ANNUAL REPORT
2015

UNITED PLANTATIONS BERHAD

(Company No. 240-A)

Brief history and principal business activity

Founded on Danish and Malaysian Expertise and Resources, United Plantations Berhad (UP) from a modest beginning in 1906, has over the years grown in size and stature.

Today UP is one of the larger medium sized plantation groups in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad with a market capitalization of approximately RM5.28 billion at the end of its financial year 31 December 2015.

UP's core business activity lies within the cultivation of oil palm and coconuts. Its total cultivated landbank covers approximately 50,000ha spread over Malaysia (80%) and Indonesia (20%) and is supported by 6,600 employees across the Group.

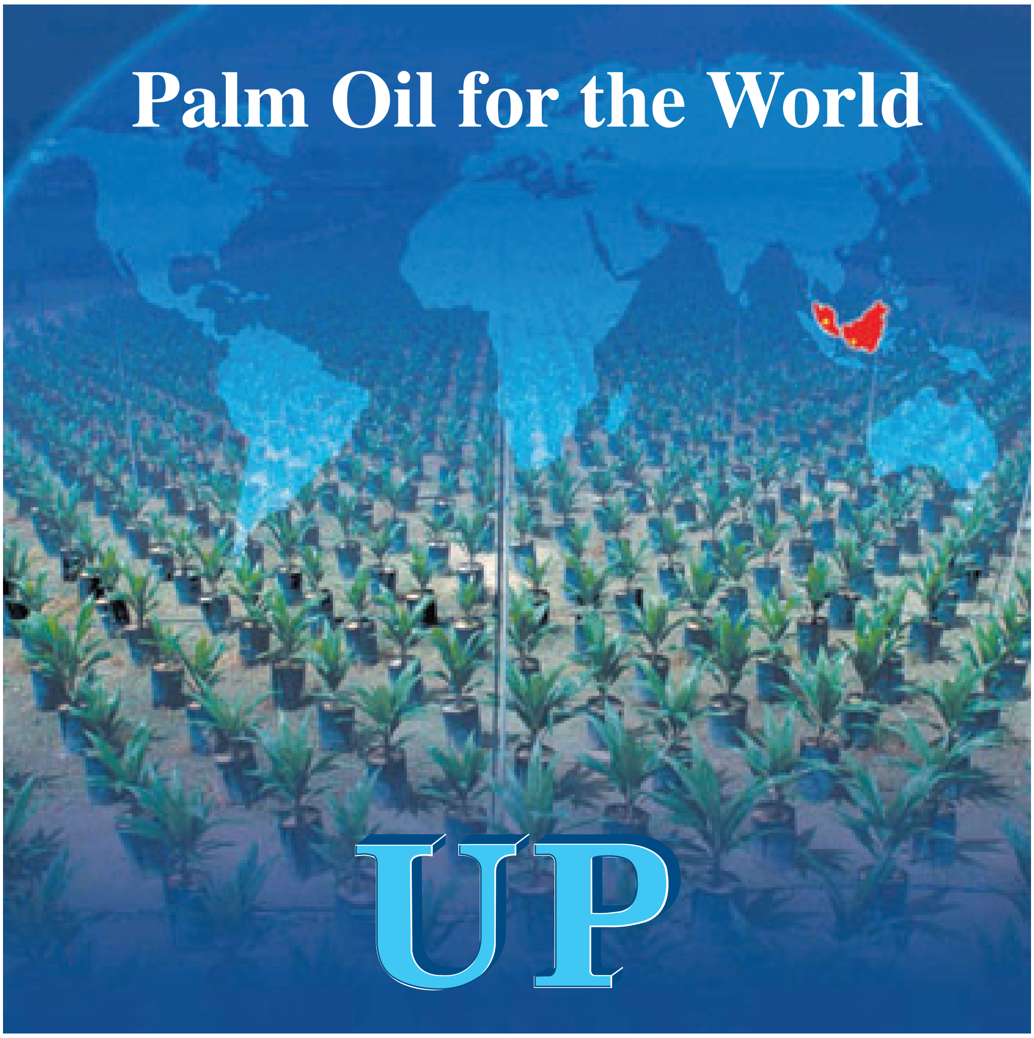
UP possesses considerable know-how in plant breeding, agronomy and tissue culture through its R & D facilities established in the early 1950's, ensuring the development of new and improved planting materials as well as improved crop husbandry practices.

Its subsidiary companies are engaged in several downstream activities such as edible oil refining, production and packaging of speciality fats.

Through its focus on Corporate Social Responsibility combined with sound managerial and technical expertise, UP is today recognised as one of the most environmentally friendly, cost competitive and innovative plantation companies in the world.

Front Cover:
UP's unique light Railway System stretching over 530 km's in length ensuring an efficient transport of harvested fresh fruit bunches to the palm oil mill.

Group Philosophy

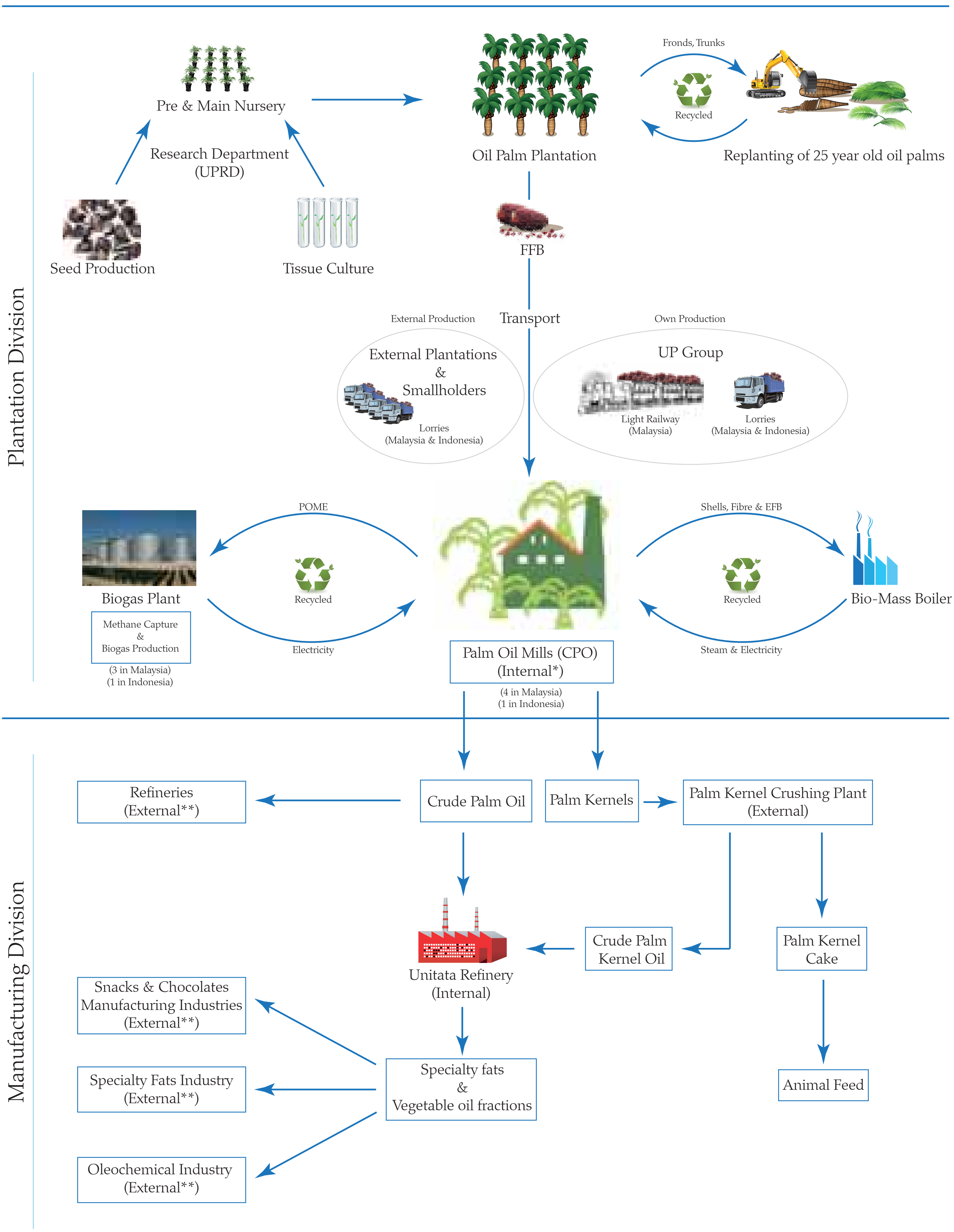


We strive towards being recognised as second to none within the plantation industry, producing high quality products, always focusing on the sustainability of our practices and our employees' welfare whilst attaining acceptable returns for our shareholders.

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

UP's Palm Oil Business Activities

UP's main activities are depicted in the diagram below providing an overview of our vertically integrated set up.



* Internal : Within the UP Group.
** External : Stakeholders, outside the UP Group.

Quality control of oil palm seeds by UPRD employees at the seed production unit.

High quality tissue cultured banana and oil palm is part of the continuous focus on further improving UP's planting material.

UNITED PLANTATIONS BERHAD
(Company No. 240-A)

Contents

Corporate Information

Country of Incorporation	Malaysia
Board of Directors	Ybhg. Tan Sri Datuk Dr. Johari bin Mat (Chairman, Independent, Non-Executive) Ybhg. Dato' Carl Bek-Nielsen (Chief Executive Director) Mr. Ho Dua Tiam (Executive) Mr. Ahmad Riza Basir (Independent, Non-Executive) Y.Hormat Dato' Jeremy Derek Campbell Diamond (Independent, Non-Executive) Mr. Martin Bek-Nielsen (Executive) Ybhg. Dato' Mohamad Nasir bin Ab. Latif (Non-Independent, Non-Executive) Mr. Loh Hang Pai (Executive) Mr. R. Nadarajan (Independent, Non-Executive)
Company Secretary	Mr. A. Ganapathy
Registered Office and Principal Share Register	United Plantations Berhad Jendarata Estate, 36009 Teluk Intan, Perak Darul Ridzuan, Malaysia Phone : +605-6411411 Fax : +605-6411876 E-mail : up@unitedplantations.com Website : www.unitedplantations.com
Auditors	Ernst & Young
Principal Bankers	Malaysia HSBC Bank Malaysia Berhad Maybank Berhad Standard Chartered Bank Malaysia Berhad Public Bank Berhad OCBC Bank (Malaysia) Berhad United Overseas Bank (Malaysia) Berhad Indonesia PT Bank Mandiri (Persero) Tbk Bank DBS
Stock Exchange Listing	Malaysia Bursa Malaysia Securites Berhad (Bursa Malaysia) Website : www.bursamalaysia.com

Executive Committee and Senior Management

Dato' Carl Bek-Nielsen
Vice Chairman, Chief Executive Director (CED)
Director In-Charge, Unitata Berhad

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

Loh Hang Pai
Executive Director (Estates)

Ho Dua Tiam
Inspector General, Estates & Special Adviser

Senior Executive Staff

Finance & Corporate

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

Ng Eng Ho
Group Financial Controller

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

Dewi Anita Suyatman
Sr Manager, Legal & Corp Affairs
PT SSS

S. Chandra Mohan
Financial Controller

Erwin Khor Siew Yan
Manager, Internal Audit

Azero bin Mohamed Anuar
Sr Accountant

Choo Kah Leong
Financial Controller, PT SSS

Norhazizi bin Nayan
Sr Manager, Human Resources

Shirley Selvasingam
Manager, IT Systems

Plantations

Edward Rajkumar Daniels
President Director,
PT SSS

C. Mohan Das
Group Manager,
Jendarata Estate

Geoffrey Cooper
Group Manager,
UIE

Nek Wahid bin Nek Harun
Group Manager,
Ulu Basir Estate

Muhammad Ratha
Deputy Group Manager
UIE

Azman bin Samion
Sr Plantation Manager,
PT SSS

Azhar bin Yazid
Sr Manager,
Lima Blas Estate

Jason Joseph
Sr Manager,
PT SSS

Ridzuan Bin Md. Isa
Manager,
Ulu Bernam Estate

S. Chantharavarnam
Manager,
Sungei Chawang Estate

K. Thilaganathan
Manager,
Changkat Mentri Estate

R. Siva Subramaniam
Manager,
Sungei Erong Estate

S. Kumaresan
Manager,
Sungei Bernam Estate

Patrick Kanan
Manager,
Seri Pelangi Estate

L. Makesyarang
Acting Manager,
Kuala Bernam Estate

Research

Dr. Xaviar Arulandoo
Director of Research

Ho Shui Hing
Research Controller

J. Vijiandran
Sr Research Manager

Lim Chin Ching
Research Manager(Biotechnology)

Kandha Sritharan
Research Manager

Appala Naidu Marie
Research Manager, PT SSS

Engineering

P. Seker
Group Engineer,
Upriver

Ir P. Rajasegaran
Group Engineer,
Downriver / Unitata

K.T. Somasegaran
General Manager,
Engineering, PT SSS

Ir V. Renganathan
Sr Resident Engineer,
UIE

G. Padmanathan
Resident Engineer,
Ulu Basir

Palm Oil Refining and Others

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

Jughdev Singh Dhillon
Sr Plant Manager,
Unitata Berhad

Dr. Andrew Nair
Research & Quality Controller,
Unitata Berhad

Dev Ganesh
Manager, OPP
Unitata Berhad

Allan Loh Teik Boon
Manager, Commerce
Unitata Berhad

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

Mohammad Silmi
Manager, Biodiversity,
PT SSS

D. Saksi Daran
Manager,
Bernam Bakery

Group as at 31 January 2016

Plantations

United Plantations Berhad (Malaysia)
Issued Share Capital RM 208m

PT Surya Sawit Sejati (Indonesia)
95%

Palm Oil Refining

Unitata Berhad (Malaysia)
100%

Others

Bernam Agencies Sdn. Bhd. (Malaysia)
100%

Butterworth Bulking Installation Sdn. Bhd. (Malaysia)
100%

Bernam Advisory Services Sdn. Bhd. (Malaysia)
100%

Berta Services Sdn. Bhd. (Malaysia)
100%

General Shareholding Structure
Group as at 31 January 2016

- Other Major Shareholders holding 5% and above: 28.77%
- The UIEL Group and The Bek-Nielsen Family: 48.70%
- Others: 22.53%

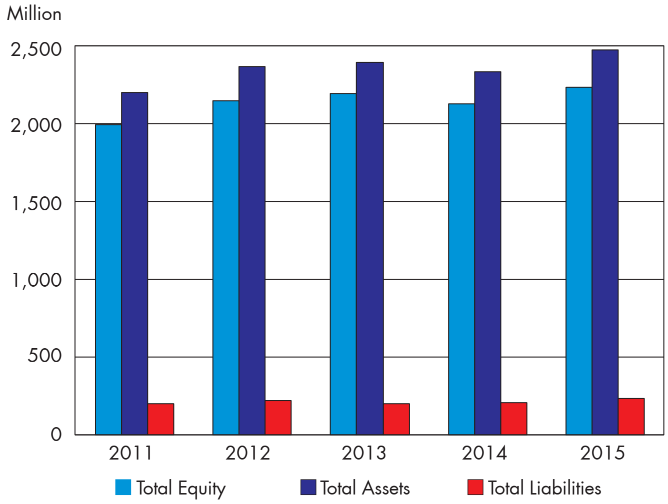
United Plantations Berhad
Share Capital : RM 208 million

Financial Highlights

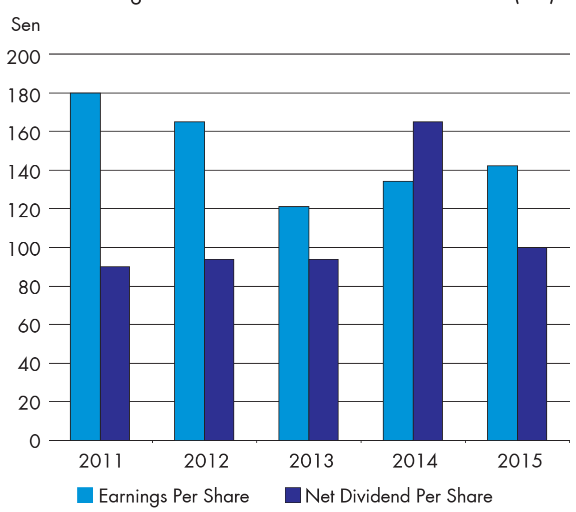
	2015	2014	Change (%)	2013	2012	2011
Revenue (RM' Million)	1,004	1,022	(1.76)	950	1,183	1,398
Profit Before Tax (RM' Million)	376	356	5.62	341	454	492
Profit After Tax (RM' Million)	292	279	4.66	252	342	374
Earnings Per Share (Sen)	141	134	5.22	121	165	180
Net Dividend Per Share (Sen)*	100	165**	(39.39)	93.87	93.75	90
Dividend Payout Ratio (%)	0.71	1.23**	(42.28)	0.78	0.57	0.50
Dividend yield as at 31 December (%)	3.94	6.76**	(41.72)	3.61	3.75	4.74
Total Equity (RM' Million)	2,239	2,127	5.27	2,194	2,151	1,996
Return on Equity (%)	13.04	13.12	(0.58)	11.49	15.90	18.74
Total Borrowings (RM' Million)	0	0.80	(100.00)	0.30	0.08	0.39
Non-Controlling Interests (RM' Million)	3.2	2.40	33.33	1.08	0.42	0.21
Cash Position (RM' Million)	753	738	2.03	779	748	498
Total Assets (RM' Million)	2,477	2,334	6.13	2,396	2,371	2,201
Total Liabilities (RM' Million)	238	207	2.97	202	220	204
Year-End Closing Share Price (RM)	25.36	24.40	3.93	26.00	25.00	19.00

* Including proposed Final Dividend
** Including Special Extraordinary Dividend paid out in 2014

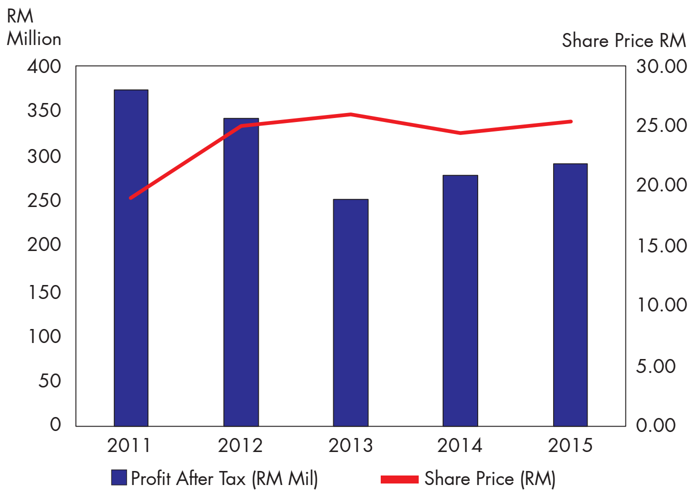
Total Equity, Total Assets and Total Liabilities



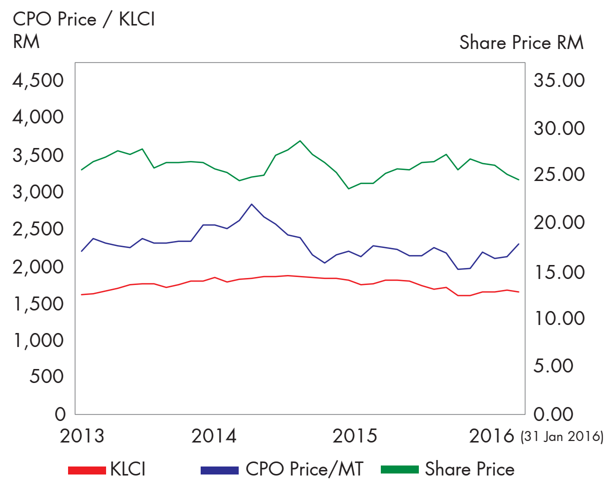
Earnings Per Share and Net Dividend Per Share (sen)



Profit After Tax and Year-End Share Price



CPO Price, UP Share Price, Kuala Lumpur Composite Index (KLCI)



Tan Sri Datuk Dr. Johari bin Mat

Chairman, Independent Non-Executive Director
Chairman of the Remuneration & Nomination Committees

Appointed Director of United Plantations Berhad on 9 October 2001 and elected as Chairman of the Board on 21 June 2003.

