are approved by the Board.

During the year, the Group entered into commodity futures contracts. Control and monitoring procedures include, amongst others, setting of trading limits and the manner and timing of management reporting. Such derivative trading is also under the close supervision of an executive director. These control procedures are periodically reviewed and enhanced where necessary in response to changes in market condition.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to short term fixed rate term deposits with licensed banks and negotiable papers issued by licensed banks. The Group does not hedge this exposure. The maturity periods are mixed such that the Group's cash flow requirements are met while yielding a reasonable return. The effective interest rates and the average maturity days are as disclosed in Notes 13 and 17.

The Group's bank borrowings are insignificant to hedge. The effective interest rate is disclosed in Note 23.

<u>Sensitivity analysis for interest rate risk</u>

At the reporting date, if interest rates had been 10 basis points higher/lower, with all other variables held constant, the Group s profit net of tax would have been RM367,000 higher/lower, arising as a result of higher/lower interest income from deposits with licensed banks, and the Group s retained earnings would have been RM367,000 higher/lower. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market movements.

Notes To The Financial Statements

(c) Foreign Exchange Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily RM and Indonesian Rupiah ("IDR"). The foreign currencies in which these transactions are denominated are mainly US Dollars (USD).

Approximately 46% (2009: 31%) of the Group s sales are denominated in foreign currencies whilst almost 49% (2009: 58%) of costs are denominated in the respective functional currencies of the Group entities. The Group s trade receivable and trade payable balances at the reporting date have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances amount to RM3,655,000 (2009: RM1,067,000) and RM77,000 (2009: RM262,000) for the Group and the Company respectively.

Foreign currency transactions denominated in IDR are not hedged while transactions in USD are hedged by forward currency contracts, whenever possible. The forward currency contracts must be in the same currency as the hedged item. It is the Group s policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

At 31 December 2010, the Group hedged 65% (2009: 76%) and 26% (2009: Nil) of its foreign currency denominated sales and purchases respectively, for which firm commitments existed at the reporting date, extending to March 2011 (2009: March 2010).

The Group is also exposed to currency translation risk arising from its net investments in Indonesia.

Notes To The Financial Statements

The net unhedged financial assets of the Group that are not denominated in their functional currencies are as follows:

Functional currency of the Group	Indonesian Rupiah RM 000	Total RM 000
At 31 December 2010:		
Ringgit Malaysia	272,282	272,282
At 31 December 2009:		
Ringgit Malaysia	239,205	239,205

The Group had entered into forward currency contracts with the following notional amounts and maturities:

	Currency	Maturities		Total Notional Amount RM 000
		Within 1 year RM 000	1 year up to 5 years RM 000	
As at 31 December 2010:				
Forwards used to hedge				
receivables	USD	123,883	-	123,883
payables	USD	37,568	-	37,568
As at 31 December 2009:				
Forwards used to hedge				
receivables	USD	53,899	-	53,899

The net recognised gain as at 31 December 2010 on forward exchange contracts used to hedge receivables and payables as at 31 December 2010 amounted to RM1,056,000 (31 December 2009: net recognised loss RM638,000).

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group s profit net of tax to a reasonably possible change in the USD and IDR exchange rates against the functional currencies of the Group entities, with all other variables held constant.

	Group 2010 RM 000 Profit net of tax
USD/RM	
- strengthened 3%	(1,672)
- weakened 3%	1,672
IDR/RM	
- strengthened 3%	8,376
- weakened 3%	(8,376)

(d) Credit Risk

Credit risk or the risk of counterparties defaulting is controlled by the application of credit approvals, limits and monthly monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group’s associations to business partners with high creditworthiness. Except for amount due from companies in which certain Directors have an interest, the Group does not have any significant exposure to any single customer or counter party related to any financial instrument (with the exception of fixed deposits). The average credit terms granted to the Group’s customers are 10 to 60 days.

Credit risk of commodity futures contracts arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Company has a gain position. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market prices.

Exposure to credit risk

At the reporting date, the Group s and the Company s maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.

Notes To The Financial Statements

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the trade receivables of its operating segments on an ongoing basis. The credit risk concentration profile of the Group s trade receivables at the reporting date are as follows:

	Group			
	2010		2009	
	RM 000	% of total	RM 000	% of total
By segment:				
Plantations	103	0.26	3,449	15.18
Palm Oil Refining	38,829	98.42	18,689	82.26
Others	519	1.32	581	2.56
	39,451	100.00	22,719	100.00

At the reporting date, approximately 51% (2009: 48%) of the Group s trade receivables were due from a major customer of the palm oil refinery unit. This customer is also a related party as disclosed under Note 15.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 15. Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15.