Tan Sri Datuk Dr. Johari bin Mat, born in 1944, a Malaysian, obtained his B.A. (Hons.) from the University of Malaya and PhD from the University of Southern California, USA and completed the Advanced Management Program from Harvard University, USA in 1997. He is also 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.

Dato' Carl Bek-Nielsen

Vice Chairman
Chief Executive Director (CED)
Non-Independent

Appointed director of the Company on 1 January 2000. Elected Vice Chairman on 8 March 2002 and appointed Chief Executive Director (CED) of United Plantations Berhad on 1 January 2013.

Dato' Carl Bek-Nielsen, born in Petaling Jaya in 1973, is a Danish citizen with a Permanent Resident status in Malaysia. He started his career with the Company in 1993 as a Cadet Planter leaving a year later to pursue his tertiary education in Denmark graduating with a B.Sc. degree in Agricultural Science from the Royal Veterinary and Agriculture University of Denmark. In 1998 he returned to Malaysia to take up the position as Assistant Corporate Affairs with the Company. He was promoted to the position of Executive Director (Corporate Affairs) on 1 March 2000. On 9 November 2004 he was appointed Director In-Charge of Unitata Berhad.

He is the Chairman of United International Enterprises Limited (UIEL), a public listed company on the NASDAQ OMX Copenhagen A/S. He is also a Board Member of Melker Schorling AB, a public listed company on the NASDAQ OMX Stockholm AB.

He is a Council Member of the Malaysian Palm Oil Association (MPOA) and the Malaysian Palm Oil Council (MPOC). He currently serves as a member of the Programme Advisory Committee to the Malaysian Palm Oil Board (MPOB).

On 17 November 2014, he was appointed to the RSPO Board of Governors as Co-Chairman representing the MPOA.

He is the brother of Mr. Martin Bek-Nielsen, 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 Note 26 to the Financial Statements

Ho Dua Tiam
Inspector General,
Estates and Special Adviser
Executive Director
Non-Independent

Appointed director of the Company on 1 January 1995, Mr. Ho Dua Tiam, born in 1943, a Malaysian, is the Inspector General, Estates and Special Adviser 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 retired from his position as Senior Executive Director (CEO) on 31 December 2012 and continues to serve the Company as Inspector General, Estates and Special Advisor of UP Berhad from 1 January 2013.

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 Chairman of its Finance and Executive Committee.

Ahmad Riza Basir
Independent
Non-Executive Director
Member of the Audit Committee

Appointed director of the Company on 17 June 2000, 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 is a director of Perlis Plantations Berhad, a public listed company on Bursa Malaysia Securities Berhad. He is also a member of the Board of Directors of several other private limited companies in Malaysia.

Dato' Jeremy Derek Campbell Diamond

Independent
Non-Executive Director
Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees.

Appointed director of the Company on 31 July 2001, 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, 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 served as a Council member of the Malaysian Agricultural Producers Association (MAPA), United Planting Association of Malaysia (UPAM), Malaysian Oil Palm Growers Council (MOPGC), Malaysian Rubber Producers Council (MRPC), 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.

Martin Bek-Nielsen

Executive Director
Non-Independent

Appointed to the Board on 29 August 2000, Mr. Martin Bek-Nielsen, born in 1975, is a Danish citizen with a Permanent Resident status in Malaysia. He started his career with the Company as a Cadet Planter in 1995. Left Malaysia in 1996 to pursue his tertiary education in Denmark and graduated with a B.Sc. degree in Agricultural Economics from the Royal Danish Agricultural University of Copenhagen in 1999.

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.

He is the Deputy Chairman of United International Enterprises Limited (UIEL), a public listed company on the NASDAQ OMX Copenhagen A/S.

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

He is the brother of Dato' Carl Bek-Nielsen, 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 Note 26 to the Financial Statements.

Dato' Mohamad Nasir bin Ab. Latif
Non-Independent
Non-Executive Director

Appointed director of the Company on 28 July 2004, Dato' Mohamad Nasir bin Ab. Latif, born in 1958, a Malaysian, 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), Senior Manager, Company & Intermediary Supervision Division (June 2003 – March 2008), Senior Manager, Equity Investment Department (April 2008- June 2009), General Manager, International Equity Department (July 2009 – April 2013) and currently is the Deputy Chief Executive Officer (Investment).

In 2015, he was conferred the Darjah Kebesaran Dato'-Sultan Sharafuddin Idris Shah (D.S.I.S) award which carries the title " Dato' " by His Royal Highness The Sultan of Selangor.

He is also a member of the Board of Directors of PLUS MALAYSIA BERHAD, Battersea Project Company Limited and BBCC Development Sdn. Bhd.

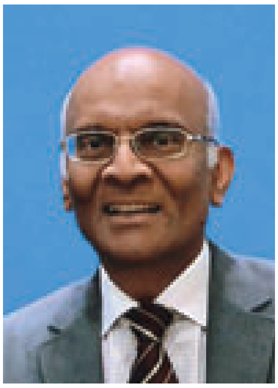
Loh Hang Pai
Executive Director
Non- Independent

Appointment to the Board as Executive Director (Estates) on 1 January 2013, Mr. Loh Hang Pai, born in 1948, a Malaysian, graduated from the Serdang Agricultural College. He served Kumpulan Guthrie as Junior Assistant in 1969 and subsequently joined United Plantations Berhad on 1 January 1973 as an Assistant Manager. He served the Company in various positions and was promoted to the position of Estates Director on 1 January 2004.

He is not on the Board of any other public listed companies. He was actively involved in various activities of the planting associations, having held the position of Chairman, Perak Planters Association, President of United Planting Association of Malaysia and Chairman of Malaysian Cocoa Growers Council.

Currently, he is the Convener of MAPA's Oil Palm and Coconut Committee and Chairman of MAPA's Negotiating Committee and has been actively involved in the negotiations on several MAPA/NUPW and MAPA/AMESU wage agreements.

Profile Of Directors



R. Nadarajan
Independent
Non-Executive Director

Appointed director of the Company on 1 June 2013, Mr. R. Nadarajan, born in 1948, a Malaysian, joined the company in 1977 as a Management Accountant, after having qualified and worked in the UK in various capacities in management accounting and finance. He was promoted to the position of Financial Controller in 1980 and to the position of Company Secretary/ Group Manager Finance in 2000. He fully retired in 2012 as Group Financial Adviser, a position he held since 2008 on retirement as Company Secretary/ Senior Group Manager, Finance.
He is an associate member of the Chartered Institute of Management Accountants, United Kingdom(UK) and a member of the Malaysian Institute of Accountants.
He is not on the Board of any other public listed companies.

Note:

1. Family Relationship with Director and/ or Major Shareholder
   Save for Dato' Carl Bek- Nielsen and Mr. Martin Bek- Nielsen , none of the other Directors have any family relationship with any Director and/ or major shareholder of the Company.

2. Conflict of Interest
   Save for Dato' Carl Bek- Nielsen and Mr. Martin Bek- Nielsen , none of the other Directors have any conflict of interest with the Company.

3. Conviction for Offences
   None of the Directors of the Company have any conviction for offences within the past 10 years.

4. Attendance of Board Meetings
   Details of the Directors' attendance at Board Meetings are set out in the Statement on Corporate Governance on page 116.

Vigorous oil palm seedlings in the main nursery.

Chairman's Statement

On behalf of the Board of Directors of United Plantations Berhad, it gives me much pleasure to present to you the Annual Report of our Company and Group for the financial year ended 31 December 2015. The early release on the 29 February 2016 is an improvement with effect from the current year in keeping with the global trend of faster accounts finalisation and hence more timely dissemination of the Group/ Company's performance for the benefit of all stakeholders.

Summary of Operating Environment

2015 continued to be a year where world commodity prices came under pressure. Right from mineral fuel oils, base metals and agricultural products almost all major commodities have continued their downward spiral which began in 2014, proving beyond doubt, that the super commodity cycle of the last decade has come to an end. Indeed, of the 46 commodities which the World Bank tracks, 42 traded at their lowest levels in 2015 since the early 1980s.

Of all the commodities the most dramatic decline with the greatest influence remains that of crude oil which in mid-January 2016 plummeted below USD30/barrel. This represents a stunning 72% decline from crude oil's peak in June 2014 when prices were almost at USD108/barrel. Oversupply by the OPEC members coupled with poorer demand, predominantly by China, which during 2003-2013 accounted for 45% of the total growth in world oil demand, has added fuel to the fire and has pushed net commodity exporters like Brazil and Russia into recession and severely dented the finances of the petroleum based states in the Middle East.

Economically, the global scenario was challenging in 2015 with the Chinese GDP growth slowing down even further to 6.5% from an expansion of 10% in 2010. Projections for 2016 remain dim with Chinese GDP expected to reach only 6.3%. With China now being the world's second largest economy and the world's largest economy (measured by the quantity of goods and services produced) China is nevertheless still expected to account for almost 18% of world economic activity during 2016. Due to China's enormous influence one must appreciate that a drop in growth rate from 10% in 2010 to an estimated 6.3% in 2016 will have a knock on effect on global growth rates which could be reduced by about 0.75%.

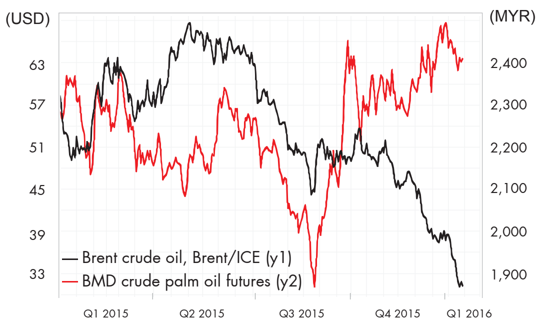
Fortunately, the US continues to provide signs of a sustained recovery which has been a catalyst for growth and employment in 2015, generating some optimism globally going into 2016.

Crude Palm Oil (CPO) prices as per the Malaysian Palm Oil Board averaged RM 2,154/MT during 2015 vis-à-vis RM 2,384/MT in 2014 representing a 9.6% decline.

CPO prices, which during the first quarter of 2015 trended upwards, made a u-turn towards the middle of the year sliding lower in the second half of the year. The primary reason for this has been a function of record high CPO stocks in Malaysia and Indonesia coupled with the largest supply of soya beans, particularly the bumper harvest in the USA.

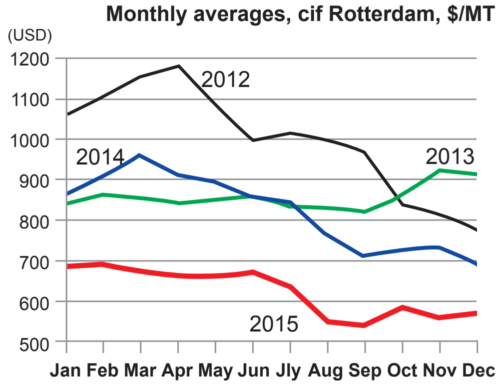
Whilst the decline in prices during the 12 months in Ringgit terms was similar to the

Daily Prices of Crude Palm Oil & Brent Oil
in MYR/MT and US-$/barrel



Prices from 2 Jan 2015 untill 15 Jan 2016

Prices of Crude Palm Oil
Monthly averages, cif Rotterdam, $/MT



Maintaining good ripeness standards and processing is key to producing superior quality CPO. The light railway system ensures timely transport of crop to the mill.

price range of CPO achieved during the 4th quarter of 2014, one must appreciate that the main reason for prices not declining any further was due to the pronounced weakening of the Ringgit in relation to the USD which during 2015 weakened by 23%.

This helped to cushion what otherwise would have been a serious decline in the CPO price as can be seen on the graph on page 12 where CPO prices in USD were significantly lower in 2015 vis-à-vis 2014.

With signs of an US economic recovery and its monetary policy the USD strengthened very considerably compared to all emerging economies. The strength of the USD combined with the spill over effect of the Chinese slowdown dampened the appetite for commodities. This resulted in declining commodity prices not least mineral crude oil prices which has turned the financial feasibility of the biodiesel industry into disarray.

The dramatic fall in palm oil prices by more than 25% year-on-year has resulted in major challenges for the palm oil sector where margins are being squeezed in times of rising labour costs and higher input costs thus testing the competitive advantage vis-à-vis the other 16 Oils & Fats.

Under our zero burn policy, palm trunks are chipped during felling and later mulched enhancing the organic carbon content in the soil.

A young replanted field with well established leguminous cover crop.

Whilst prices of UP's main commodity, CPO declined in 2015, our Group production of CPO increased year on year by 7.8% as a result of better growing conditions especially on our Malaysian estates which experienced no material weather extremities unlike in 2014. Combined with the improving age profile following the massive replanting programme undertaken over the last 7 years it is pleasing to report that many of these younger areas that have come into bearing are performing well. Gratifying improvements in production were also noted on UP's Indonesian estates during 2015. However, production tapered off sharply towards the end of the year due to the impact of the acute drought experienced for 5 consecutive months in Indonesia during the El Niño phenomena.

Thousands of wild fires rampaged the Indonesian countryside during August, September and October. As a result of this unprecedented drought and fires. Indonesia, Singapore and Malaysia experienced a choking haze. The consequences of this devastating drought will be felt in 2016. Production on our Indonesian Estates is expected to decline between January and April 2016. The prolonged haze will also impact output because of the reduced photosynthetic efficiency.

In spite of the above, I am happy to report that Management has made good progress in terms of completing most of its upkeep programmes on time which is reflected throughout our estates.

Overall developments on our Malaysian and Indonesian estates improved notably due to better operational efficiencies combined with a lower unit cost of production, mainly attributable to higher yields which cushioned the drop in the commodities prices.

Although facing a much tougher operating environment with margins coming under pressure, our downstream refining business managed to achieve a record result in 2015. This was because of its ability to supply the market with a variety of high quality certified sustainable and traceable palm oil products. Favourable hedging positions and the weaker Ringgit vis-à-vis the USD also helped.

Finally, with the Indonesian Rupiah strengthening against the Malaysian Ringgit our Group experienced an unrealized foreign currency translation gain contributing positively to the overall results.

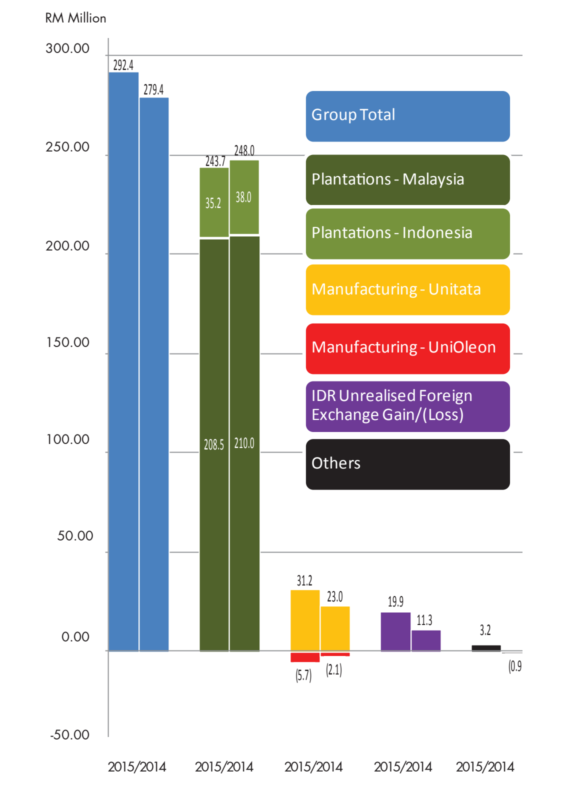
Financial Review of Operations

- The Group's revenue during 2015 decreased by 1.7% to RM 1,004 million compared to 2014. This was mainly attributable to the decrease in the selling prices of CPO and PK.

- The Group's profit before tax increased by 5.6% from RM 356 million in 2014 to RM 376 million in 2015.

- The United Plantations Group was, despite the above mentioned factors, able to achieve a profit after tax of RM 292 million for 2015 which was an increase of 4.7% from RM279 million in 2014. The Board of Directors therefore joins me in placing on record that the results, in spite of the lower commodity prices and poorer world economic outlook, have been satisfactory for the year 2015.

Group Total and Segmental Contribution 2015 & 2014



Dividends

- The Board of Directors have recommended a Final Single Tier Dividend of 20% per share and a Special Single Tier Dividend of 50% per share for the year ended 31 December 2015.
- Summary of Dividends for the year ended 31 December 2015 are:

	Percent
Interim single tier Dividend declared and paid	20%
Special single tier Dividend declared and paid	10%
Proposed Final Single Tier Dividend	20%
Proposed Special Single Tier Dividend	50%
Total Dividends	100%

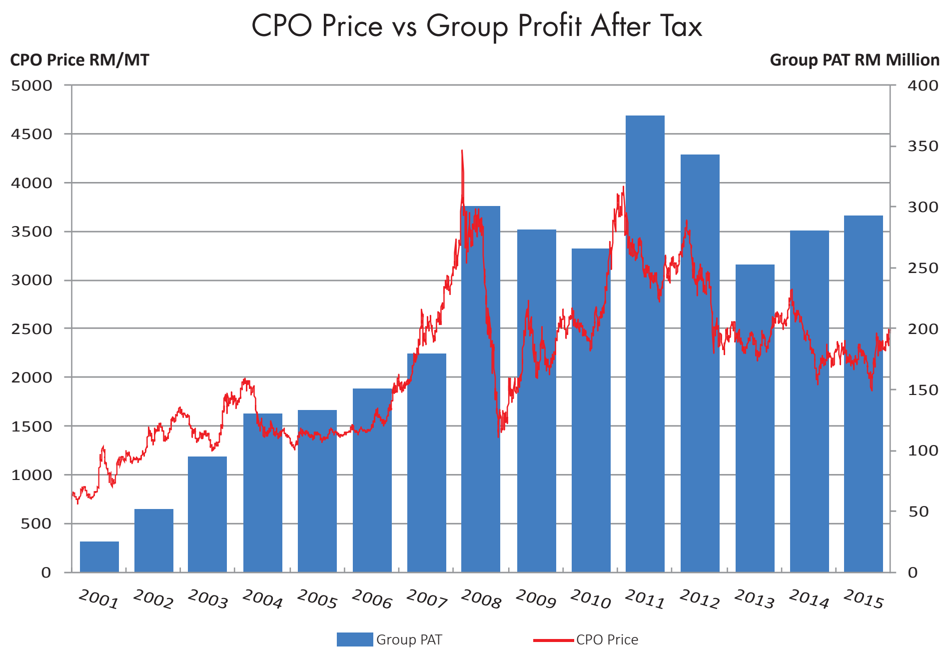
The total dividend pay-out will therefore amount to RM208 million (RM1.00 @ 208 million shares) for the year ended 2015 which is lower than the previous year's total of RM343 million, as a result of the one-off interim Extraordinary Special Dividend of 75% equal to RM156 million paid out in September 2014.

Nevertheless, the Board of Directors is committed towards maintaining its philosophy of having a strong balance sheet and especially a healthy cash position, which as of 31st December 2015 stood at RM 753 million. This is in order to ensure the company's ability to fund fully its operations and internal capital requirements which are deemed necessary to sustain and improve the high standards of our operations. The Group has the capability to invest strategically and prudently in order to grow our business and take advantage of opportunities should they arise, regardless of market conditions.

Plantation Operations

- CPO production in 2015 reached 151,988 MT (Malaysia) and 48,159 MT (Indonesia) totalling 200,147 MT of CPO for the Group compared to 185,602 MT CPO in 2014. The 7.8% increase in the Group's overall production, equal to 14,545 MT of CPO was mainly due to the improved performance of our Indonesian properties where production rose by 16.2 % combined with the increase in production of 5.4 % on our Malaysian estates. This was in spite of the large replanting programme undertaken on our Malaysian Estates in 2015.

UP Group	Metric Tonnes (MT) CPO		
	2015	2014	Change
Malaysia	151,988	144,162	5.4%
Indonesia	48,159	41,440	16.2%
Total UP Group	200,147	185,602	7.8%



Young Hybrid palm displaying a bountiful crop.

UP Indonesia's production accounted for 24.1% of our Group's CPO production in 2015 compared to 22.3% in 2014 which is a pleasing development.

- A total of 2,715 hectares of oil palms were replanted on our Malaysian properties during 2015 compared to 2,625 hectares in 2014. Whilst our Group's average age profile has improved, we must nevertheless appreciate that the major bulk of our Group's replanting programme for our Malaysian Estates will only be completed by 2018. Indeed, during the course of the last 7 years (2009 – 2015) our Malaysian estates have replanted a total of 17,309 hectares of oil palms equal to 48.6% of the total area under oil palm today. This is absolutely necessary if we are to further improve on the age profile of our established plantations and with that our average yields which is of special importance in maintaining our favourable cost base.

Harvesting of young palms using a mechanised chisel.

As of 31 December 2015 our Group's areas planted up with oil palms can be summarized as follows:

In Hectares	2015	2014	Change
UP Malaysia			
Mature Area	28,254	28,291	(0.1%)
(oil palms between $2\,^1/_2$ - 5 years in age)	17.53%	24.28%	(27.8%)
Immature Area	7,281	7,475	(2.6%)
Total Area under Oil Palm	35,535	35,766	(0.6%)
UP Indonesia			
Mature Area	9,560	9,655	(0.9%)
Immature Area	-	-	-
Total Area under Oil Palm	*9,560	*9,655	(0.9%)
Grand Total for the Group	45,095	45,421	(0.7%)
Total Group Area having come into Maturity	3,309	1,953	69.4%

** net of areas converted to Plasma.*

As indicated in the table above, our Group's total area planted with oil palms (Malaysia and Indonesia) has therefore now reached 45,095 hectares compared to 23,348 hectares 14 years ago.

One can also note that the total immature area in relation to the total area under oil palms in 2015 now stands at 16.1% compared to 16.5% in 2014. The total immature area on our Malaysian Estates is now 20.5% compared to 20.9% in 2014.

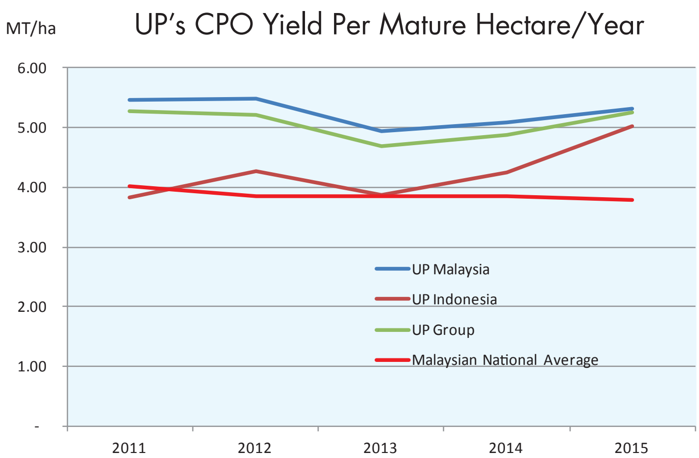
Crop evacuation using buffaloes is common in areas where the use of tractors is restricted due to soil conditions.

The improved weather conditions providing more even distribution of rainfall on our Malaysian Estates in 2015 helped to induce better growing conditions and with that raising Group yields by 7.8% from 4.87 MT CPO/Ha in 2014 to 5.25 MT CPO/Ha in 2015 as indicated in the table below.

CPO Yield / Hectare /Year

	2015	2014	Change
UP Group average yield in (MT) FFB/Hectare	23.18	21.40*	8.32%
UP Group average Oil Extraction Rates (OER) in %	22.64	22.77*	(0.57)%
UP Group average Kernel Extraction Rates (KER) in %	4.81	5.02*	(4.18)%
UP Malaysian Average Yield in (MT)CPO/Hectare/year	5.32	5.09	4.5%
UP Indonesian Average Yield in (MT)CPO/Hectare/year	5.03	4.24	18.6%
UP Group Average Yields in (MT)CPO/Hectare/year	5.25	4.87*	7.8%
Malaysian National yield in (MT) CPO/Hectare/year	3.78	3.84	(1.6)%

** includes our Indonesian plantations.*



A scenic view of the Executive Director (Estates)'s bungalow in the midst of replanted and matured oil palm fields and a riparian reserve at our up-river plantations that started with oil palm cultivation in 1926.

Breeding for high FFB and high oil yielding materials accompanied with good nursery and field management practices are key elements to remain competitive.

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 prime importance in terms of our Group's ability to further improve our agronomic productivities in order to reach our target of 28 MT of FFB/Ha and an OER of 23% equivalent to a CPO oil yeild/Ha/year of 6.5 MT on average for our Malaysian plantations.

For our Indonesian plantations our target is 25 MT of FFB/Ha and an oil extraction rate of 26% also equivalent to a CPO oil yield/Ha/year of approximately 6.5MT on average. The difference in terms of yield of FFB/Ha/year and the OER between the countries, is due to the differences in planting materials, soils, climatic conditions and labour availability.

In this connection, I am pleased to advise 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 resulting in the inability to remain competitive. All replanting carried out during 2015 continued 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 company's commitment towards 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.

Pruning of tall palms is essential in minimising crop losses.

Palm biomass is mulched in newly replanted fields to retain moisture, minimise erosion and recycle nutrients to the soil.

Members of the Executive Committee with Mr. Azhar, Senior Manager during a field inspection of immature palms at Lima Blas Estate.

Members of the Executive Committee visiting Umpang Estate in PT SSS together with Mr. Daniels, President Director, Mr. Azman Samion, Mr. Aseervatham, and other staff members.

Indonesia

Our Plantation Division in Indonesia generated a Group contribution of RM 35.2 million in 2015 against RM 38.0 million in 2014, representing a decrease of 7.4%.

Whilst operating conditions continue to be challenging, it is with much satisfaction that after 10 years of operations since entering Indonesia the efforts and commitment provided towards the difficult expansion process into Central Kalimantan is finally paying off.

All plantings have now reached maturity and the company now provides employment for 1,180 employees, many of whom were previously unemployed.

The Indonesian Rupiah's appreciation against the Malaysian Ringgit resulted in a realized and unrealized currency exchange gain of RM 19.9 million for our Group against an unrealized currency exchange gain of RM 11.3 million experienced in 2014.

I am pleased to report to shareholders that all infrastructural investments in Indonesia will be completed in early 2016. An additional 4 new terrace houses and staff quarters were completed in 2015 bringing the total number of high quality modern living quarters for our executives, staff and workers to more than 350 units.

Whilst the Board of Directors remains committed to its business in Indonesia, it also wishes to report that difficulties continue to be experienced in Indonesia in obtaining permits for any future expansion linked with prolonged delays and demands surrounding the issuance of these permits. With the significantly increased labour cost as well as the lower selling prices of CPO and PK, the investment climate seems less favourable compared to 2006 when the company entered Indonesia in spite of our satisfactory results. Further expansion will therefore only be considered if the investment climate improves. In the meantime, management is doing a commendable job in consolidating the existing properties where agricultural standards have now reached standards similar to those on our Malaysian properties.

Todate, 9,560 hectares of oil palms (net of 406 ha converted to Plasma) have been planted and about 6,000 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 prior to us acquiring the properties. These sanctuaries are a testimony to our Group's commitment towards maintaining an important balance between economy and ecology. Conservation means development as much as it does protection of the environment.

The Arut River, one of the few major rivers that borders our properties in Central Kalimantan.

Weighbridge operations at Lada Mill Central Kalimantan.

Mr. Amrik Singh, General Manager, PT SSS who is retiring was given a rousing farewell by the Staff and Management of PT SSS, the Executive Committee and Pak Suryadi.

Copenhagen Zoo

Our Company's collaboration with Copenhagen Zoo continues to develop very satisfactorily with notable initiatives and positive developments having been made in 2015. The objective of this cooperation is to ensure that Environmental Management and smooth operation of our Biodiversity Department continues as planned in order for these softer yet important values to become an even stronger integral part of our Agricultural operations to which we remain committed. (see pages 80-86)

Cost of Production of Crude Palm Oil

- The direct cost of production (before depreciation, amortization and others) during 2015 declined by 4.3% from RM 846/MT CPO to RM 810/MT CPO for our Malaysian operations. The total cost of production including depreciation for 2015 was RM 1,032/MT vs RM 1,064/MT in 2014.

- This decrease is of great comfort and is primarily a reflection of the higher CPO production which increased by 7,826 MT on our Malaysian properties or 5.4% vis-à-vis 2014 combined with the measures taken to increase productivity and contain cost. Nevertheless, it must be underlined that labour wages have risen very alarmingly by 55% between 2010 to 2015 for all harvesters and general field employees in Malaysia with further increases rumoured to be just around the corner. Indeed, labour wage rose by an additional 8.3% from 2014 to 2015 in Malaysia and 12% during the same period in Indonesia.

- The Board of Directors joins me in stating that this is a worrying and unsustainable trend and will only erode the Malaysian Palm Oil Industry's ability to compete against the other 16 competing oils and fats unless this is matched by commensurate increases in yields and productivity.

  It is therefore acutely important that we support Management in its pursuit of increasing productivity through mechanization and other means so the dependency on labour can be reduced.

Selling Prices of CPO and Palm Kernels

- The average selling prices for Crude Palm Oil achieved during the year fell from RM 2,353/MT in 2014 to RM 2,163/MT in 2015 from our Malaysian CPO, a decline of 8.1%.

	Crude Palm Oil			Palm Kernel		
	2015	2014	Change	2015	2014	Change
MPOB Avrg price (RM)	2,154	2,384	(9.6%)	1,528	1,671	(8.6%)
UP's Avrg price (RM)	2,163	2,353	(8.1%)	1,493	1,774	(15.8%)

- The average selling price for Palm Kernels recorded a decrease of 15.8% to RM 1,493/MT in 2015 compared to RM 1,774/MT in 2014 for our Malaysian Palm Kernels due to general price declines for this product.

Coconut Production

- Our coconut production of 77,500,660 nuts in 2015, recorded an increase of 13 % compared to 68,424,355 nuts in 2014. This was a function of the coconut palms recovering from the biological resting phase coupled with the very favourable weather and rainfall distribution experienced in 2015 on our Malaysian properties. Average yields increased from 25,056 nuts/hectare in 2014 to 27,747 nuts/hectare in 2015 equal to an improvement of 10.7% year on year which is very pleasing.

High yielding Yellow Dwarf coconuts.

Mr. Ho Shui Hing , Research Controller briefing the Honourable Minister of Plantation Industries and Commodities,YB Datuk Amar Douglas Uggah Embas and other dignitaries on our Group's sustainable practices during a visit to UP.

Manufacturing Division

Unitata Berhad

In our downstream refinery division our wholly owned subsidiary Unitata performed satisfactorily under increasingly competitive circumstances by recording a record profit after tax of RM 31.2 million against RM 23 million in 2014.

The improved results were mainly due to increased sales volumes of high quality certified, sustainable and traceable products, a weaker Malaysian Ringgit vs US Dollar, positive hedging results as well as cost cutting measures.

The interest for certified sustainable palm oil is increasing, and Unitata is especially seeing demand for certified fully segregated and traceable refined palm oil solutions which will be a key area of focus going forward.

Unitata refinery complex was commisioned in 1974 as the first inland refinery in Malaysia.

UniOleon

The 50/50 joint-venture which Oleon NV and UP entered into in June 2012 by establishing UniOleon Sdn Bhd, with the purpose of producing, marketing, and distributing sustainable palm oil based food emulsifiers, after mutual agreement, came to an end on 15 October 2015.

Due to the troubled Asian and global economic outlook combined with different strategic views between the joint-venture parties on how to manage this, it was decided through an amicable settlement that each of the partners would be best suited to focus on their core activities.

UP has therefore agreed to sell its 50% share to Oleon NV. The disposal resulted in a realised loss of RM5.7 million. The parties nevertheless wish to maintain an open and constructive business relationship in the future as the respective companies share a common vision regarding the importance of sustainable palm oil.

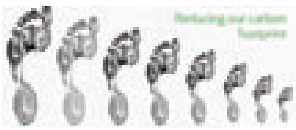
Modern workers and staff housing at PT SSS, Central Kalimantan.

Corporate Social Responsibility (CSR)

Since our foundation in 1906 UP has focused on economic development combined with social and evironmental care. Indentifying and managing UP's social risks and opportunities is fundamental to our continued success and to the core principles of our business activities, namely doing business sustainably and for the long term.

Today, more than ever, sustainability and financial performance are an integrated part of the well being of the UP Group. 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.

Our Company's commitment towards providing as well as improving social amenities remains a hallmark within our Group. Continued progress was made during 2015 to maintain the highest possible welfare standards for our workforce as well as improving our environmental foot print which is a part of our Group's continuous focus on responsible palm oil production.



Reducing our Carbon Footprint

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 investment decisions continue to be made. Following an updated and very comprehensive Life Cycle Analysis (LCA) report it was pleasing to note that UP from 2004 -2015 has managed to reduce its GHG emissions per kg refined oil by 33%. Our target is to reach a reduction of 50% vs the 2004 figures before the end of 2018 to which we remain committed. (see pages 62-63)

United Plantations and the Roundtable on Sustainable Palm Oil

On the 26th August 2008 UP became the World's very first certified producer of sustainable palm oil in accordance with the Principles & Criteria of the RSPO. Since then our Group has continued to demonstrate and implement new initiatives that go beyond the current RSPO Principles & Criteria. UP has therefore committed to a no deforestation policy thereby delinking deforestation and palm oil production. Furthermore, we have in place a no peat development policy as well as ensuring that no development of areas of High Carbon Stock (HCS) and High Conservation Value (HCV) will take place. During 2016, UP will proceed with an even higher level of sustainability certification through the RSPO, namely the "RSPO NEXT" which is appreciated and recognised by our key customers and other stakeholders locally and around the world. The "RSPO NEXT" certification is beyond doubt not only the world's strictest for any agricultural crop but also amongst the most credible. (see pages 40-41)

A detailed report on our CSR activities is accounted for in a separate section of this annual report. (see pages 30-103)

Prospects and Outlook

Based on the current operating environment UP is aware of the challenges 2016 will bring. Focus on cost efficiencies and improved productivity will therefore continue as a vital part of sustaining our positive development.

In accordance with its replanting policy, UP will continue to replant large areas of its older and less productive oil palm stands in Malaysia during 2016. All areas in its Indonesian operations will be in production in 2016 which is expected to contribute and compensate for the crop loss from the replanted areas in Malaysia.

The US and South American soybean crop production and year ending stocks are expected to increase further during 2016 which may extend the pressure on vegetable oil prices seen in 2015 due to the anticipated increase in supply.

Nevertheless, vegetable oil prices are currently exposed to the bullish impact of an unusually small production growth in seed oils and palm oil and if further production stress is seen due to unfavourable weather there may be a further recovery of vegetable oil prices.

The extent of how much pressure this will put on the price complex depends materially on how much palm oil production will decline during the first 4 months of 2016 as a consequence of the El Niño that affected East Malaysia, Kalimantan and Sumatra in 2015.

One of the main bearish factors for the vegetable oil price complex is the significant decline in mineral oil prices, as it is very likely that less vegetable oils will be converted into biodiesel.

The price premium of palm oil over crude mineral oil has increased considerably in the last few weeks challenging the economic viability and with that the overall justification of biodiesel production since it now has become increasingly uneconomical to finance the growing gap between prices of biodiesel and fossil diesel. It is therefore unlikely that this year's 20% biodiesel admixture mandate in Indonesia will be fulfilled aggravating the already record high levels of palm oil stocks in Malaysia and Indonesia.

In this respect, one must recognise that almost 15% of the world's 17 Oils & Fats were used for biofuel/biodiesel products in 2015 again emphasising this segment's critical role in terms of demand.

Our Employees – Our Strength

Nevertheless, the depreciation of the Malaysian Ringgit against the USD has helped to support CPO prices in Malaysian Ringgit and this is expected to continue into 2016 as the finalisation of the quantitive easing programme by the US Federal Reserve takes place coupled with further interest rate rises applying further pressure on emerging economies and their currencies vis-à-vis the USD.

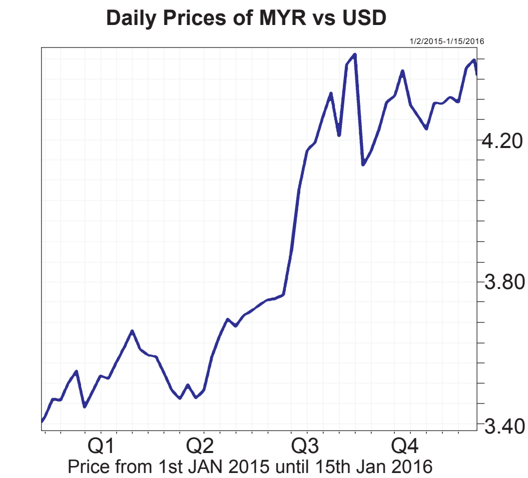
In view of the above, and with the current prevailing prices of palm oil and palm kernel oil in the market, the Board of Directors is of the view that the future looks more challenging. But, with the prices contracted under our forward sales policy and with the Indonesian production partly compensating for the drop from the replanted areas in Malaysia, the Board of Directors expects that the results for 2016 will nevertheless be satisfactory.

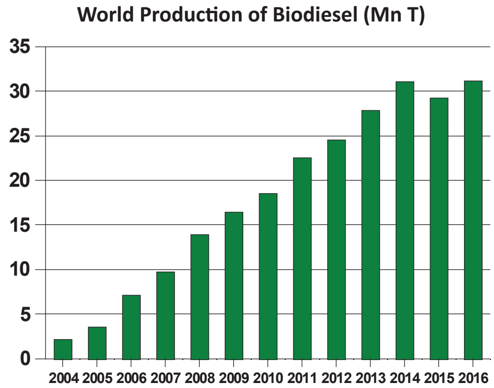
Acknowledgement

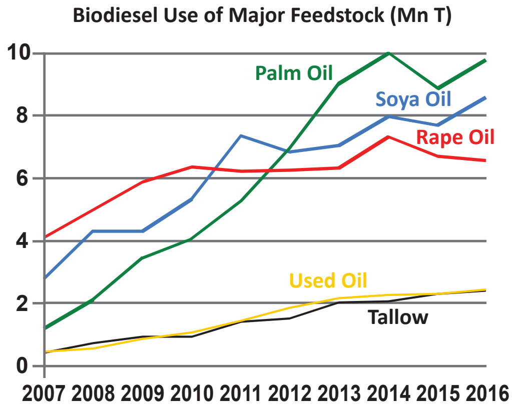
In closing, I would like to applaud Management for the various concerted efforts made during the last many years. I would also like to thank all our customers, business partners, government agencies and shareholders for the continued support and trust in our Group.

In addition 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. Finally, and 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 and well-being of our Group of Companies.

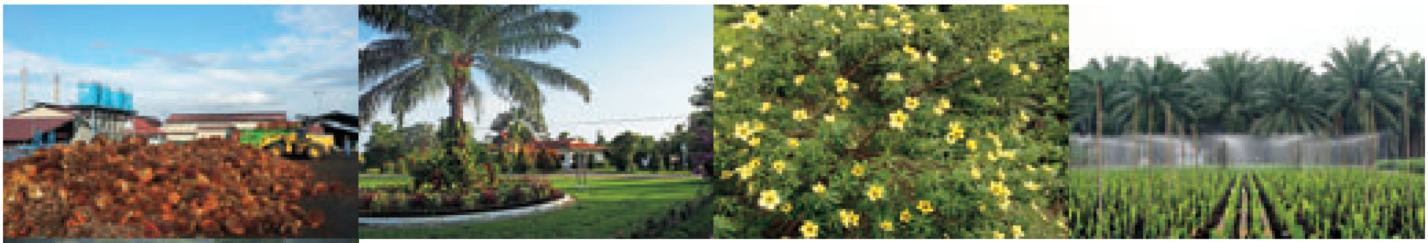
TAN SRI DATUK DR. JOHARI BIN MAT
CHAIRMAN







Members of the Board of UP and UIEL during a visit to the site preparation works for the Optimill at Ulu Bernam Estate.