(e) Liquidity Risk

The Group actively manages its cash flows by monthly forecasts of funding requirements. As part of its prudent liquidity management, the Group maintains sufficient levels of cash or cash equivalents, banking facilities of a reasonable level to meet its working capital requirements. As far as possible, the Group funds significant long term investments with internal funding to achieve overall cost effectiveness.

(f) Market Risk

Market risk is the potential change in value caused by movement in market prices. The contractual amounts stated under Note 29(g) provide only a measure of involvement in these types of transactions.

Sensitivity analysis for market price risk

At the reporting date, if the value of the derivatives as stated under Note 29(g) had been 3% higher/lower, with all other variables held constant, the Group s profit net of tax would have been RM579,000 higher/lower, arising as a result of higher/lower fair value gains on held for trading/hedging commodity future contracts, and the Group s retained earnings would have been higher/lower by the same amount, arising as a result of an increase/decrease in the fair value of the aforementioned commodity future contracts. As at the reporting date, the impact of changes in the commodity future market, with all other variables held constant, is immaterial to the Group s profit net of tax and equity.

(g) Derivatives

	Contract/ Notional Amount RM 000	Assets RM 000	Liabilities RM 000
Group			
At 31 December 2010			
Non-hedging derivatives:			
Current			
Forward currency contracts	161,451	1,795	-
Commodity futures contracts	631,322	-	(489)
		1,795	(489)
Non-current			
Commodity futures contracts	49,239	2,029	-
Total derivatives		3,824	(489)

Notes To The Financial Statements

	Contract/ Notional Amount RM 000	Assets RM 000	Liabilities RM 000
Group			
At 31 December 2009			
Non-hedging derivatives:			
Current			
Forward currency contracts	53,899	-	(638)
Commodity futures contracts	253,047	-	(5,475)
		-	(6,113)
Non-current			
Commodity futures contracts	2,978	-	(26)
Total derivatives		-	(6,139)

The Group uses forward currency contracts and commodity futures contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group s sales and purchases denominated in USD for which firm commitments existed at the reporting date, extending to March 2011 (2009: March 2010)

During the financial year, the Group recognised a gain of RM3,335,000 (2009: loss of RM6,139,000) arising from fair value changes of derivative contracts. The fair value changes are attributable to changes in commodity prices and forward exchange rates.

Determination of fair value

Fair value of the commodity futures contracts is determined by reference to the difference between the contracted rate and the forward rate as at the reporting date.

Fair value of the forward currency contracts is determined by reference to the difference between the contracted rate and the market rate as at the reporting date.

Notes To The Financial Statements

(h) Financial Instruments Recognised In The Statements Of Financial Position

The net carrying value of financial assets and financial liabilities which are carried at fair value on the statement of financial position of the Group and of the Company as at the financial year end are represented as follows:

	Group		Company	
	Carrying amount RM 000	Fair value RM 000	Carrying amount RM 000	Fair value RM 000
Financial assets				
At 31 December 2010				
Non-current unquoted shares (Note 13)	7,521	7,521	7,521	7,521
At 31 December 2009				
Non-current unquoted shares (Note 13)	5,553	Note (a)	5,553	Note (a)

(a) In prior year, the Group and the Company did not estimate the fair value of the unquoted shares because of the lack of quoted market price and the inability to estimate fair value without incurring excessive cost. However, adequate provision for diminution had been provided for to reflect the Group's and the Company's share of net tangible assets of the investment in prior year.

In estimating the fair values of financial instruments, other than as disclosed above, the following assumptions and bases were applied:

(i) the book values of cash, fixed deposits, negotiable papers issued by licensed banks, trade receivables, trade and other payables and amounts due to subsidiary companies approximate their fair values due to the short maturity;

(ii) the book value of short term bank borrowings with floating rates approximates its fair value; and

(iii) the book value of the negotiable instrument of deposit approximates its fair value due to the interest rate which approximates the market rate for similar instrument.

As such, the Group does not anticipate the carrying amounts recorded at the reporting date for the above financial instruments to be significantly different from the values that would eventually be received or settled.

Notes To The Financial Statements

30. Capital Management

The primary objective of the Group s capital management is to ensure that it maintains acceptable capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or expansion plans of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting dividend payment policies. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 31 December 2009.

There are no externally imposed capital requirements.

31. Supplementary Information

The breakdown of the retained profits of the Group and of the Company as at 31 December 2010 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group 2010 RM 000	Company 2010 RM 000
Total retained profits/(accumulated losses)		
- realised	1,404,120	1,344,032
- unrealised	(27,890)	(36,763)
	1,376,230	1,307,269
Total share of accumulated loss from an associated company		
- realised	(51)	-
	1,376,179	1,307,269
Less: Consolidation adjustments	(17,008)	-
Total retained profits	1,359,171	1,307,269

Statement By Directors

Pursuant To Section 169(15) Of The Companies Act, 1965

We, TAN SRI DATUK DR. JOHARI BIN MAT and HO DUA TIAM, being two of the Directors of United Plantations Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 112 to 189 are drawn up in accordance with applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of the results and the cash flows of the Group and of the Company for the year then ended.

The information set out in Note 31 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 1 April 2011.

TAN SRI DATUK
DR. JOHARI BIN MAT

HO DUA TIAM

Jendarata Estate
36009 Teluk Intan,
Perak Darul Ridzuan,
Malaysia

Statutory Declaration

Pursuant To Section 169(16) Of The Companies Act, 1965

I, A. GANAPATHY, the Officer primarily responsible for the financial management of United Plantations Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 112 to 189 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act,1960.

Subscribed and solemnly declared by the
abovenamed A. GANAPATHY at Teluk Intan
in the State of Perak Darul Ridzuan
on 1 April 2011

A. GANAPATHY

Before me,

KOAY HEAN BENG, P.P.T.
Commissioner For Oaths,
Teluk Intan,
Perak Darul Ridzuan.

Independent Auditors Report To The Members Of United Plantations Berhad

Report on the financial statements

We have audited the financial statements of United Plantations Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 112 to Note 30 of page 189.

Directors responsibility for the financial statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity s internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.

Report On Other Legal And Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and auditors reports of all subsidiaries of which we have not acted as auditors, which are indicated in Note 3 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other Matters

The supplementary information set out in Note 31 on page 189 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants (MIA Guidance) and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG
AF: 0039
Chartered Accountants

YAP SENG CHONG
No. 2190/12/11(J)
Chartered Accountant

Kuala Lumpur, Malaysia
1 April 2011

Shareholders Information As At 19 April 2011

Authorised Share Capital	:	RM500,000,000
Issued & Fully Paid-up Capital	:	RM208,134,266
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One Vote per ordinary share

Categories Of Shareholders As At 19 April 2011

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Issued Capital
Less than 100 shares	203	4.52	6,872	0.00
100 to 1,000 shares	1,912	42.57	1,545,369	0.74
1,001 to 10,000 shares	1,870	41.64	6,848,321	3.29
10,001 to 100,000 shares	401	8.93	11,737,174	5.64
100,001 to less than 5% of issued shares	98	2.18	59,700,574	28.68
5% and above of issued shares	7	0.16	128,295,956	61.64
Total	4,491	100.00	208,134,266	100.00

Substantial Shareholders As At 19 April 2011

Name of Shareholder	Direct Interest No. of Shares	% of Issued Capital	Deemed Interest No. of Shares	% of Issued Capital
1. Maximum Vista Sdn. Bhd. (MVSB)	87,446,600	42.01	-	-
2. Employees Provident Fund Board	27,784,198	13.35	-	-
3. Perbadanan Pembangunan Pertanian Negeri Perak (Perbadanan)	13,065,158	6.28	330,000 *(5)	0.16
4. United International Enterprises Limited (UIEL)	8,478,132	4.07	87,456,985 *(1)	42.02
5. United International Holdings Limited (UIH)	-	-	95,935,117 *(2)	46.09
6. The Dato' Bek-Nielsen Settlement (BNS)	-	-	95,935,117 *(2)	46.09
7. Ybhg. Dato' Carl Bek-Nielsen	2,061,556	0.99	95,975,610 *(3)	46.11
8. Mr. Martin Bek-Nielsen	546,913	0.26	95,935,117 *(4)	46.09
9. Aberdeen Asset Management PLC and its subsidiaries	-	-	16,379,600 *(6)	7.87
Credit Suisse Group AG (CSG AG)	-	-	16,379,600 *(6)	7.87
Mitsubishi UFJ Financial Group, INC (MUFG)	-	-	16,379,600 *(6)	7.87