Corporate Social Responsibility (CSR)

Contents

Statement on Corporate Social Responsibility (CSR)

CSR Policy

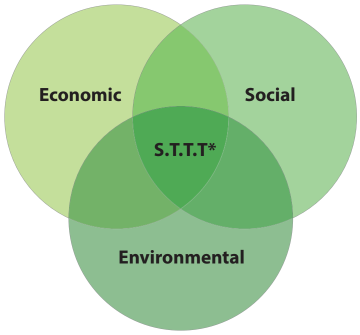
UP's CSR Policy focuses on continuous care, commitment and responsibility towards its employees, the environment, the community and the marketplace in which it operates. We remain committed to conducting our business in a manner that achieves sustainable growth whilst maintaining a high degree of social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

CSR Report

The following pages will provide an overview of our Responsible Agricultural practices and sustainability commitments.

The CSR Report is a relatively new concept, however, for over a century CSR has been an integral part of our way of doing business in UP. We will continue to manage our business sustainably and for the long term in line with our commitment on continuous improvement, thereby going beyond the requirements of the law to make a positive impact on society and the environment through our overall business practices.

Sustainable Development



*Sustainability through Transparency, Traceability & Trust

Responsible production of Palm Oil

As a responsible producer of Palm Oil, UP strives towards being selected as a preferred supplier of superior quality, certified and segregated palm oil traceable back to the plantations.

We fully adhere to the principles & criteria of the RSPO and have voluntarily incorporated higher standards that amongst others ensures :

- No deforestation
- No new development on peat soils
- Increased focus and respect for local and indigenous communities including smallholders and benefit of their socio-economic development.
- Reduction of Green House Gasses (GHG)

We are committed to Responsible Agricultural Practices and strive towards finding the right balance between Economic, Social and Environmental aspects of our business.

Creating Shared Value(CSV)

C
CSV
R

It is not only a responsibility to manage our resources resourcefully and engage in activities that optimise returns for our shareholders but also by CSV in the society we operate in, which is a virtue we try to live up to.

The central premises behind CSV is that the competitiveness of our Company and the health of the communities around us are mutually dependent, thus enabling UP to create economic value by also creating societal value.

For generations, UP has focused on maintaining social and 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.

One of our nature reserves at PT SSS, UP places strong emphasis on conservation of jungle sanctuaries and promoting green corridors.

Today a vital part of UP's CSR Policy therere continues to be our commitment to the Principles and Criteria of The Roundtable on Sustainable Palm Oil (RSPO) as well as building on their principles and criteria. (see pages 35-39 for further info on UP's sustainability commitments)

UNITED NATIONS

During the launch of The Malaysia Chapter of the UN Sustainable Development Solutions Network (UN-SDSN), UP was mentioned as one of the sustainable development solution initiatives being undertaken in Malaysia. In The SDSN Malaysia Chapter, UP was identified as a "Business with a soul". This acknowledgement was indeed pleasing and indicates our commitment to being a leader in economic, environmental and social sustainability.

Our commitment to CSR is a continuous process, where 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 recognised 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.

Social and Environmental Risks

Identifying and managing our social and environmental risks and opportunities is vital to our success and continued growth.

By focusing on these factors across all of our business areas, we can safeguard and create value for shareholders, customers, our employees, the environment and the communities in which we operate.

Sustainability Governance Framework

Effective governance and robust risk management policies and procedures combined with our core values are key for achieving long term success. The Board is responsible for approving the direction and overall strategy for UP and monitoring managements progress in connection with the financial objectives and strategic priorities.

In relation to UP´s overall CSR objectives, targets and priorities, the Board of Directors has delegated responsibility to the Executive Committee.

The Executive Committee reviews and approves UP´s CSR objectives and monitors progress and sustainability developments within the group.

Operations & Environment Management System

Established in July 2003, the Operations & Environment Management Committee (OEMC) provides policy directions on strategic leadership on UP´s CSR agenda, identifies our Group´s most material issues in relation to risks and opportunities and monitors progress against targets set by the Executive Committee on a bi-annual basis.

UP´s Chief Executive Director, Dato' Carl Bek-Nielsen, Chairs the Executive Committee as well as our Group's OEMC and is overall responsible for leading the development of UP´s sustainability framework together with key members of our group's various business units.

Ultimate responsibility nevertheless still lies with the Board of Directors for the overall CSR strategy and performance.

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.

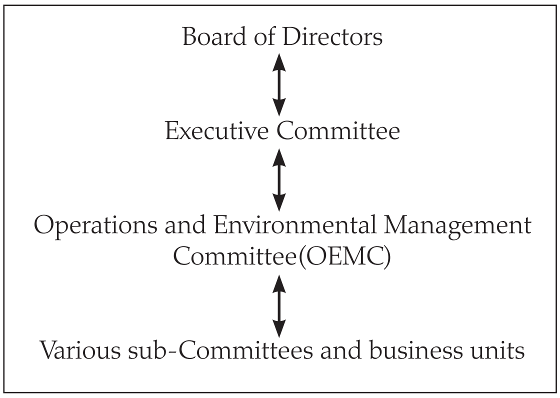
In 2010 we established our CSR sub-committee as an extension of our OEMC in order to formalise and take charge of necessary and relevant CSR topics.

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

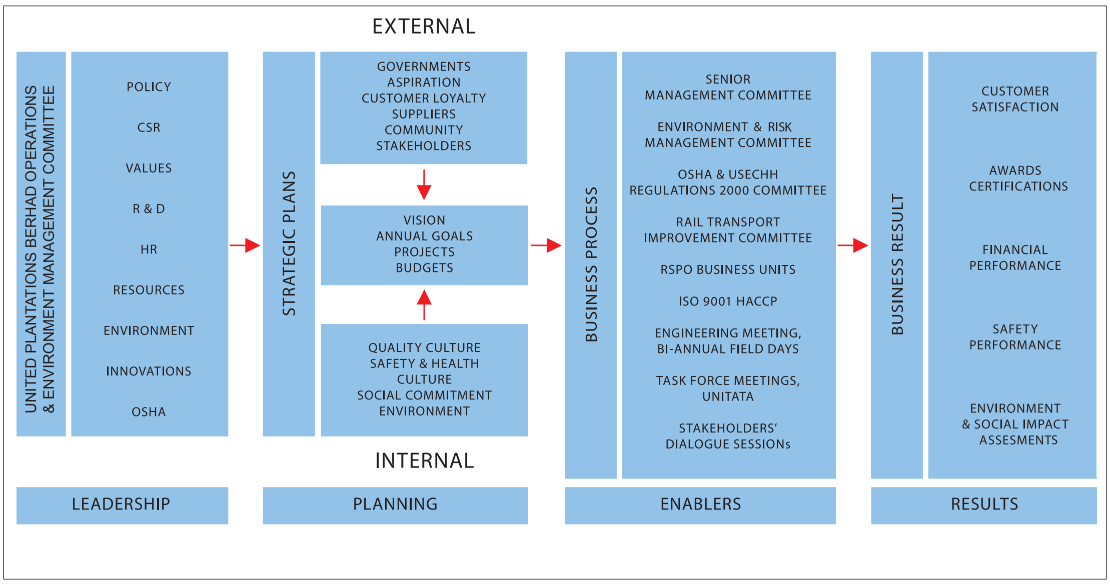
1. RSPO Principles and Criteria
2. Field Management Manual
3. Standard Operating Procedures - oil palm field practices
4. Standard Operating Procedures - palm oil mill operations
5. Occupational Safety and Health and HIRARC Manual
6. Environment & Social Impact Assessments and its Management & Monitoring Plans
7. High Conservation Value, High Carbon Stock Assessments 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 and certifications.

Sustainability Governance Framework



Operations & Environment Management System framework



Sustainability Reporting-Risks and Opportunities

Through the OEMC and our Group's risk management committee, we have together with key stakeholders evaluated and analysed the most relevant CSR issues providing risks and opportunities to our Group.

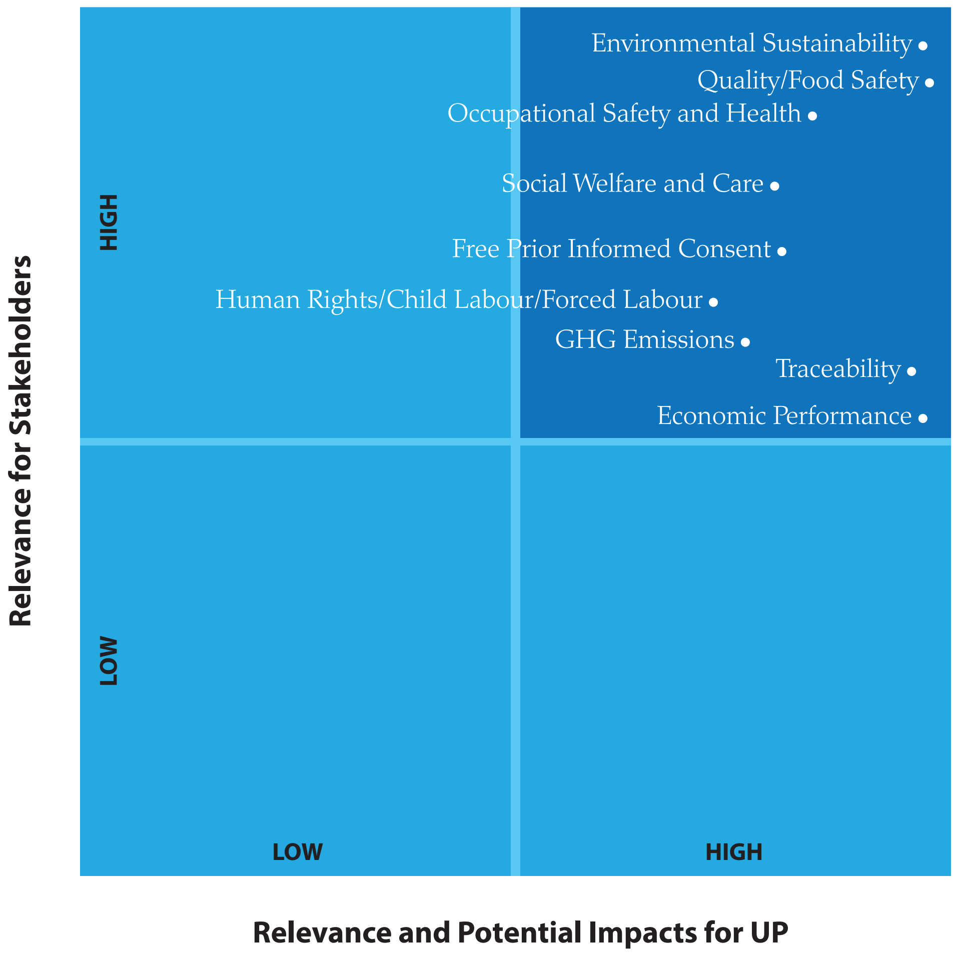
Based on the various discussions and evaluation of our Group's Sustainability Risks and Opportunities, we have summarised the findings in the following table highlighting the most relevant issues for both UP and its stakeholders.

Identifying and managing our social and environmental risks and opportunities is vital to our success and continued growth. Sustainability and financial performance have become significantly more integrated and therefore sustainability in UP is about ensuring that our business is managed by focusing on Economic, Social and Environmental aspects of our business.

Going forward a more detailed analysis will be included in our Annual Report in line with our commitment towards enhanced Sustainability reporting.

Summary of Material Issues	Stakeholders
- Environmental Sustainability - Occupational Safety and Health - GHG Emissions - Quality/Food Safety - Human Rights/Child Labour/Forced Labour - Traceability - Economic Performance - Social Welfare and Care - Free Prior Informed Consent	- Employees/Guest Workers - Customers - NGO's - Media/Social Networks - Industry Groups - Government Agencies - Local Communities - Consumers - Shareholders

Materiality Matrix



The Roundtable on Sustainable Palm Oil (RSPO)

The 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 RSPO is a not-for-profit association that unites stakeholders from the 7 sectors of the palm oil industry: oil palm producers, processors or traders, consumer goods manufacturers, retailers, banks/investors, and environmental and social non-governmental organisations (NGOs), to develop and implement global standards for sustainable palm oil.

RSPO Stakeholders and Sustainability Principles and Criteria

The RSPO has defined eight principles and thirty nine criteria and numerous indicators within economic, environmental and social areas, which must be followed and implemented in order for palm oil producers to become RSPO certified. The RSPO is not born complete and it is important to understand that continuous efforts to improve and strengthen the Principles & Criteria is an ongoing process. When they are properly applied, these principles and criteria can help to minimise the negative impact of palm oil cultivation on the environment and communities in palm oil-producing regions.

Global RSPO Members and Governance

The RSPO has more than 2,600 members worldwide who represent all links along the palm oil supply chain. The primary objective of the RSPO is to promote a credible standard of palm oil production and members have committed to produce, source and/or use sustainable palm oil certified by the RSPO, in order to transform markets to make sustainable palm oil the norm.

The RSPO is managed by a member-elected board of governors comprising 16 members, designated by the General Assembly for a period of two years.

The RSPO Secretariat is based in Kuala Lumpur, Malaysia. The Secretariat is supported by the RSPO Indonesia Liaison Office (RILO), based in Jakarta.

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).

Stakeholders in the Sustainable Palm Oil Supply Chain and Eight key Principles of RSPO:

Source: RSPO Website

The Anhinga, sometimes called Darter, is a water bird, commonly seen at the reservoir at Lada Estate.

United Nations Grants "Special Consultative Status to RSPO"

UNITED NATIONS

The Roundtable on Sustainable Palm Oil (RSPO) was recently granted the 'Special Consultative Status' with the United Nations Economic and Social Council (ECOSOC), which is among the key components of the United Nations (UN) that oversees issues related to economic and social development. The Consultative Status, which took effect in May 2014, will enable the RSPO to actively engage with the UN Secretariat, ECOSOC and its subsidiary bodies.

With its newly attained Special Consultative Status, the RSPO can consult as well as actively participate in the work of the UN Council aside from being able to confer with UN member states.

The RSPO, as subject matter experts on sustainable agriculture and commodities, can be referred to by the UN Council or any of its affiliates aside from being able to submit written statements relevant to the work of the UN Council, which may be circulated among members of the UN Council by the UN Secretary General.

The RSPO is also entitled to designate official representatives to the UN headquarters and offices and may sit in as observers at the UN council public meetings, the UN General Assembly, Human Rights Council and other inter-governmental decision-making bodies

Certified Sustainable palm oil

Certified sustainable palm oil is produced by palm oil plantations which have been independently audited and found to comply with the globally agreed environmental standards devised by the Roundtable on Sustainable Palm Oil (RSPO).

Global Palm Oil Production

In 2015 Global production of palm oil reached approximately 62.5 mill MT and today it is the most used vegetable oil in the world, contributing to more than 33% of the global production of oils and fats.

Palm oil is versatile and has numerous users. It is found in food products, soaps, detergents, cosmetics, plastics and over the last number of years also in biofuel production.

Supply outpacing RSPO certified demand

Whilst it is commendable that 20% of the World production of palm oil is now certified by the RSPO (as seen in figure on page 38), it is unfortunately still a fact that the global uptake of RSPO certified palm oil was only around 50% of the supply thereby outpacing demand. The RSPO certified oil not purchased will end up in the supply chain without being sold as certified sustainable palm oil - but just conventional palm oil.

With the European reform on labelling introduced in December 2014 as well as significantly increased commitments from International Brand manufacturers to switch to Sustainable Palm Oil, mainly due to consumer demand and NGO pressure, it is anticipated that demand will start picking up going forward.

This is viewed as important to ensure continuous support and commitment to the RSPO by sceptical producers including smallholders that would want a carrot to follow the strict principles and criteria of the RSPO.

With the principle of commensurate effort in mind, all stakeholders of the RSPO must therefore do their utmost to promote not only the production of RSPO certified palm oil, but also the offtake.

Environmental concerns

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.

NGOs and Palm Oil

Palm oil producers worldwide, continue to be exposed to much criticism by predominantly Western Non-Governmental Organisations (NGOs). Their accusations take the form of generalised views that disregard the positive socio-economical impact of the industry and continue to 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 and thereby do their best to remain objective.

The Migros Criteria and Proforest

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 and the RSPO

UP's role regarding the RSPO remain 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 in 2004. Shortly after the establishment of the RSPO, UP was a part of the initial stakeholders group involved in developing the principles and criteria to define sustainable palm oil.

In 2007, UP's inhouse RSPO business units were formed. The RSPO business units are headed by the human resource and environment, safety and health department. Today our CED, Dato ' Carl Bek-Nielsen is the Co-Chairman of the RSPO Board of Governors representing the Malaysian Palm Oil Association's seat.

UP and the World's First RSPO Certificate in 2008

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 26 August 2008.

Validity of the RSPO certificate

The maximum validity of this RSPO certificate is five years after which a New Certification process will be initiated in order for re-certification to take place. UP has been through the certification and has become the first Company to achieve re-certification which will be valid from 2014 and five years ahead. During the lifetime of this certificate, monitoring or surveillance assessments to check continued compliance takes place annually.

UP's Certified Palm Oil

Our operations are fully vertically integrated, producing our own seeds and clonal planting material, planting, cultivating, harvesting our oil palms, transporting our crop to our palm oil

Source: RSPO Website

mills where crude palm oil and palm kernels are produced after which we send the oil to our Unitata refinery for further processing and refining before the oil is sent out to our global customers.

Unitata- Supply Chain Certification

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.

UP's RSPO certified sustainable production volumes

Our capability of supplying sustainably certified, traceable and high quality palm oil and palm kernel oil is an important part of our commitment to customers. Our total RSPO certified and traceable available is approximately 160,000 MT of palm oil and 40,000 MT of palm kernels.

For our new Indonesian Plantations UP is commencing certification in 2016. For Schemed Smallholders including Plasma Schemes full certification is expected by 2019.

Commitment to Traceability

United Plantations is committed to moving towards full segregation and traceable supply chain models and is therefore slowly reducing mass balance and greenpalm solutions. Today approximately 75% of UP's production is RSPO certified segregated palm oil traceable back to the plantations. Full certification and production and use of segregated and traceable palm oil is expected to be reached in 2019, including any outside crop that is purchased.

Indonesian Sustainable Palm Oil (ISPO) Certification

The Indonesian Government established a mandatory certification scheme in 2011, 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. The ISPO standard includes legal, economic, environmental and social requirements, which largely are based on existing national regulations. The ISPO main audit for our Indonesian Plantations will commence in 2016.

UP -Implementation of Higher standards

On top of supporting the RSPO, UP has since 2008 implemented additional criteria and policies in order to break the link between deforestation and palm oil. A part of the additional criteria and policies relate to no further land clearing for plantations until an independant high Carbon Stock assessment have been completed and management plans enacted to protect high carbon stock in the areas assessed. In addition UP commits to further develop traceable and transparent supply chains and protect peat areas whilst ensuring economic and social benefits to the local people and communities where oil palm is grown and respecting their right to give consent to proposed developments or conservation through the free, prior and informed consent (FPIC)process.

Always Room for Improvement

The palm oil industry must therefore acknowledge that there is always room for improvement and recognize that sadly there are producers within the industry who favour short term profits over long term sustainable practices.

Such producers should be taken to task by 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' do not constitute the industry as a whole; it is therefore wrong to paint the entire palm oil industry with the same brush.

UP and RSPO NEXT Certification

Environmental and social awareness is absolutely essential for a responsible producer of palm oil and in this connection UP will continue to engage itself with ongoing debate by supporting and promoting the essentials of sustainable development through the RSPO. As a sign of our continuous commitment towards sustainable palm oil, UP will be commencing RSPO NEXT certification in 2016.

RSPO NEXT is a set of higher standards building on the current RSPO principles and criteria and the following announcement released by the RSPO on the 9th February 2016 explains in detail what RSPO NEXT is about:

RSPO INTRODUCES ADVANCED ADD-ON CRITERIA FOR SUSTAINABLE PALM OIL

International, 9 February 2016 – RSPO launches "RSPO NEXT" as a voluntary add-on to its existing Principles & Criteria (P&C) for sustainably grown palm oil. RSPO NEXT defines advanced criteria for palm oil production in order to further the fight against deforestation and greenhouse gas emissions from palm oil production as well as strengthening human rights commitments.