*Notes:
(1) Deemed interest by virtue of substantial shareholdings in MVSB and IPS Ltd.
(2) Deemed interest by virtue of substantial shareholdings in MVSB, UIEL and IPS Ltd.
(3) Deemed interest by virtue of substantial shareholdings in MVSB, UIEL, IPS Ltd, his spouse and daughter.
(4) Deemed interest by virtue of substantial shareholdings in MVSB, UIEL and IPS Ltd.
(5) Deemed interest by virtue of shares held by subsidiary company of Perbadanan.
(6) Deemed interest through its shareholding in Aberdeen Asset Management PLC, a fund management group and its subsidiaries.

Directors Shareholdings As At 19 April 2011

Name of Director	Direct Interest No. of Shares	% of Issued Capital	Deemed Interest No. of Shares	% of Issued Capital
Ybhg. Tan Sri Datuk Dr. Johari Bin Mat	110,000	0.05	10,000	0.00
Mr. Ho Dua Tiam	707,400	0.34	-	-
Mr. G. Peter Selvarajah	88,120	0.04	-	-
Ybhg. Dato Carl Bek-Nielsen	2,061,556	0.99	95,975,610	46.11
Mr. Ahmad Riza Basir	70,500	0.03	2,641,440	1.27
Ybhg. Dato Jeremy Derek Campbell Diamond	14,000	0.01	231,000	0.11
Mr. Martin Bek-Nielsen	546,913	0.26	95,935,117	46.09
Mr. Mohamad Nasir bin Ab. Latif	-	-	-	-
Mr. Brian Bech Nielsen	-	-	5,000	0.00

Shareholders Information As At 19 April 2011

Thirty (30) Largest Shareholders As At 19 April 2011			
	Name of Shareholder	No. of Shares	% of Issued Capital
1.	Maximum Vista Sdn Bhd	86,891,100	41.75
2.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	23,419,198	11.25
3.	Perbadanan Pembangunan Pertanian Negeri Perak	13,065,158	6.28
4.	HSBC Nominees (Asing) Sdn Bhd BNP Paribas SECS SVS Lux For Aberdeen Global	9,830,300	4.72
5.	United International Enterprises Ltd	8,002,277	3.84
6.	Valuecap Sdn Bhd	4,867,600	2.34
7.	BHR Enterprise Sdn Bhd	2,422,440	1.16
8.	HSBC Nominees (Asing) Sdn Bhd Exempt An for JPMorgan Chase Bank, National Association (Norges Bk Lend)	2,127,000	1.02
9.	Mayban Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd for Kumpulan Wang Persaraan (Diperbadankan) (FD 1 - 280305)	1,670,000	0.80
10.	HSBC Nominees (Asing) Sdn Bhd BNP Paribas SECS SVS Paris For Aberdeen Asian Smaller Companies Investment Trust PLC	1,502,600	0.72
11.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Pheim)	1,500,000	0.72
12.	Employees Provident Fund Board	1,500,000	0.72
13.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Aberdeen)	1,365,000	0.66
14.	Cartaban Nominees (Asing) Sdn Bhd State Street London Fund FSID for First State Asia Pacific Sustainability Fund	1,142,300	0.55
15.	Scan Services Limited Ref. 39	1,004,340	0.48
16.	Sydbank obo Sydbank Schweiz	990,185	0.48
17.	Ybhg. Dato' Carl Bek-Nielsen	972,216	0.47
18.	HSBC Nominees (Asing) Sdn Bhd Exempt An for BNP Paribas Securities Services (Singapore - SGD)	933,000	0.45
19.	KAF Nominees (Tempatan) Sdn. Bhd. Bernam Nominees (Tempatan) Sdn Bhd for United Plantations Berhad Education And Welfare Fund	816,000	0.39
20.	Jyske Bank obo J.E. Jensen, Alfarvad A/S	728,210	0.35
21.	Mr. Ho Dua Tiam	707,400	0.34
22.	Mr. E. Thrane	650,000	0.31
23.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	617,400	0.30
24.	HSBC Nominees (Asing) Sdn Bhd Exempt An for JPMorgan Chase Bank, National Association (Guernsey)	600,000	0.29
25.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund BZ20 for Zephyr Aurora Master Fund, L.P.	580,000	0.28
26.	HSBC Nominees (Asing) Sdn Bhd Exempt An For Danske Bank A/S (Client Holdings)	564,950	0.27
27.	HSBC Nominees (Asing) Sdn Bhd Exempt An For Brown Brothers Harriman & Co. (Welling-MCIFTII)	558,500	0.27
28.	HSBC Nominees (Asing) Sdn Bhd HSBC Sg For Selat Pte Ltd	557,568	0.27
29.	Maximum Vista Sdn Bhd	555,500	0.27
30.	Cartaban Nominees (Asing) Sdn Bhd RBC Dexia Investor Services Bank For Global Emerging Marketssmall Cap (Danske Invest)	550,000	0.26
		170,690,242	82.01