RSPO NEXT is a voluntary initiative for RSPO members with company-wide policies that exceed current RSPO P&C requirements in these and other key areas.

Incorporating these add-on and voluntary criteria within the RSPO certification scheme means that RSPO NEXT certification can provide assurance to stakeholders that compliance to these advanced RSPO NEXT criteria has been verified independently by accredited Certification Bodies, alongside compliance with the RSPO P&C.

To be eligible, growers must demonstrate that at least 60% of their plantations are already compliant with the core RSPO P&C, and must commit to the implementation of RSPO NEXT policies across all of their plantations. These policies must include:

- No deforestation. In addition to adhering to RSPO P&C and New Planting Procedures, palm oil growers will have to introduce a broader no-deforestation policy. This policy will allow companies to develop a palm oil plantation only in areas where vegetation and soil contain low stocks of carbon, and it shall limit CO_2 emissions caused by any form of forest conversion.

- No planting on peatland. While the P&C recommends palm oil growers should avoid planting on peatland, RSPO NEXT bans any peatland development after 16 November 2015.

- No fire. In addition to the existing ban on using fire to clear land as stipulated by the P&C, palm oil growers must have plans and procedures to prevent, monitor and combat fire on plantations and around their estates.

- Reduction of greenhouse gas emissions. RSPO NEXT requires palm oil growers to monitor, manage and reduce GHG emissions across their entire operations (including also mills and other facilities) and publicly report their status and progress. This criterion builds on the existing P&C requirement to minimise GHG emission from new plantations.

- Respect for smallholders' and workers' rights. Building on the already broad set of human rights criteria contained in the RSPO P&C, RSPO NEXT will require that if there is no national definition of a Decent Living Wage in a given country, palm oil growers must engage with their workers to mutually agree terms. It also requires growers to develop outreach programmes to support smallholders with sustainability and business skills.

- The use of Paraquat, a pesticide already banned in the European Union, is forbidden under RSPO NEXT.

- Enhanced transparency and traceability. To obtain RSPO NEXT verification, palm oil needs to be traceable to the plantation where it was produced.

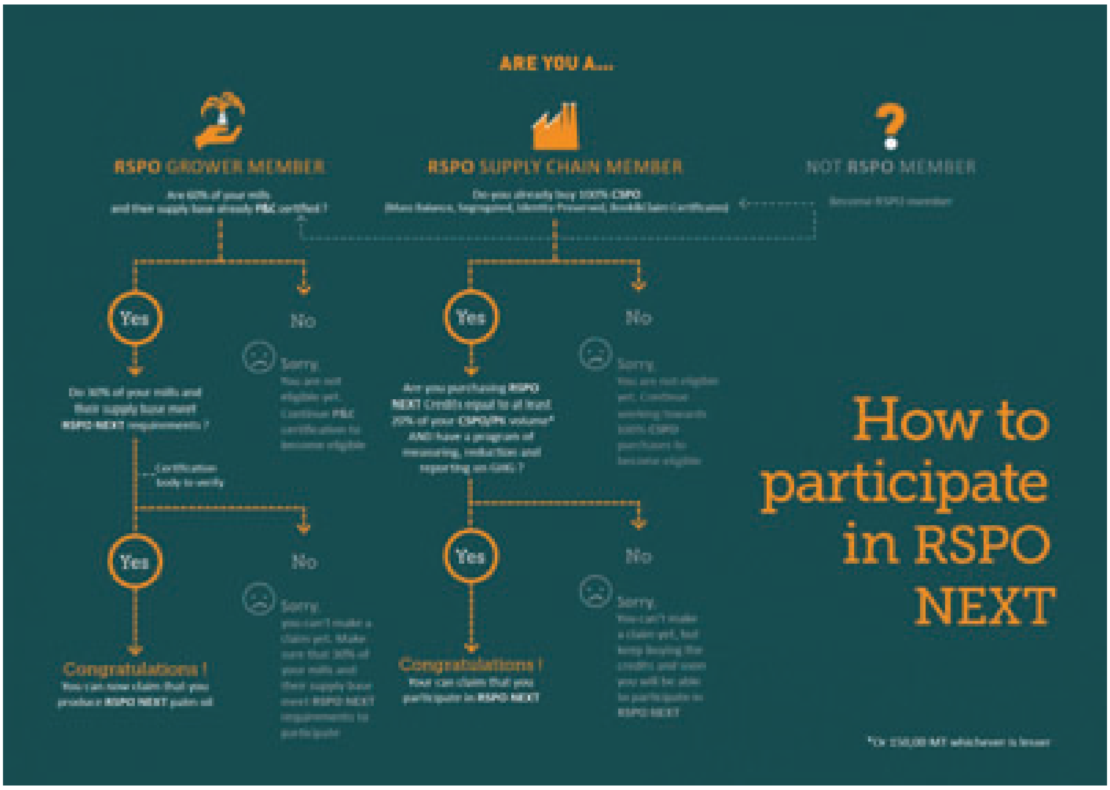
Palm oil buyers that want to claim their commitment to RSPO NEXT can do so through a system of RSPO NEXT credit purchases. The credits will be available only to those buyers that are already buying 100% certified sustainable palm oil through other supply chain systems (Book & Claim, Mass Balance, Segregated or Identity Preserved).

The chart on page 41 indicates how and who is eligible to participate in RSPO NEXT:

Datuk Darrel Webber, CEO of RSPO: "By creating RSPO NEXT we respond to a request from some of our members to provide continuous improvements within the RSPO framework for those ready and able to go further on their sustainability commitments. RSPO NEXT is an important milestone and can become a new industry benchmark for others who are working hard towards our common goal of 100% Certified Sustainable Palm Oil".

Key policies of RSPO NEXT:

Eligibility to participate in RSPO NEXT :



Supply Chain options under the RSPO

Based on customers demands, the various supply chain options under the RSPO are available.

Identity Preserved / IP

Certified sustainable palm oil is physically separated from other certified and non-certified palm oil throughout the supply chain, i.e. from the RSPO certified mill through to the end user. The end user is able to trace the certified sustainable palm oil back to a specific single mill and its supply base (plantations). This level of traceability is costly, and is mainly used for high-end organic products.

UP sells a small part of its productions (5%) as Identity Preserved to key niche players globally.

RSPO claim: Using certified oil, RSPO contains trademark.

Segregated / SG

Like the identity preserved option, certified sustainable palm oil is physically separated from non-certified palm oil throughout the supply chain. However, the end user is only able to trace the certified sustainable palm oil back to a group of possible mills and their supply bases (plantations).

This option guarantees that the end product contains certified sustainable palm oil, but it can be expensive to keep certified and non-certified palm oil separate throughout the supply chain, particularly through various complex fractionation and blending processes.
UP sells the bulk of its RSPO certified production (80%) as segregated palm oil , traceable back to the plantations.

RSPO claim: Using certified oil, RSPO contains trademark

Mass Balance / MB

Certified sustainable palm oil and non-certified palm oil is mixed to avoid the costs of keeping the two separate. The refinery is only allowed to sell the same amount of Mass Balance palm oil as the amount of certified sustainable palm oil purchased. This means that there is no guarantee that the end product contains certified sustainable palm oil. However, this option supports certified sustainable palm oil through mixing, and the oil is consumed somewhere by someone. UP sells a small part of its production (10%) as mass balance palm oil.

RSPO claim: Supporting, RSPO mixed trademark.

As a policy UP reinvests a large part of the additional RSPO sustainability premiums achieved into CSR activities.

GreenPalm

GreenPalm operates the RSPO (Roundtable on Sustainable Palm Oil) Book and Claim supply chain option. The supply chain option is one of four provided by the RSPO to either support or use certified palm oil and palm kernel oil.

RSPO supply chain certification is valid for organisations past the palm oil mill.

Book and Claim / B&C (GreenPalm)

GreenPalm is a certificate trading programme that allows manufacturers and retailers to purchase GreenPalm certificates from an RSPO certified palm oil grower to offset each tonne of palm oil and palm kernel oil they use. RSPO certified palm oil growers can convert their certified tonnage into certificates, each tonne converts to one GreenPalm certificate. Palm oil, palm kernel oil and palm kernel expeller certificates are available.

This means that there is no guarantee that the end product contains certified sustainable palm oil, but this option directly supports RSPO certified growers and farmers. It also allows organisations to support sustainable palm oil instantly despite complicated supply chains or the use of complex palm and palm kernel fractions and derivatives.

RSPO claim: Supporting, GreenPalm logo.

UP was the first company in the world to sell Greepalm certificates after being RSPO certified in 2008.

Today only a small percentage of UP's RSPO certified palm oil is sold as Green Palm certificates and with the growing demand for segregated and traceable palm oil it is expected that our supply chain will be fully certified sustainable & traceable palm oil by 2019, thereby moving away from Greenpalm certificates as a means of selling our RSPO certified production.

RSPO
Roundtable on Sustainable Palm Oil

Supply Chain Systems And Trademarks

RSPO system	TM	TAG	Statement
IP, SG		CERTIFIED	'Contains certified sustainable palm oil. www.rspo.org'
MB		MIXED	'Contributes to the production of certified sustainable palm oil. www.rspo.org'
B&C			'Contributes to the production of certified sustainable palm oil. www.rspo.org'

= Mandatory in product claims that face consumers

A guest worker employed for field upkeep at the coconut seed garden, UPRD.

Employees

The success and achievement of our Group is related to our employees, both past and present, who loyally through hard work, strong leadership, honesty and respect have committed themselves to serve and dedicate their career and livelihood at UP. Without our employees which are the Group's core assets, the success and stability of UP would not materialise.

It is our obligation to honour and respect past and present employees who since 1906 have upheld our core values and focused on doing things right.

UP promotes diversity in a working environment where there is mutual trust and respect and where employees feel 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. Meritocracy is a Hallmark of our Group.

We are committed to diversity and have an equal employment opportunity policy. Below is the summary of the gender mix of our Group.

	Males	Females	Total	% of Females
Directors	9	-	9	-
Management	110	19	129	15
Staff	256	144	400	36
Workers *	5,383	712	6,095	12
	5,758	875	6,633	

** About 85% of the workforce in Malaysia are guest workers who are predominantly males.*

We are committed to safe and healthy working conditions for all employees. We will not tolerate 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 and believe in the principle of being firm but fair. 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.

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, directors 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.

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.

A coconut counter checks the number of nuts loaded by the buyers.

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 and Corruption

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 directors and 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 directors and employees are expected to avoid personal activities and financial interests which would be in conflict with their responsibilities to the Group. UP directors and 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 the Company Secretary who reside on the plantation, practice an "open door policy" which has 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.

Employees

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

Dedicated employees making sure of a clean garden and office environment at Jendarata Estate.

The many faces of our guest workers who are critical to 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.

Gender 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. In line with this policy, we shall:

- Endeavour to prevent sexual harassment and all other forms of violence against women and workers in the workplace or in the course of an employee's work.
- Adopt a specific complaints and grievance procedure and mechanism to address gender-based issues.
- Encourage effective participation of women in decision-making by their representation as members of various committees, such as the Occupational Safety And Health Committee.
- Establish a Gender Committee to implement and monitor this policy.
- Communicate to our employees, contractors and suppliers to adhere to values of this policy.

Gender Committee

In keeping with UP's Gender Policy, Gender Committees were instituted in three Business Units in 2007 for the welfare of our female employees. A Gender Committee was formed in our plantation in Indonesia in 2011.

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 Workers Policy

We consider our foreign workers as guests and they are partners in our business along with our local workers.

- No form of forced labour or trafficked labour is used.
- No difference is made between guest and local workers.

Our Auxillary Police Force on duty, guarding our property.

- All guest workers are in possession of a valid work permit in accordance with Malaysian Immigration Regulations, 1963.

- All guest and local workers are covered under the purview of "Workers Minimum Standards Of Housing And Amenities Act 1990".

- There will be no contract substitution.

- Passports of guest workers shall be voluntarily submitted to the respective management for safe custody and will be readily made available upon request.

- We will ensure that our contractors employ guest workers with valid work permits and all statutory payments and just wages are made timely.

- We will endeavour to make "The Home Away From Home" of our guest workers an enriching experience with good memories.

Human Rights Policy

UP is committed to the protection and advancement of human rights wherever we operate. Our human rights policy is based on our core values on Safety and Health, Environmental Stewardship and Respect for people.

- We conduct our business in a manner that respects the rights and dignity of all people, complying with all legal requirements.

- We treat everyone who works for United Plantations fairly and without discrimination.

- We respect the rights of all personnel to join and participate in registered trade unions and to bargain collectively.

- We respect the rights of people in communities impacted by our activities. We will seek to identify adverse social and environmental impacts through their respective assessments and take appropriate steps to avoid, minimize and/or mitigate them.

- We will not tolerate the use of child or forced labour, slavery or human trafficking in any of our plantations and facilities. We are using the United Nations' definition of "child" as anyone who is less than 16 years old or superceded by local regulations above 16 years.

- We will strive to commit our employees, contractors and suppliers to adhere to our core values.

Guest Worker Committees

Our guest workers are indispensable partners in our business and constitute approximately 85% of our total workforce today.

Each estate and department has a formal guest workers' committee comprising representatives of various nationalities, contractors, staff and management which meet 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.

Mr. Amrik Singh, General Manager, PT SSS together with his staff and officers at Lada Estate.

UPRD's workers transferring young palms seedlings from pre-nursery to the main nursery.

Occupational Safety And Health

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 our work place safety and health being of paramount importance for 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, by conducting Hazard Identification, Risk Assessment and Risk Control (HIRARC) on all our operations.
- 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 health and safety conscious citizens.
- We ban the use of Paraquat weedicide (1,1′-Dimethyl-4, 4′-bipyridinium dichloride) in our plantations and facilities and are committed to reduce and phase out pesticides that fall under the WHO IA & IB category when effective and suitable alternatives are available.
- 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.

A safety briefing for the mill employees at Lada Mill.

A newly built modern clinic at Division 3 ,caters for the immediate health needs of workers and staff who live around the plantation.

Estate Group Hospitals

The Group operates two well-equipped estate group hospitals in Malaysia and one in Indonesia with trained resident Hospital Assistants supervised by a Medical Doctor. 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.

Department of Safety & Health

The Company's Safety and Health Officer makes periodic workplace inspections. 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.

CHRA

Chemical Health Risks Assessment (CHRA) and Medical Surveillance programmes are regularly 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 compounds are regularly conducted and have been a vital part of our operations for many 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.

HIRARC

In recent years, Hazard Identification, Risk Assessment and Risk Control (HIRARC) has become fundamental to the planning, management and operation of our business as a basic risk management practice. 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, analyse and assess their associated risks and then apply suitable control measures. We are pleased to report further positive changes in our working environment with the introduction of HIRARC.

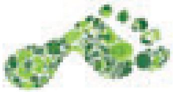
A well equipped hospital at Jendarata Estate, Division 1, with trained resident hospital assistants supervised by a medical doctor to cater for the immediate health needs of workers, staff and officers and their families.

The proboscis monkey or long nosed monkey, known as the Bekatan in Indonesia, is a reddish-brown monkey that is endemic to the Southeast Asian Island of Borneo. This species co-exists with the Bornean orangutan. They are currently protected from hunting or capture in Borneo and are listed as an endangered species. It may seem hard to believe but male proboscis monkeys use their fleshy, pendulous noses to attract mates. Scientists think these outsize organs create an echo chamber that amplifies the monkey's call, impressing females and intimidating rival males. The picture is taken from one of our Nature reserves in PTSSS, Central Kalimantan.

Environment

We are committed to being a leader in environmental performance and to safeguard natural resources. We focus on continuous improvement in order to minimise waste and reduce our overall carbon footprint and through investments and a dedicated Operations and Environmental Management Committee, we have introduced policies to break the link between palm oil and deforestation.

Environmental Footprint



UP is very much aware of the footprint it leaves on the environment. Our group therefore constantly strives towards reducing variables that impact the environment negatively. Focus on reducing GHG´s , energy, water and waste is therefore a vital part of UP´s environmental policy.

Committed to Continuous Improvement

UP´s objective is to become even more environmentally friendly by being committed to continuous improvement. In order to achieve progress various environmental projects are implemented, consumption and emissions are monitored, and best practices are identified by benchmarking aspects of our operations internally and externally.

Environmental Policies in place

To further emphasise our commitment on sustainability UP has since becoming the World´s first RSPO certified plantation in 2008, introduced additional environmental policies (see page 55) and focused on further improving our good agricultural practices.

During 2016 UP will proceed with an even higher level of sustainabality certification through the the 'RSPO NEXT" which is a voluntary add-on to its existing Principles & Criteria (P&C) for sustainably grown palm oil. RSPO NEXT defines advanced criteria for palm oil production in order to further the fight against deforestation and greenhouse gas emissions from palm oil production as well as strengthening human rights commitments.
(see pages 40-41).

The following pages describes UP's various environmental projects, policies and commitments in place as well as progress made.

Environmental Sustainability and Governance

To ensure continuous focus on our environmental commitments, sustainability Governance is done through our Operations and Environmental Management Committee (OEMC). Our Chief Executive Director together with The Executive Director (Finance & Marketing), Group Director of

A scenery from the Lake on Lada Estate shortly before sunset.

Research, Group Manager Human Resources and Environment, Safety and Health and representatives from our Plantations and Engineering divisions as well as our subsidiary companies all play an important role in the OEMC.

The objective of the OEMC is to monitor and discuss operational and environmental progress and issues and to propose necessary actions in relation to sustainability matters, including avenues to improve and enhance our practices as well as implementing new policies and standards for current and new developments. (see pages 32-34)

Our Environmental and Biodiversity Commitments

We are committed to sustainable development through protection of the environment and conservation of biodiversity.

Our Objectives:

- Conducting our operations under the best principles of agriculture, that is compatible with the natural environment and in full support of Integrated Pest Management techniques.
- Promoting the conservation and development of biodiversity within our group of plantations.
- Respecting the rights of people in our communities impacted by our activities by adhering to the principles of FPIC.
- We will seek to identify adverse social and environmental impacts through respective assessments and take necessary and appropriate steps to avoid, minimize and/ or mitigate them.
- Continuously working on sound oil palm management e.g. determining appropriate amount and composition of nutrients based on annual leaf nutrient analysis, empty fruit bunches systematically applied in field, planting of leguminous cover crops.
- Continuously working towards a dynamic and innovative waste management and utilization system aimed towards zero waste.
- Continuous focus on promoting new technologies with low environmental impact as well as reducing GHG emissions.
- Protect and conserve Endangered , Rare and Threatened Tree species and Animals.
- We will strive to commit our contractors and suppliers to adhere to the environment regulations and thereby focus on traceability within our supply chain.

Riverine reserves amongst productive oil palms indicate our commitment towards conservation and development going hand in hand . Almost 30% of UP's Indonesian properties consist of nature reserves and other high conservation value areas.

- Continuously working to mitigate our water footprint related to mill waste, maintaining buffers along natural waterways, harvesting rainwater, frugal domestic water usage and judicious use of pesticides & weedicides. We are committed to reduce and phase out chemicals that fall under the WHO 1A & 1B category when effective and suitable alternatives are available.

We strive to maintain an open and dynamic approach towards continuous improvements in respect of HCV, HCS, GHG Emissions and FPIC and adhere to the following commitments and policies:

UP's Environmental Policies

i) Zero-burn policy (1989)

ii) No primary forest clearing policy (1990)

iii) No bio-diesel production /supply policy (2003)

iv) No High Conservation Value (HCV) forest clearing policy (2005)

v) Methane capturing policy (2005)

vi) No Paraquat use policy (2010)

vii) No new planting on peat policy (2010)

viii) No Deforestation Policy including High Carbon Stock (HCS) Assessment & Land Use Change Analysis for new plantings (2014)

New Planting Procedure(NPP)

The RSPO New Planting Procedure (NPP) consists of a set of assessments and verification activities to be conducted by growers and certification bodies (CB) prior to a new oil palm development, in order to help guide responsible planting.

The NPP applies to any development of new plantings, regardless of size (ha). The intention is that new oil palm plantings will not negatively impact primary forest, High Conservation Values (HCV), high carbon stocks (HCS), fragile and marginal soils or local people's lands.