Comparative Statistics - 10 Years

Year ended 31 December	2010 RM 000	2009 RM 000	2008 RM 000	2007 RM 000	2006 RM 000	2005 RM 000	2004 RM 000	2003 RM 000	2002 RM 000	2001 RM 000
Balance Sheet Analysis										
Issued Capital	208,134	208,134	208,134	208,134	208,134	208,134	208,134	208,134	151,510	151,510
Reserves	1,563,935	1,430,011	1,224,853	988,347	863,967	770,169	682,098	598,148	384,329	395,793
Minority Interests	505	125	619	672	304	-	-	-	-	-
Funds Employed	1,772,574	1,638,270	1,433,606	1,197,153	1,072,405	978,303	890,232	806,282	535,839	547,303
Biological Assets	355,266	321,821	241,345	196,499	184,723	182,644	191,620	194,653	154,601	152,005
Property, Plant and Equipment	874,153	846,380	744,175	724,354	705,737	685,550	686,185	571,952	209,376	217,301
Land Use Rights	30,794	31,173	25,105	25,665	22,464	-	-	-	-	-
Other Non-Current Assets	9,600	10,603	28,301	26,915	3,258	4,331	11,111	11,803	22,897	29,829
Current Assets	736,347	627,011	606,157	389,070	306,798	308,165	242,319	269,158	266,591	217,590
Total Assets	2,006,160	1,836,988	1,645,083	1,362,503	1,222,980	1,180,690	1,131,235	1,047,566	653,465	616,725
Less: Liabilities	233,586	198,718	211,477	165,350	150,575	202,387	241,003	241,284	117,626	69,422
Net Assets Employed	1,772,574	1,638,270	1,433,606	1,197,153	1,072,405	978,303	890,232	806,282	535,839	547,303
Other Data										
Profit Before Tax	349,460	372,797	397,818	232,985	199,569	181,637	160,661	131,974	71,566	32,039
Tax	84,753	91,913	98,259	53,597	49,561	48,609	31,754	37,563	21,063	8,383
Net Profit	264,707	280,884	299,559	179,388	150,008	133,028	128,907	94,411	50,503	23,656
Minority interest	(400)	591	-	13	-	-	-	-	-	-
Profit attributable to equity holders of the Company	264,307	281,475	299,559	179,401	150,008	133,028	128,907	94,411	50,503	23,656
Earnings Per Share (in sen)	127.00	134.95	143.93	86.19	72.07	63.91	61.93	49.10	33.33	15.61
Dividend Rate (Ordinary Share)										
- Interim and Final	90%	70%	50%	40%	5%T.E. & 30%	30%	30%	30%	7.5%T.E. & 17.5%	20% T.E.
Share Prices On The Bursa Malaysia Securities Berhad										
Highest	17.70	14.00	14.60	14.80	9.75	7.05	5.15	4.86	4.44	3.68
Lowest	13.32	9.70	7.85	9.00	7.00	4.90	4.30	4.00	3.58	2.89
Production										
Palm Oil - own - Tonnes	169,337	198,883	203,864	176,272	192,204	188,171	177,670	150,962	102,551	98,673
Palm Kernel - own - Tonnes	43,328	53,134	55,537	47,753	53,567	49,935	48,140	43,580	29,322	28,611
Coconuts - Nuts (000)	83,331	75,541	83,626	87,049	74,035	81,749	76,978	76,129	63,838	60,590
FFB Yield per hectare - Tonnes	23.87	29.05	29.60	25.46	27.83	26.54	26.30	26.23	25.59	23.92
CPO Yield per hectare - Tonnes	5.04	6.31	6.38	5.45	5.90	5.65	5.52	5.30	5.29	4.98
Palm Oil extraction rate - %	21.44	21.73	21.54	21.41	21.21	21.30	20.99	20.20	20.68	20.81
Palm Kernel extraction rate - %	5.48	5.81	5.87	5.80	5.91	5.65	5.69	5.83	5.91	6.03
Coconuts Yield per hectare - Nuts	28,135	22,616	25,037	25,962	22,070	24,028	22,632	22,652	22,698	20,932
Cost Of Production**	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Palm Oil -Per Tonne	594	539	574	554	506	536	534	520	522	537
Palm Kernel -Per Tonne	145	120	121	130	110	115	115	119	135	133
Coconuts (in sen) -Per Nut	8	10	10	8	9	9	8	7	7	7
Average Sales Price										
Palm Oil -Per Tonne	2,408	2,242	2,368	1,840	1,468	1,420	1,512	1,477	1,351	976
Palm Kernel -Per Tonne	1,532	1,031	1,691	1,121	906	1,020	893	722	666	456
Coconuts (in sen) -Per Nut	45	47	38	32	34	29	25	22	22	16

* Production and yield figures are inclusive of Indonesian subsidiaries.

** Cost of production figures do not include depreciation.

All Properties Of The Group

Properties	Tenure	Area In Hectares	Description	Age In Years	Net Tangible Asset Value RM 000
Jendarata Estate 36009 Teluk Intan Perak Darul Ridzuan	Leasehold Expiring on: 15-01-2062 07-06-2104 07-06-2104 20-11-2067 22-08-2068 Yr to Yr Freehold	 606.16 623.77 36.07 997.06 151.67 33.62 3,931.25	Registered Office - 1,369 sq.m. Research Station - 1,070 sq.m. Oil Palm & Coconut Estate Palm Oil Mill } 10,032 sq.m. Biomass Plant	46 45 76 5	587 1,892 88,124 4,419 2,772
Kuala Bernam Estate Batu 18, Jalan Bagan Datoh 36300 Sungai Sumun Perak Darul Ridzuan	Freehold	830.11	Coconut Estate		12,311
Sungei Bernam Estate Sungai Ayer Tawar 45200 Sabak Bernam Selangor Darul Ehsan	Leasehold Expiring on: Yr to Yr 28-03-2056 Freehold	 16.59 1.33 2,274.11	Coconut Estate Copra Kiln - 1,022 sq.m.	 36	28,158 5
Ulu Bernam Estate 36500 Ulu Bernam Perak Darul Ridzuan	Leasehold Expiring on: Yr to Yr Freehold	 95.31 3,098.57	Oil Palm Estate Palm Oil Mill - 8,193 sq.m.	 78	38,849 2,182
Changkat Mentri Estate 36500 Ulu Bernam Perak Darul Ridzuan	Leasehold Expiring on: 26-11-2067 01-10-2081 Freehold	 1,538.60 162.94 847.77	Oil Palm Estate		23,708
Ulu Basir Estate 36500 Ulu Bernam Perak Darul Ridzuan	Leasehold Expiring on: 26-11-2067 20-01-2087 08-12-2099 Yr to Yr Freehold	 11.40 2,468.00 159.50 129.44 1,218.62	Oil Palm Estate Palm Oil Mill - 6,352 sq.m.	 21	44,973 586
Sungei Erong Estate 36500 Ulu Bernam Perak Darul Ridzuan	Leasehold Expiring on: 02-11-2064 31-03-2065 Yr to Yr Freehold	 53.90 809.39 43.18 2,756.53	Oil Palm Estate		39,885
Sungei Chawang Estate 36500 Ulu Bernam Perak Darul Ridzuan	Freehold Yr to Yr	3,280.69 5.50	Oil Palm Estate		22,281
Seri Pelangi Estate Batu 11 3/4 Jalan Bidor 36000 Teluk Intan Perak Darul Ridzuan	Leasehold Expiring on: 15-06-2068 Freehold	 1,419.02 2.82	Oil Palm Estate Palm Oil Mill - 2,248 sq.m.	 33	14,416 134
Lima Blas Estate 35800 Slim River	Freehold	2,888.89	Oil Palm Estate Palm Oil Mill - 8,210 sq.m.		126,932 408
UIE Pantai Remis Perak Darul Ridzuan	Leasehold Expiring on: 23-12-2103 Freehold	 10,359.26 3.25	Oil Palm and Coconut Estate Palm Oil Mill - 6,148 sq.m.	 19	334,993 3,194
Unitata Berhad 36009 Teluk Intan Perak Darul Ridzuan	Freehold	18.45	Palm Oil Refinery Complex, Soap Plant, } Buildings Cebes Plant	36	23,927
Bernam Bakery 36009 Teluk Intan Perak Darul Ridzuan	Freehold	0.45	Bakery	26	15
Butterworth Bulking Installation 4536 Deep Water Wharf 12100 Butterworth	Leasehold Expiring on: 31-08-2019	 0.84	Bulking & Storage & Rigging Facilities	38	381
PT Surya Sawit Sejati Pangkalan Bun, Central Kalimantan, Indonesia	Leasehold Expiring on: 24-09-2040 **	 2,508.47 6,584.53	Oil Palm Estate Palm Oil Mill - 90,000 sq.m.		166,955 13,618
PT Sawit Seberang Seberang Pangkalan Bun, Central Kalimantan, Indonesia	Leasehold Expiring on: **	 928.00	Oil Palm Estate		17,725