A successful implementation of the NPP ensures that all the indicators of the RSPO Principles and Criteria (P&C) 2013 Principle 7 are being implemented and therefore in compliance when the new development starts.

One of the outputs of the NPP is a report that proposes how and where new oil palm plantings should proceed, or not, for a given management area. The NPP report is posted on the RSPO website for public consultation for a duration of 30 days. Planting and any associated development (such as road development) can only begin once the NPP is completed and RSPO approval is granted.

High Conservation Value(HCV) Assessment

As a member of the RSPO, UP is 100% committed to embrace and implement the sustainability concepts outlined in the RSPO Principles and Criteria (P&C). According to the RSPO P&C as well as Indonesian laws, Environmental Impact Assessments (EIA) and High Conservation Value Assessment (HCV) were conducted prior to commencing plantation development.

UP has not only followed the recommendations of these assessments but expanded the scope to include much larger conservation areas than that stipulated in the EIA and HCV assessments. Todate more than 6,000 ha are set aside as conservation areas in line with the Company's policy to maintain and manage the ecological integrity of the landscape in which UP operates its oil palm plantations, as well as to provide necessary habitat for endangered and critically endangered species that are found in or adjacent to UP properties.

Endangered and Protected Species

UP has a policy of "zero tolerance" to the killing of endangered and protected species, herein also orang-utan, Pongo pygmaeus. Staff that are directly or indirectly involved with the killing of and/or solicitation of killing, trading and harvesting of endangered and protected species-be it plants or animals-will be dismissed immediately. To the best of our knowledge, illegal killing and capture of orang-utans has not taken place at any of the properties under the legal management /jurisdiction of UP.

Zoological Society of London

UP participates in the Zoological Society of London's (ZSL) Palm Oil Transparency Toolkit (SPOTT), designed to measure best practice on disclosure and Company Transparency. Whilst many indicators are linked to the RSPO Annual Communication of progress (ACOP) process, the main aim is to benchmark and measure company best practice outside any certification standard including that of the RSPO. For more info see www.zsl.org.

High Carbon Stock (HCS) Assessment

HCS assessments is a relatively new concept related to oil palm development. The HCS Approach was started in late 2010 by Golden Agri-Resources (GAR), TFT and Greenpeace during the development of GAR's Forest Conservation Policy.

This included working through the challenges of defining 'forests' and achieving conservation of these forests in the long-term.

Since then the HCS approach has had separate expert reviews and inputs from multiple stakeholders to develop the current HCS methodology which is a practical tool currently used to address the need for forest protection within agricultural development.

Whilst there will be updates and changes to the current HCS approach to improve the methodology, UP is following the HCS approach toolkit of March 2015.

For clarity a HCS assessment is to develop a detailed sustainability plan for the identified land area earmarket for development.

It aims to answer complex questions. For example:

- What exactly characterizes a forest? Most tropical forest landscapes today are not entirely covered with forests, but rather a mosaic, ranging from grassland to scrub to regenerating forests to dense forests with high canopy. Where do we draw the line between 'forest' and 'non-forest'?

- Can we design a healthy forest mosaic in economically active areas that maintains carbon and biodiversity, and integrates with other conversation tools? Should we 'sacrifice' smaller lower carbon and biodiversity patches to development to prioritise conservation of larger well-connected forest patches? How should we take into consideration the amount of forest remaining in the landscape?

- How are local community rights and needs addressed in the process of halting deforestation? What level of support and involvement of local communities do we need to do to achieve forest conservation in both the short and long term? What is the role of governments in achieving No Deforestation?

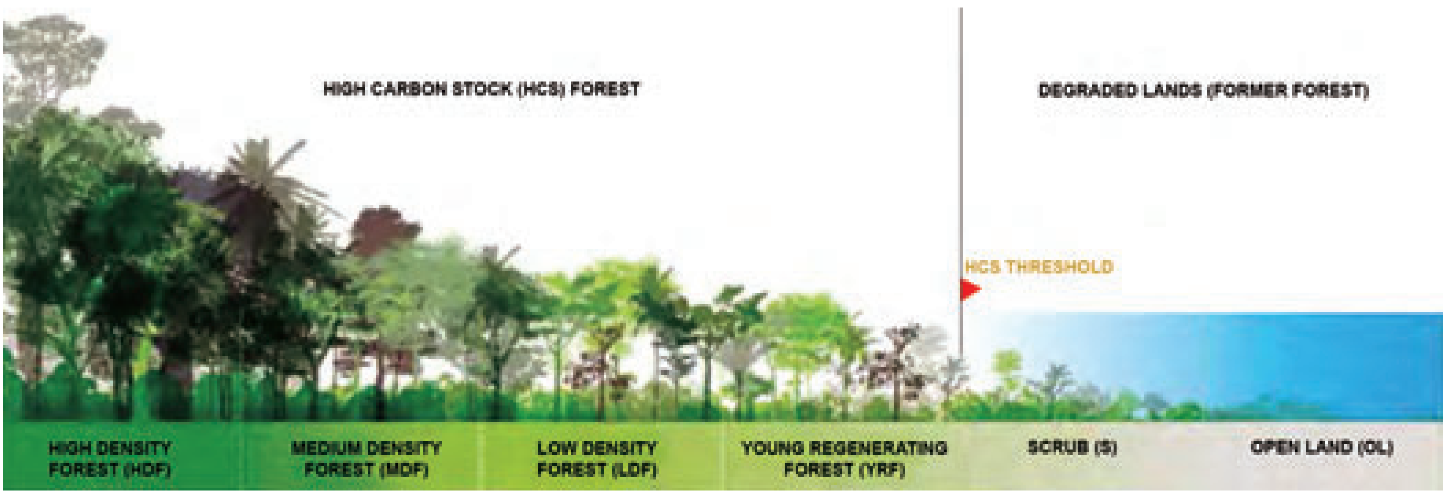
The HCS Approach is a pragmatic land use planning tool rather than a carbon assessment, which provides a methodology for implementing the No Deforestation concept in active concessions identified for development.

It aims to respect customary rights and meet community needs while at the same time considering the company's operational reality. In short, the approach offers a paradigm shift to include forest conservation as a cornerstone of any expansion of agriculture in tropical forest landscapes.

Broadly, the HCS Approach stratifies the vegetation on an area of land into different classes. Each vegetation class is validated through calibrating it with carbon stock estimates in the above-ground tree biomass.

The diagram below shows the various HCS forest classes; the threshold for potential HCS forests lies between the Young Regenerating Forest (YRF) and Scrub (S) classes.

This High Carbon Stock Approach Toolkit will take practitioners through the steps in identifying HCS forest, from initial stratification of the vegetation using satellite images and field plots, through a Decision Tree process to assess



the conservation value of the HCS forest patches in the landscape and ensure communities' rights and livelihoods are respected including avenues for socio economic development, to making the final conservation and land use map.

UP's HCS assessment and Plasma development plans

In adhering to UP's No Deforestation Policy of July 2014 and minimizing its Carbon Footprint, UP in October 2014, requested Daemeter Consulting to perform a Land Use Change analysis as part of RSPO's New Planting Procedure(NPP). Daemeter Consulting is a leading independent consulting firm promoting sustainable development through responsible and equitable management of natural resources, particularly in Asia's emerging economies.
(For more info see : www.daemeter.org)

The Objective was to produce an initial land use map indicating exactly which areas could be developed for Plasma plantations for the benefit of the local communities and which areas ideally should be set aside for conservation.

Daemeter Consulting completed the Land Use Change Analysis in November 2014 which quantified the emissions associated to UP's intended new Plasma plantings.

TFT has reviewed Daemeter's Land Use Change Analysis and has provided recommendations for leveraging off the Land Use Change work to facilitate a full HCS study.

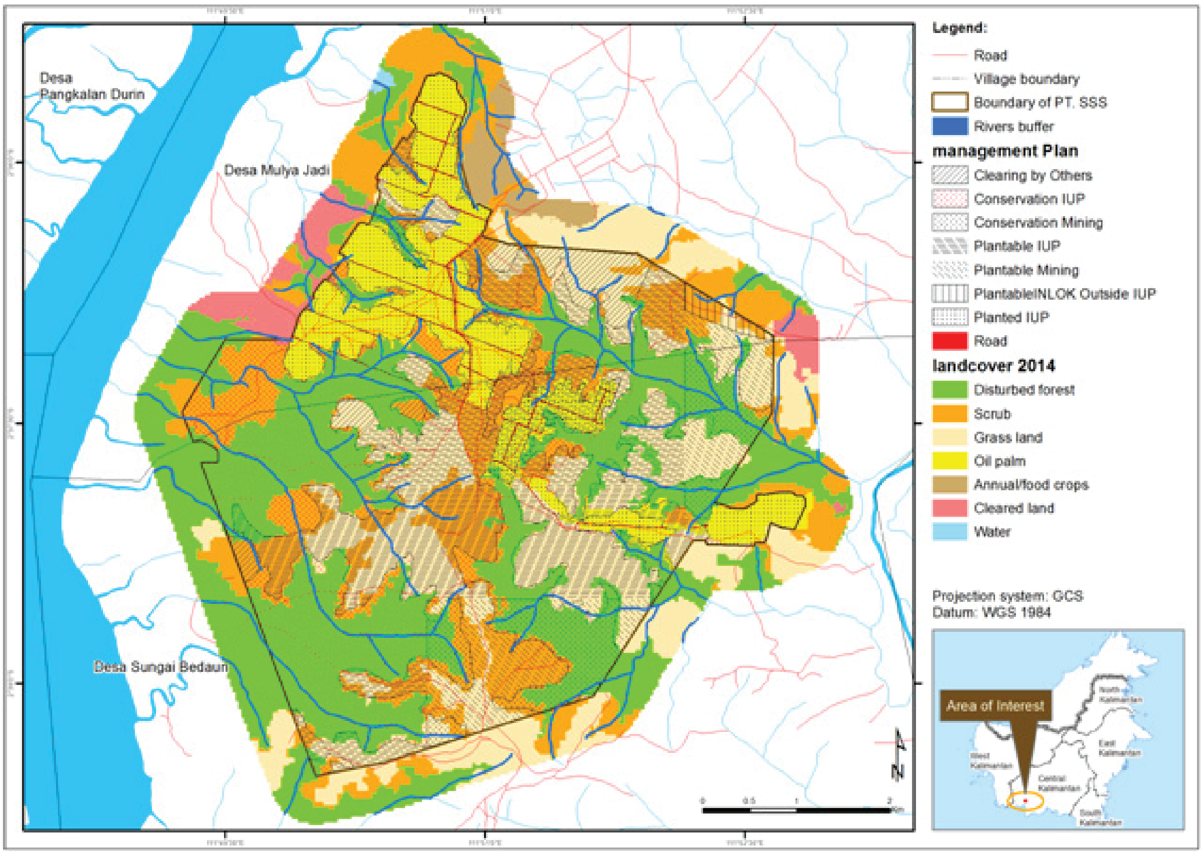
With the release of the HCS approach toolkit in March 2015, UP requested Daemeter Consulting to use this method to undertake a full HCS study of the identified new areas for Plasma Development.

Below is the initial map prepared by Daemeter, based on the HCS study, indicating the concession area including the land cover analysis and land tenure maps prepared by LINKS combined with UP's development plans.

The Final result expected to be completed in 1st quarter of 2016 will be a HCS report which will integrate the FPIC and HCV study, thereby incorporating social and environmental considerations, in line with RSPO's NPP guidelines.

This will enable UP to review its current development plans ensuring full compliance to its No Deforestation Policy of July 2014.

Concession area including the land cover analysis and land tenure maps based on the HCS study



Taking an inventory of HCV area.

Mapping of village border by local government officials.

FPIC and Lingkar Kommunitas Sawit (LINKS)

In order to fullfill one of the key requirements of the HCS study in relation to the area identified for plasma development, UP has cooperated with LINKS since September 2014.

Links is an independant NGO providing social consulting services witht the aim of supporting multistakeholder efforts in achieving economic and social justice in the palm oil sector of Indonesia.

Engagement, Stakeholder Identification, and FPIC Training

During 2015 LINKS has worked on social research and mapping, information dissemination, conflict mediation and training of FPIC related issues for the local communities, UP's employees and the local government in preparation for our Group's new Plasma development plans.

Of key importance has been the collaboration between UP and the local communities, especially the ex-landowners or tenants and their testators as well as the various stakeholders from the villages in the designated area.

The land tenure study and mapping

The land tenure study, including the mapping of the land, provided important information about the history of the Community's land tenure. According to the findings of the land tenure study, there were 73 family groups of the ex-land owners or tenants and their testators, who used to be the holders of the land of ± 2,500 Ha in Kumai Estate.

The Land tenure and mapping study revealed information on overlapping claims and individual land owners not willing to participate in the plasma development plans. These areas together with the identified conservation areas have been set aside from the total identified concession of area, leaving approximately 800 Ha available for new Plasma development.

Discussion in progress on the allocation and distribution of Plasma lots.

Various steps to the FPIC process

The above diagram indicates the various steps to the FPIC process which ultimately will enable the potential establishment of the Plasma plantations. The FPIC report is expected to be finalized in February 2016.

The discussion of which lots to be distributed to the ex-land owners or tenants and their testators as well as local communities is being conducted based on land tenure study findings and is expected to be finalized in 1st quarter of 2016.

The next phase of the Plasma process will be the signing of the Plasma Cooperative agreement between the Community, UP and the local government. With the signed agreement and all necessary permits and approvals in place the planned Plasma development will proceed. This is expected to take place during the 3rd quarter of 2016.

An oil palm nursery with sufficient seedlings has been set up for the purpose of our Plasma commitment and planting can therefore take place when the above steps have been finalized.

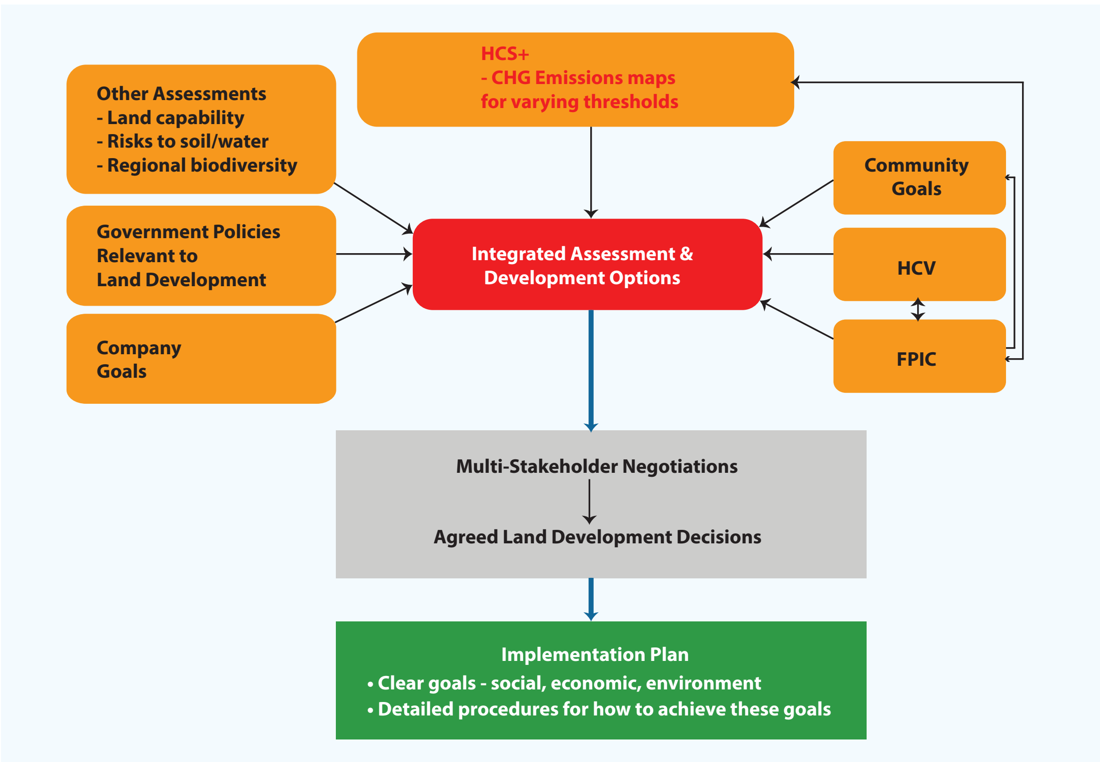
Monitoring and Evaluation

Going forward it is important for all of the stakeholders involved to comprehend that the whole HCS+ study including the process of FPIC does not end with the signing of the Plasma Agreement.

The monitoring and evaluation of progress is important and will be carried out routinely in order to identify issues and find solutions together thereby maintaining a good relationship and a successful Plasma collaboration project.

Sustainable development and forest protection can be achieved by effectively implementing the processes summarized in the below diagram. HCV, HCS+ assessments, and FPIC processes must be integrated together with the other information specified above in order to develop appropriate development options.

The below diagram indicates the many important processes and inputs required in order to make an effective land use plan for concession areas.



Balancing the effects of land conversion to oil palm on global climate issues with potential local/regional socio-economic benefits is extremely challenging, given the vastly differing spatial and temporal scales involved and the different metrics used to measure these impacts.

This is only possible by using a comprehensive approach to land development decisions that integrates relevant social, economic and environmental inputs via multi-stakeholder negotiations.

Making the HCV, HCS and FPIC approach a requirement for certification under the RSPO NEXT and as part of purchasing policies of large companies, is a good move to prevent and minimize deforestation in specific concessions and areas.

However, it should be acknowledged that unless government support and local people and communities can see their own economic interest and historic entitlements better met through forests set aside and protected for the long term rather than the short term gain, it will be difficult to prevent deforestation no matter how good intentions company have.

Deforestation - How to balance Development & Conservation

Globally, according to the Food & Agricultural Organization (FAO), about 13 million hectares of forests are cleared every year.

Between 1990 to 2012 more than 320 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 into perspective and acknowledgement given to the fact that the worldwide area under mature oil palms from 1990 to 2012 increased by 9.5 million hectares thus accounting only for less than 3% of the total area of 320 million 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.

Global Population

One must recognise that the world's growing population reached 7.39 billion people during the course of 2015, which 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.

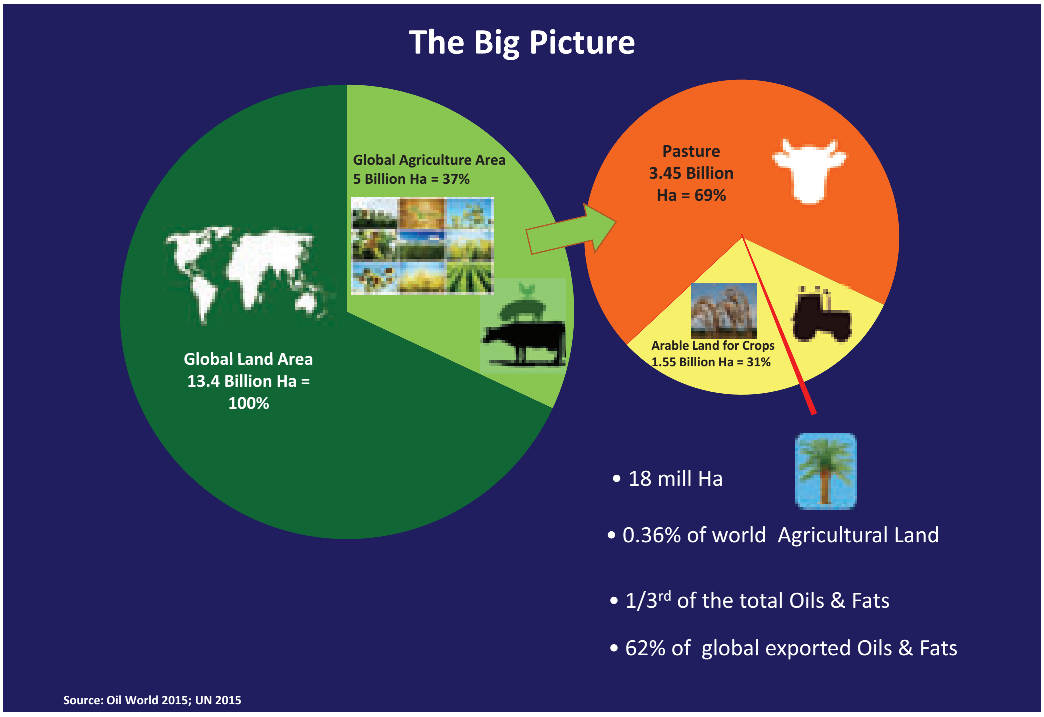
As can be seen in the chart below, the total global land bank area is today estimated to be 13.4 billion hectares. Of these 5.01 billion hectares or 37.4% is currently occupied for agricultural purposes with 3.45 billion or 69% being used for pastures and the remaining 31% or 1.55 billion hectares for arable crops.