Notes:
* Estate Includes Land, Pre-cropping Cost and Buildings ** awaiting issue of lease

Group s Plantation Properties As At 31 December 2010

	Jendarata Hect.	Kuala Bernam Hect.	Sungei Bernam Hect.	Ulu Bernam Hect.	Changkat Mentri Hect.	Ulu Basir Hect.	Sungei Erong Hect.	Sungei Chawang Hect.	Seri Pelangi Hect.	Lima Blas Hect.	UIE Hect.	PT Surya Sawit Sejati Hect.	PT Sawit Seberang Seberang Hect.	Total
OIL PALM:														
Mature	5,479			2,877	1,945	2,521	2,144	2,552	1,337	2,454	8,140	3,677		33,126
Immature-Planted 2007				150			248	411					420	1,229
Immature-Planted 2008					120	546	450	60				3,480	508	5,164
Immature-Planted 2009	156			112	321	375	513	129		286	314	1,711		3,917
Immature-Planted 2010	365					262	145	96			1,239	225		2,332
Sub-Total	6,000			3,139	2,386	3,704	3,500	3,248	1,337	2,740	9,693	9,093	928	45,768
COCONUT:														
Mature	25	708	2,195											2,928
Immature-Planted 2007		19												19
Immature-Planted 2008		32												32
Immature-Planted 2009		17												17
Immature-Planted 2010		34	60											94
Sub-Total	25	810	2,255											3,090
OTHER AREAS:														
Other Crops	5													5
Areas felled for buildings, roads, drains, air-strip, nurseries, toddy tapping areas, railway, etc.	350	20	37	55	163	283	163	38	85	149	670			2,013
TOTAL	6,380	830	2,292	3,194	2,549	3,987	3,663	3,286	1,422	2,889	10,363	9,093	928	50,876

Oil Palm		
Age in years	Hectares	% Under crop
4 - 8	7,517	16
9 - 18	10,058	22
19 and above	15,551	34
Mature	33,126	72
Immature	12,642	28
Total	45,768	100

Locations of Estates, Factories and Holdings in Peninsular Malaysia

Planted Area (Hectares) 31 December 2010

Estate	Oil Palm	Coconut	Other Crops	Total
UIE	9,693	-	-	9,693
Jendarata	6,000	25	5	6,030
Kuala Bernam	-	810	-	810
Sungei Bernam	-	2,255	-	2,255
Ulu Bernam	3,139	-	-	3,139
Changkat Mentri	2,386	-	-	2,386
Ulu Basir	3,704	-	-	3,704
Sungei Erong	3,500	-	-	3,500
Sungei Chawang	3,248	-	-	3,248
Seri Pelangi	1,337	-	-	1,337
Lima Blas	2,740	-	-	2,740
PT SSS1	9,093	-	-	9,093
PT SSS2	928	-	-	928
TOTAL (Hectares)	45,768	3,090	5	48,863

At our UIE Lagoon, jungle tree species are planted to maintain a natural sanctuary for birds and other wildlife as well as provide a seed garden for future plantings.