In this context, it is interesting to note that the total area planted up with oil palms today occupy 18.1 million hectares thus taking up 0.36% of world agricultural land.

In spite of this the oil palm (which produces palm oil and palm kernel oil) produced about 33% of the world's total of 17 Oils and Fats in 2015.

Nevertheless, concerted efforts must continue to be made towards increasing the industry's agricultural cultivation, thus producing more with less. This is a course which United Plantations has committed itself to.

Global Agricultural area and Palm Oil



Dato' Carl Bek-Nielsen, CED together with Mr. P. Seker, Mr. P. Rajasegaran and other Engineering officers at the future Palm Oil Mill (Optimill) site.

Future Palm Oil Mill (Optimill) site preparation in progress at our up-river estate. The Optimill is expected to be commissioned during the end of 2017.

United Plantations' Carbon Footprint Initiatives

Since 2005 UP has actively been pursuing means of identifying ways to reduce its GHG emissions and with that its reliance on fossil fuels.

Life Cycle Assessment (LCA) on UP

In 2006 following the completion of the world's first panel reviewed LCA study on the "cradle to grave" production of 1 MT of refined palm oil, various areas were identified within our production chain, which could mitigate GHG emissions.

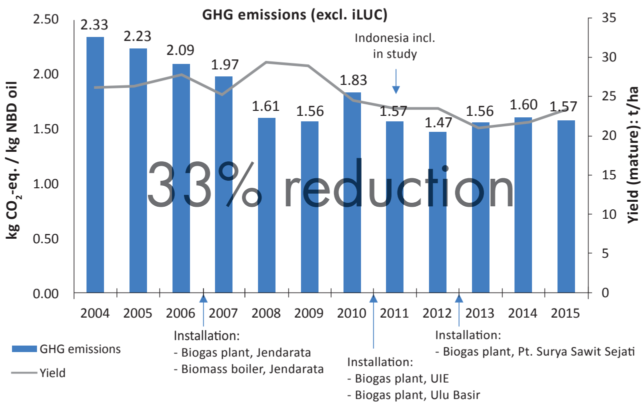
For example, the world's first comprehensive LCA on UP in accordance with ISO 14040 and 14044 International Standards on palm oil was finalized in 2008 and subsequently underwent a critical panel review. Further updates to this LCA was carried out by 2.0-LCA Consultants from Aalborg, Denmark from February 2011 to May 2011 and again in 2012. An updated life LCA study of palm oil at UP was undertaken by Dr Jannick Schmidt of 2.0 LCA Consultants, Aalborg, Denmark during the period January to February 2016 and builds on top of earlier studies providing management with a detailed and clear overview of the development in the Company's efforts to reduce its carbon footprint over the last decade.

More importantly the updated LCA has helped to identify additional areas in need of further improvement. Our Group continues to remain at the very forefront in terms of implementing GHG reducing projects within the Plantation Industry which will supersede the Kyoto Protocol's ambitions of reducing GHG emissions in industrialized countries by at least 5% below the 1990 levels in the commitment period 2008-2012.

Clean Development Mechanisms (CDM)

United Plantations has a total of 4 CDM projects which have been registered under the UNFCCC. Combined, these projects have reduced the annual emissions of GHG by a minimum 125,000MT of CO_2 (eq) thus enabling our Group to meet our target of reducing our "Carbon Footprint" per MT of refined palm oil produced by 33% already in 2014 when compared to pre-2005 levels.

The effect of this work is illustrated by tracking the carbon footprint for the Company's production of palm oil each year from 2004 to 2015 and is summarised in the graph below.



Time-series for NBD palm oil at United Plantations Berhad (without iLUC) for year 2004-2015

Good progress has been made over the years in reducing our impact on global warming (excluding indirect land use changes (iLUC)) to 1.57 kg CO_2-eq for every 1 kg of refined palm oil produced in 2015.

The major part of the impact originated from the oil palm plantation stage where the main contributors are field emissions of CO_2 from oxidation of peat soils (11% of UP's total areas are on peat) and N_2O. The major contributors in the oil mill stage is CH_4 from the anaerobic ponds. If iLUC is included, the total contribution of GHG emissions is 1.83 kg CO_2 eq per kg of refined palm oil. Hence iLUC is a significant contributor to GHG emissions.

However, when taking into account the positive mitigating effects of including the Group's 6,000 Ha of nature reserves set aside, the impact on UP's entire production will be considerably lower.

In conclusion, the UP Group has through awareness, investments and commitment managed to reduce its GHG emissions by 33% (without iLUC), 28% (with iLUC) per kg of refined oil produced from 2004 to 2015.

Target 2018

With more initiatives and further investment between 2016-2018, we anticipate reducing UP's "Carbon Footprint" per MT of refined palmoil produced by 50% in 2018 when compared to previous 2004 levels.

Emissions Reductions & Biogas Plants

Since 2004 significant investments have been made in promoting green energy starting with the Biomass Reciprocating Boiler cum Power Plant and constructing four Biogas Plants. These projects combined have since helped to significantly reduce our emissions of CO_2 by 70% and CH_4 by 80% at the respective operating units.

To further reaffirm our commitment towards reducing our GHG emissions, our 4th Biogas Plant, the first of its kind in Central Kalimantan, was commissioned in June 2013 at our Company's Palm Oil Mill in Indonesia.

The 5th and final biogas plant is scheduled to be established in 2017 which would result in all our mills having Methane capture facilities in the form of Biogas plants which will be a most gratifying achievement.

UP's continuous focus on renewable energy is a vital part of its commitment to reduce its greenhouse gas footprint.

Isokinetic Monitoring of Gaseous Emissions from the Palm Oil Mills

In conformance to the Department of Environment's stipulations as well as to monitor the quality of our gaseous emissions, flue gas compositions were regularly checked by certified assessors throughout 2015. The average dust concentration in the flue gases of all four palm oil mills in UP's Malaysian Operations were as tabulated. In all cases the average dust concentrations were well below the limit of 0.4g/Nm^3 set by the Department of Environment as per the Environment Quality Act, 1978 and emission in some mills were as low as half of the allowable limits.

Palm Oil Mill	Average Dust Concentration (g/Nm^3)
Jendarata Stack 5	0.280
Ulu Bernam Boiler 2 & 3	0.284
UIE Boiler 1, 2 & 3	0.249
Ulu Basir Boiler 4	0.137

VORSEP Dust Collector System At Ulu Basir Mill

The VORSEP dust collector system was installed on our Biomass Reciprocating boiler at Ulu Basir Palm Oil Mill replacing the old conventional multi-cyclone dust collector system. The unit was commissioned in the beginning of June 2015.

This unit was installed primarily to meet the DOE's Environmental Quality Act (Clean Air Regulation) 2014 which among others requires a cleaner emission standard from the boiler with the following conditions:-

i) The dust concentration emitted from the stack should not be more than 150mg/Nm^3

ii) The smoke should not exceed shade No. 1 on the Ringlemann chart and should be less than 20% opacity

The VORSEP unit is a dry, low maintenance dust collector system which is made up of the battery of axial flow vortex tubes, with two stages and integrated scavenging (or fine dust extraction) system. The dust is collected in hoppers and discharged into a screw conveyor via motorized double flap valves (airlocks).

The system has been tested by third party testers in September, October and December 2015, all tests showing results below 150mg/Nm^3 @ 12% CO^2 as tabulated below.

Date	Emmission (mg/Nm^3, @ 12% CO^2)
September 2015	133
October 2015	137
December 2015	130

Members of Excom attending the closing ceremony of the Lima Blas Mill during 2015.

The Lada Palm Oil Mill is capable of proccessing 60 MT of fresh fruit bunches per hour. In the background one can note the Biogas plant.

Water Footprint

Introduction

Plants obtain almost all the water they require from the soil. Of the enormous quantities taken up, only a fraction of one percent is retained in the plant tissue. Yet this minute fraction is all important for growth. Water is required for a number of physiological functions, including the manufacture of carbohydrates, maintenance of hydration of the protoplast and for the transport of food and nutrients to the various organs.

Today's water management challenges and tomorrow's differ greatly from those of the last decades. A growing number of poor people and continued environmental degradation imply that the finite natural resources available to humans and ecosystems will not support business as usual for much longer. Thinking differently of water is a requirement if we want to reverse these trends and achieve our triple goal of food security, poverty reduction and conserving environmental integrity.

Farming feeds the world, but it depends on vital resources such as water. Irrigation for agriculture consumes 2/3 of the world's fresh water but non-irrigated agriculture today produces about 60% of the world's food.

Experts have concluded that agricultural output will need to double by 2050 to feed a growing world. We will, in other words, not only need to produce more from each hectare of land but also get more from each drop of water.

United Plantations fully appreciates that much more can be done in terms of water productivity. In order to maximize the available water resources, United Plantations has, since 1906, gone to great lengths to construct an extensive system of watergates, bunds, weirs, canals and drains hereby enabling us to harvest and optimize the usage of rain water.

In addition, leguminous cover crops are established in all our immature plantings to conserve moisture.

In this context, it is important to mention that except for the nursery areas, none of United Plantations' planted areas under oil palms or coconuts are irrigated. All our areas are under rain-fed agriculture, thus making use of whatever water comes naturally from above. We are continuously working to mitigate our water footprint related to mill waste, maintaining buffers along natural waterways, harvesting rainwater, frugal domestic water usage and judicious use of pesticides and weedicides.

Around the plantations a number of permanent sites for sampling water quality have been identified and using state-of-the art equipment measurements of organic, inorganic and physical pollution parameters take place in order to take quick action if problems occur.

The consumptive use of water (evapotranspiration) of these crops ranges from 120-150 mm per month. To meet requirements, the monthly rainfall should equal or preferably exceed this figure, failing which moisture stress would occur.

A mangrove riparian reserve along the Kumai River which is the habitat for a rich array of flora and fauna.

The rainfall in the UP group ranges from 1,600 to 2,500 mm per year, with the average being 2,000 mm. Monthly distribution is reasonably uniform, but drought does occur when some estates receive less than 100mm of rainfall over 2-4 months. In fact our estates in Indonesia experienced almost 5 months with rainfall less than 100mm/mth. Weirs have been constructed across the collection drains to harvest rainfall and hold back water to raise the water table.

Per Capita Consumption Per Day

2015	2014	2013	2012
80 gallons	81 gallons	85 gallons	85 gallons

In our pursuit to conserve this depleting precious gift, every effort is being done to educate our residents to be frugal on its usage. Old water pipes, water tanks and faulty taps are being replaced from time to time to arrest leakages. We aim to reduce the consumption in the coming years with more awareness programmes.

Moisture Conservation on Fragile Soils

Water management is particularly important on the acid sulphate and peat soils. These soils are fragile and if overdrained, they will rapidly deteriorate. On the acid sulphate soils, the water level should be maintained up to the jarosite layer, submerging the pyrite (FeS2) and preventing it from oxidizing to sulphuric acid, which can cause a steep drop in the pH.

Weirs for Moisture Conservation

To conserve moisture during dry periods, a series of weirs are constructed across the collection drains to hold back water and raise the water-table to within 50-75 cm from the surface. The weirs are made of wood, concrete or they can simply be sandbags. The concrete structures are either built on site or they are precast and placed into position. To regulate the height of the watertable, wooden planks are slotted into the desired level. Except for periodic flushing of acidic water during the rainy seasons, the blocks are maintained at the predetermined level at all times. The density of weirs varies with the soil type, slope, rainfall and cropping system. On the average, one weir is provided for every 40 to 60 hectares or every 600-1000 m along the collection drain. Assisted by the water gates at the discharge ends of the main drains, the weirs are very effective in minimising the adverse effects of the moisture stress.

Good water management practices are essential towards achieving good yields.

Effects of Moisture Stress

Moisture stress causes reduction in cell division and cell elongation – two important growth processes. Its effect on oil palm and coconuts is summarised in the Table given.

Oil Palm	i	Accumulation of unopened spears
	ii	Reduced leaf production
	iii	Drying and snapping of leaves
	iv	Abortion of inflorescence
	v	Affects sex differentiation favouring male flower production
	vi	Reduced oil/bunch yield
Coconuts	i	Premature nut fall
	ii	Reduced nut yield
	iii	Reduced nut size
	iv	Reduced copra/nut

Ensuring proper Protective Personal Equipment (PPE) is of utmost importance and an area in which much attention , training and control is provided.

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 minimising 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 Equipments.

According to CropLife International, a global federation representing the plant science industry, 42% of crop production throughout the world is lost as a result of insects, plant diseases and weeds every year. In the tropics crop losses can reach as high as 75%.

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.

Integrated Pest Management (IPM)

IPM means a pest management system that in the context of the associated environment and the population dynamics of the pest species, utilizes all suitable techniques and methods in as compatible a manner as possible and maintains the pest population at levels below those causing economically unacceptable damage or loss.

Source : FAO

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, improvement in planting materials and integrated pest management. Today, UP's use of pesticide is 4-5 times lower per tonne of oil produced compared to Rapeseed farmers and about 36-40 times lower compared to Soybean farmers.

	United Plantations Palm Oil (Malaysian Operations)			Soybean	Sunflower	Rapeseed
	2015	2014	2013			
Pesticides / Herbicides (kg per MT oil)	0.91	0.93	0.80	29	28	3.73

**The 2015 pesticide/herbicides usage figure has shown a slight decrease compared to the past year as a consequence of higher crop production eventhough there is still a significant immature hectarage.*

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

Establishing Beneficial Flowering Plants

Todate a total of 114,864 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 steady increase in the number of beneficial plants planted over the last 5 years. However, due to replanting activities in most of the estates as well as the loss of beneficial plants

Integrated pest management is adopted throughout UP

to floods, plant numbers have been temporarily set back for the year although numbers are expected to further rise in the coming years.

Cassia cobanensis	-	*32,603*	*planted*
Tunera subulata/ulmifolia	-	*52,391*	*planted*
Antignon leptosus	-	*20,625*	*planted*
Carambola sp	-	*2,958*	*planted*
Others	-	*6,287*	*planted*
Total		114,864	*planted*

Surveillance and Monitoring of Pest Outbreaks

The key to minimising 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 pest buildup 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 to trap Rhinoceros Beetles thus reducing the dependency on chemical pesticides is also adopted on all estates. Pheromone traps also provide management with statistical information of the severity of the beetle problem and only if many beetles are caught in the buckets, thus necessitating chemical spraying rather than prophylatic spraying too reduce beetle damage.

Overpopulation of rats, beetles and various kinds of weeds can have profound negative impact on production yield.

The UP-Group attempts to minimise the usage of chemical control-agents where possible, and undertakes a number of research projects to maximise the usage of biological control agents where possible. For example, leopard cat *(Prionailurus bengalensis)* is one of the key-predator of rats and other small rodents, and preliminary studies on the effect of these cats as rat-controllers in a plantation landscape is ongoing.

The results have been very promising, and UP's biodiversity team is currently exploring ways to enrich the habitat conditions for leopard cats, to maximise the population density and thereby reduce the effect of rat-damage.

Apart from leopard cats, the team also records ecological parameters along with the effect on rat populations of other predators such as barn owls *(Tyto alba)*, the King Cobra, Spitting cobra *(Naja sumatrana)* and water monitor lizards *(Varanus v. salvator)*.

The following pages provides an overview of some of the methods to reduce pesticide usage as well as ongoing research within our biodiversity team and UPRD:

5-Step Integrated Pest Management Programme

5-Step Integrated Pest Management 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 114,864 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, pre-empt 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 Steps 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.

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 wherever possible

In line with the RSPO's continuous improvements initiative the Company's Operations and Environment Management Committee monitors and reviews the company's 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.

Monocrotophos

Monocrotophos is a class 1B insecticide which is permitted in Malaysia for trunk injection of palms affected 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.

So far we have not been able to meet our internal goals of phasing out monocrotophos as the agrochemical industry has 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.

An oil palm field neighboring one of UP's plantations is severely damaged by bagworms.

An oil palm tree being carefully treated against the serious effects of Bagworms.

Experiments at the insectarium to propogate beneficial insects to enhance the company's IPM programme.

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 Integrated Pest Management Programme (pg 70) when all other attempts to contain or control a bagworm outbreak have been exhausted. This is in full compliance with all relevant rules and regulations in Malaysia as well as with the RSPO's Principles & Criteria.

During 2015, monocrotophos usage was simillar to the previous year although the Company has successfully reduced its use of monocrotophos as an active ingredient basis by approximately 53% since 2006. Much progress and efforts are being made to continue this positive trend.

In this connection the collaboration with the Centre of Agriculture Biosciences International (CABI) in relation to management of bagworm in oil palm through an integrated ecological approach with biological control agents such as predators and other entomopathogens was formalised in 2011 for a two year study.

The objective of the study is to develop an effective strategy to manage bagworm pests through the mass breeding and release of biological control agents such as predators complemented with the application of entomopathogens in affected fields. Arising from this collaboration intensive efforts is being made to rear and propogate a number of predator species.

The eventual benefit of this endeavor may be sustainable bagworm control requiring minimal intervention with chemical insecticides.

Bagworm is an endemic pest in Lower Perak and the Federal Goverment has gazetted this as a "Dangerous Pest" on 15th November 2013. It is an offence under the Plant Quarantine Act 1976 if this dangerous pest is left without any control and can be fined up to RM 10,000.

Outbreaks of bagworms continue to occur in the properties neighbouring UP in the State of Perak, West Malaysia. This is of great concern as it is important that a collaborated effort by the government authorities, neighbouring smallholders and other plantations are put in place in an attempt to eradicate this serious pest.

UP is working closely together with its neighbours as well as the authorities in the form of the Malaysian Palm Oil Board (MPOB) to achieve positive progress on this concerning issue.

In this connection UP has extended its services to the neighbouring plantations the use of its airstrips for aerial bagworm control and also taking the plantations managers for aerial reconnaissance flights to monitor the extent of bagworm infestations in the region.

Planting of beneficial flowering plants throughout the UP group encourages preditor activities in line with our intergrated pest management focus.

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

Input	Per tonne oil basis					
	Oil Palm*			Soybean**	Sunflower**	Rapeseed**
	2015	2014	2013			
Fertiliser nutrients						
Nitrogen (N-kg)	19	16	16	315	96	99
Phosphate (P2O5-kg)	8	7	6	77	72	42
Potash (K2O-kg)	42	40	33	NA	NA	NA
Magnesium (MgO-kg)	7	5	4	NA	NA	NA
Pesticides/Herbicides (kg)	0.91	0.93	0.80	29	28	3.73
Energy (GJ)	0.72	0.83	0.94	2.90	0.20	0.70

* includes palm oil + palm kernel oil (UP, 2013-2015- Malaysian Operations)
** Data from FAO,1996 - Pesticide data for rapeseed updated in 2010.

Calibration for Pesticide Application Equipment

The Company engages the services of equipment suppliers to regularly monitor the calibration of the equipment to avoid application error (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 surveillance are conducted on all spray operators.

As can be seen in the table above, the quantity of agrochemicals (fertiliser nutrients and pesticide/herbicide) per tonne of oil produced in oil palm cultivation at UP over the last three years remain substantially lower than annual oilseed crops such as soybean, sunflower and rapeseed, a reflection on the resource utilisation efficiency of the oil palm crop.

Direct fossil fuel energy consumption as well as pesticide usage was reduced in 2015 as a result of continued focus on minimizing usage by expanding IPM practices combined with a higher production level compared with 2014.

Production and Level of Utilisation of Oil Palm Biomass Residues in UP in 2015 (Dry Matter Basis-Malaysian Operations)

Biomass	Quantity Produced (MT)	Quantity Utilised (MT)	% Utilisation	Method of Utlisation
Trunks and fronds at replanting	233,048	233,048	100	Mulch
Pruned fronds	296,987	296,987	100	Mulch
Spent male flowers	28,556	28,556	100	Organic matter recycled on land
Fibre	57,111	57,111	100	Fuel & mulch in nursery
Shell	33,506	33,506	100	Fuel & mulch for polybag seedlings
POME	21,157	18,704	88	Biogas generation, nutrient source and base for organic fertiliser production
EFB	67,040	63,688	95	Mulch and Fuel
Total	737,405	731,600	-	-
Level of utilisation =99.2%				

In 2015, a total of 737,405 MT of biomass residues were generated through the various field and mill operations of the Company. Of these, 731,600 MT or 99.2% of the total, were effectively utilised with most of the residues recycled as organic matter back to the fields, in the form of organic mulch in the nursery or as fuel source, thereby enriching our soils and displacing the use of fossil fuels whilst adding value to these biomass.

Fertilizer Equivalent and Monetary Value of Oil Palm Biomass Residues Recycled on Land in UP in 2015-Malaysian Operations

Biomass Residues	Method of Utilisation	Quantity Utilised on Dry Basis (MT)	Fertiliser Equivalent (MT)			
			Urea	Rock Phosphate	Muriate of Potash	Kieserite
Trunks & fronds at replanting	Mulch	233,048	2,913	979	3,748	1,787
Pruned fronds	Mulch	296,987	6,695	2,178	5,663	3,707
Spent male flowers	Organic Matter	28,556	919	608	1,690	877
EFB	Mulch	51,307	892	376	2,480	570
Digested POME	Irrigation	18,704	651	411	1,022	748
Total (MT)		628,602	12,070	4,551	14,603	7,689
Monetary value (RM)			14,520,035	1,711,812	17,479,377	3,828,901
Total monetary value RM 37,540,125						

With a strong emphasis on sustainability and good agricultural practices, the recycling of field and mill biomass residues back to the oil palm land remains a cornerstone of UP's focus. These measures have been shown to maintain and even improve soil fertility in the long term and can enhance palm growth and oil yield.

In 2015, the total organic matter recycled on land in UP amounted to 628,602 MT, which is equivalent to 251,441 MT of carbon. At this rate we are returning 18 MT of organic matter or 7 MT of carbon to each hectare, over the period of a year, thereby helping to replenish the soil carbon stock which is an important component of soil health.

Upon mineralisation, 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 38,913 MT of NPKMg fertiliser which in itself is worth a very substantial RM 37.54 million at the prevailing 2015 fertiliser prices.

Based on UP's no burn policy, palm trees are felled and chipped in order to ensure that organic matter is recycled back into the soil.

The improvement of the soils carbon stock through biomas recycling is an important factor for soil health and enhanced palm growth, contributing to higher yields.


The barn owls are the best partners to oil palm growers due to its ability to adapt well in oil palm plantations, significantly reducing rat population and usage of pesticides.

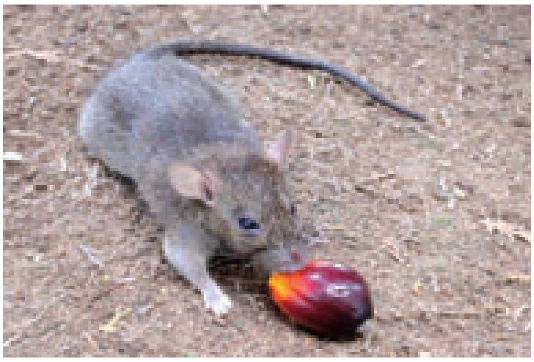
Biological control of rats

Rats

Rats thrive in the oil palm ecosystem with an abundance of food source (palm shoots, fruit mesocarp, kernels, weevil grubs etc.) as well as plentiful shelter amongst the cut frond heaps. The common rat species encountered in an oil palm field are the Malaysian wood rat *(Rattus tiomanicus)*, padi field rat *(Rattus argentiventer)* and the house rats *(Rattus rattus diardii)*.

With its prolific reproductive rate whereby a sexually mature female could conceive multiple times a year and produce an average of 8 pups in each litter, rat populations can mushroom and threaten the oil palm plantings within a short time, given the right conditions.

Various researchers have estimated crop loss caused by rats feeding on fruit mesocarps to be able to reduce oil yield by 5 – 10% (Wood, 1976; Liau, 1990). Badly gnawed male and female inflorescences, as well as young palms killed by rat attacks further contribute to crop loss. Extensive feeding damage on male inflorescences can also impact on pollinating weevil populations.



A rat feeding on an oil palm fruit.

Barn Owl

The Barn owl is a much-loved countryside bird by oil palm planters as it predates on rats, resulting in major reduction of rodent damage. It is also one of the most widely distributed birds in the world.

At United Plantations, the barn owl is the first line of defence against this serious pest. Where owls cannot cope with the high rat population, first generation rat baits such as warfarin are applied to selectively bring down the population. Warfarin baits are preferred as they are relatively safer to barn owls than second generation rat baits. Based on the low usage of rodenticides in the past years, we can infer that the barn owl programme (which now covers 81% of the planted area) has been fairly successful in keeping rats under control.

Leopard cats

Since its formation in 2011, the Biodiversity Division in UP/PTSSS has recorded a surprising number of leopard cats, *Prionailurus bengalensis*, in the estates. The species is common throughout Southeast Asia in undisturbed as well as altered habitats. They are common in some oil palm estates; however, little is understood about their role as rat predators in a plantation landscape.

Rat infestation in oil palm plantations are commonly combated by administering chemical treatments and increasing the population of

Year	2015	2014	2013	2012	2011
Total Boxes	2,116	2,032	1,905	1,825	1,632
Total Area Under Owl (ha)	29,278	27,654	27,017	28,676.	27,758
Box to land ratio in Scheme	13.87	13.61	14.18	15.71	17.01
% Occupancy in Scheme	51.15	46.60	71.81	78.30	90.20
Total Planted Area (ha)	36,111	36,111	35,813	35,862	35,761
Box to land ratio over Total Planted Area	17.07	17.77	18.80	19.65	21.91
Rodenticide ai/planted ha (kg/ha)	0.000178	0.000412	0.000260	0.000532	0.000504

barn-owls, *Tyos alba*, an effective rat predator. In UP's Kalimantan estates, barn-owls are rare, and considering that it is non-native to the area, it was decided to "test" the rat-predator effect of leopard cats rather than to introduce barn-owls. If successful, this option has several advantages:

a) avoid the risk of introducing an exotic species to the area, b) being larger and weighing 5-8 times more than barn-owls, leopard cats should consume more rats per animal, and c) save the cost of erecting 500 barn-owl nest boxes.

In 2013 preliminary studies[1] on the diurnal rhythm, population density and rat predator effect was carried out. It revealed that leopard cats are strictly nocturnal, sharing habitat with crepuscular feral cats. Furthermore, there was a significant inverse correlation between the rat-leopard cat populations. At test site A only 0.07 rats/ha were recorded with a high cat abundance of 0.89/ha in contrast to 7.29 rats/ha in Site B with a cat abundance of 0.58 individuals/ha. Whereas there can be other predators of rats (e.g. black cobras, pythons, monitor lizards) that influence the results too, the results were promising and warranted additional studies.

In January 2014 the team set out to study the food and feeding behaviour of leopard cats in an attempt to quantify the number of rats consumed by leopard cats, as well as understand the population dynamics of leopard cats in the plantation. These are important data for being able to maximise the leopard cats as predators of rats in the plantation landscape. To date, seven leopard cats have been caught and fitted with radio-collars. These leopard cats were trapped in small purpose made traps baited with live rats. For the purpose of sedating the trapped leopard cats, UP collaborates with Orangutan Foundation International that kindly provides expert veterinarian support. After the sedation physiological data are recorded (e.g. size, weight) along with blood and tissue sampling, and a radio-collar is fitted to each cat before it is released.

Of the seven radio-collared cats, one died from unknown reasons a week after capture-release, one was eaten by a large python after a few months of tracking, and five remain at large. The results to date reveal that, in contrast to common beliefs, leopard cats are residents in the plantation, reproduce regularly and feed extensively on rats. Many have specialised in capturing rats in the palm trees rather than on the ground, and the males roam over 5-10ha in contrast to 2-5ha for the females. This study will continue throughout 2016.

[1]Silmi et al. (2013). Using leopard cats (*Prionailurus bengalensis*) as biological pest control of rats in a palm oil plantation. *Journal of Indonesian Natural History* **1(1)**: 31-36.





An example of our conservation activities of the Biodiversity Division at Lada Estate : Shown here are the trapping, tagging with radio collar and monitoring of the leopard cat.

The King Cobra,"Ophiophagus hannah" at PT SSS , Indonesia

King Cobras in oil palm landscapes

For the past five years, UP's Biodiversity Division in Kalimantan, in collaboration with Copenhagen ZOO, has worked with a vast variety of biodiversity topics relevant to sustainable plantation operation. In the spring of 2015, however, we endeavoured into a long-term study of the World's largest venomous snake species, the King Cobra, *Ophiophagus hannah*.

The species can grow up to more than 5m long and can deliver more than 5ml of highly toxic neurotoxins. Whereas the venom in itself is not as potent as venom from another common snake species in the Kalimantan estates, the Sumatran spitting cobra, *Naja sumatrana*, the sheer volume of venom delivered by king cobras make it one of the most deadly snakes in the world. If a human being suffers serious envenomation and left untreated, the neurotoxins will usually affect the central nervous system, leading to paralysis and progressive cardiovascular collapse and eventually death, resulting from respiratory failure. Because of the volume discharged reversing envenomation usually requires large quantities of antivenom.

The king cobra is a very fast and skilled predator that feeds primarily on other snakes and monitor lizards that are hunted down, killed and devoured head first. They were traditionally found in undisturbed lowland rainforests, but in the past decade they have proven to be extremely adaptive to a wide variety of habitat types. Shortly after its inauguration, UP's Biodiversity Division in Kalimantan began to record King Cobras regularly. This posed both a concern, because they can pose a serious risk to workers and a fantastic opportunity to study trophic cascades in a palm oil plantation landscape. Since King Cobras are considered non-aggressive, the Biodiversity Division decided to commence on a long-term ecological study of the species, and gain knowledge that can contribute actively to the future conservation of this magnificent animal.

Working with venomous snakes always poses a risk, and to minimise the risk of serious accidents, I contacted an old friend and colleague of mine, who has worked with king cobras and other snakes for a lifetime. Romulus Whitaker is internationally known for his work with reptiles, and is the founder of the Madras Crocodile Bank and the Agumbe Forest Research Centre.

He has also hosted a number of National Geographic programmes and produced many documentaries about reptiles. His knowledge of King Cobras and other snakes is unrivalled, and we were pleased that he agreed to assist the team with his expert advice, because the risks of "learning by doing" with venomous snakes was too high.

Mr Romulus Whitaker is internationally known for his work with reptiles,and is the founder of the Madras Crocodile Bank and the Agumbe Forest Research Centre. The pictures are taken from one of his visits at PT SSS, Indonesia.

On two occasions Romulus visited UP's Kalimantan estate. Working with the Biodiversity Division, the team captured two black cobras, one python and three King Cobras. One of the King Cobras was too small for transmitter implant. All the other ones were fitted with a radio transmitter implanted into the rear end of the snake. The surgery was performed in the Biodiversity Division office by expert veterinarians Dr. Anirudda Belsare from India (April visit) and Dr. Matt Goode from USA (October visit) both expert veterinarians experienced in transmitter implanting surgery.

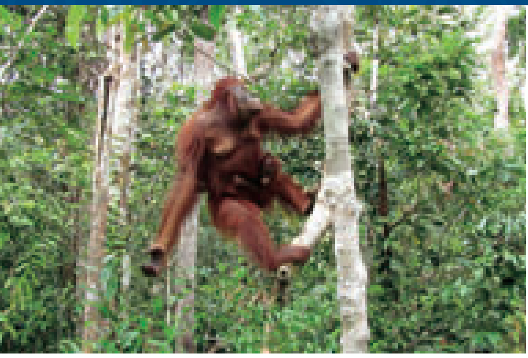
Eating and roaming habits

The two black cobras were hunted down and eaten by other King Cobras after less than three months of tracking, however, the two King Cobras are still roaming the plantations. The results to date show that King Cobras move across very large areas, often several kilometres in a day.

They utilise the entire plantation landscape, from mangrove to freshwater swamp forest, planted areas and forest habitats and eat monitor lizards, other snakes and rats within its roaming area in the plantations.

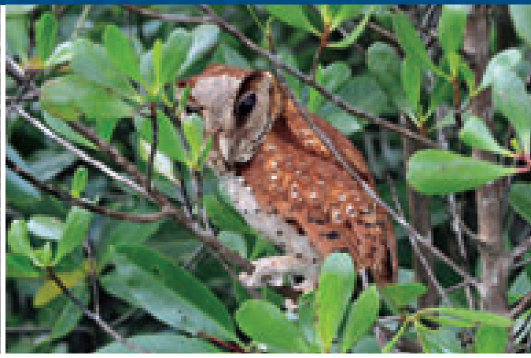
This is the first of its kind in a plantation landscape, and the Biodiversity team and Copenhagen Zoo will continue to study this magnificent snake, to learn more about its ecological role as a top predator in an oil palm landscape.

The King Cobra is the world's longest venomous snake, with a length of up to 18 feet. Its favorite diet is other snakes as seen in the above picture.



Bornean orang utan "P. pygmaeus"

Bird survey



Oriental Bay Owl "Pholidus badius"

Biodiversity and Partnership

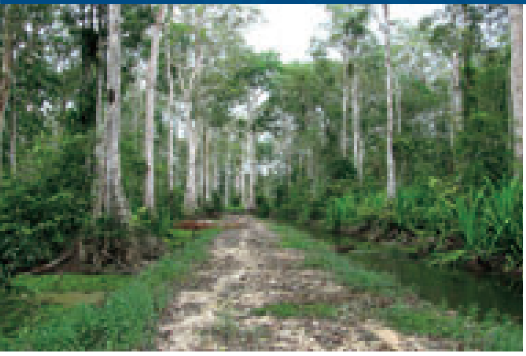
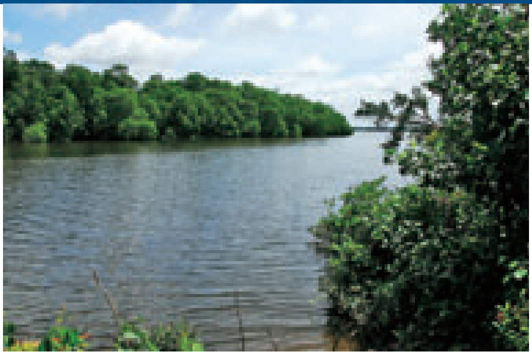
Conservation of jungle reserves and wildlife sanctuaries as well as promoting green corridors are examples of our commitment to the environment. To date, United Plantations has set aside more than 6,000 hectares of land for conservation purpose representing approximately 10% of our total planted area in order to encourage biodiversity and wildlife on our estates. In Indonesia UP has set approximately 30% of its land concession for the purpose of conservation.

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 fields who have established a series of collaborations and partnerships. One such partner is Copenhagen Zoo (CPH Zoo).

In order to better manage these large conservation areas a Memorandum of Understanding (MOU) was signed between UP and CPH Zoo on 1 October 2010 and a month later UP set up its Biodiversity Department under the purview of Dr. Carl Traeholt, our Group's Chief Environmental Advisor. It marked an important milestone for the Company's target of producing certified sustainable palm oil in Indonesia and being able to document the environmental integrity of its Indonesian operations.

The Biodiversity team consists of a Division Manager with solid natural resources management experiences, supported by five subject specialists and five field staff. This is supplemented by additional contract-workers when the need arises. The team is responsible for mainstreaming environmental concerns into standard operational procedures and focus on activities primarily within the following areas:

Dato' Carl Bek-Nielsen together with Mr. Steffen Straede, CEO of CPH Zoo, Mr. Bengt Holst, Scientific Director of CPH Zoo, Dr. Carl Traeholt Group Chief Environmental Advisor and Mr. Azhar Yazid, Sr. Manager Lima Blas Estate during a visit to UP in February 2016 where a new 5year MOU on further collaboration was signed.


Conservation areas in PTSSS are given high priority.

- Biodiversity (Fauna and Flora)
- Habitat and Ecosystem
- Forestry and rehabilitation
- Hydrology and Limnology
- GIS and Mapping
- Integrated Pest Management
- RSPO and ISPO
- Protection and Monitoring
- Community Outreach

Biodiversity Division

The Biodiversity Division office was laid as part of the Lada Estate field office. The field office was officially opened in September 2011, when the Biodiversity Division made a short presentation to Her Royal Highness Princess Benedikte of Denmark, UP's senior management, CPH Zoo's vice-director and other prominent guests at the new auditorium. The completion of the Biodiversity Division 's office took place in a very short period of time and this remarkable achievement is a testament to the hard work and commitment by all involved.

Five years of successful collaboration

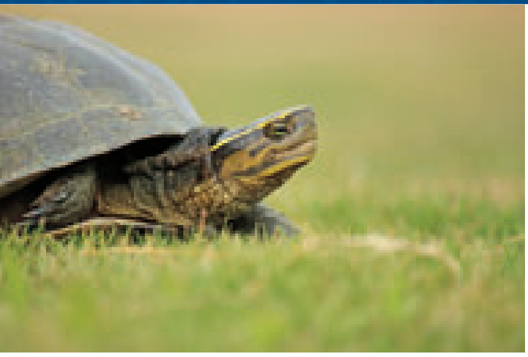
Dr Carl Traeholt, our Group's Chief Environmental Advisor has summed up the last five year collaboration between UP and CPH Zoo as follows:

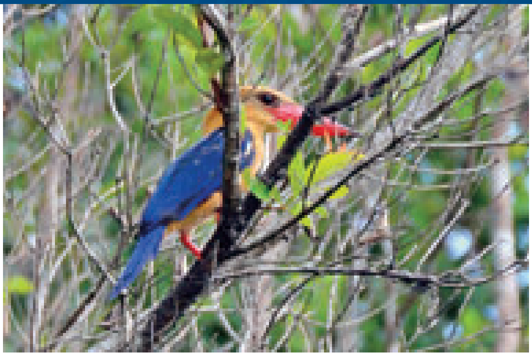
October the 31st, 2015, was a special day at UP/PTSSS Biodiversity Division. It was the conclusion of five years of successful collaboration between UP and CPH Zoo. The Memorandum of Understanding between UP and Zoo set out to "improve the understanding, conservation and management of biological resources as an integrated part of plantation operation, for the purpose of ensuring sustainable palm oil production throughout UP's properties". The process has not always been smooth. As anticipated, the journey took place on a bumpy road, but both parties maintained a dedicated focus on a common goal, and along with the dedicated team-work, the journey together became less and less bumpy. The result of the hard work can be appreciated by anyone visiting UP's Kalimantan Estates today. There is a well-functioning, active and dedicated Biodiversity Division that works as an integrated part of UP/PTSSS management team. The collaboration has just been extended for another five years through the signing of new MOU between CPH Zoo and UP in February 2016.

The Biodiversity Team

One of the key components to realise this common goal was to develop internal capacity to manage and conserve UP's ecological resources, and to make first-hand information about biodiversity assets easily available. The first recruitments to the Biodiversity Division (BioD) was made in January 2011, when Mr. Mohammad Silmi, Mr. Sakti Anggara and Bjorn Dahlen became the first staffs of the new team. Mr. Bjorn Dahlen acted as interim division manager for a period of two years, and was key-responsible for setting up the fundamental framework for the GIS-data base, along with the operational framework and professional standards of the new division.

In addition, Mr. Bjorn provided invaluable capacity building to the young team, which paved the way for Mr. Silmi to take over as Division Manager in 2013, and Mr. Sakti as Assistant Manager. Meanwhile, the team was strengthened with essential topic specialists, such as a limnologist, a forester/botanist, zoologist, herpetologist and a database officer. These subject specialists are supported by two chief rangers and a number of ranger assistants, as well as a native tree nursery manager.





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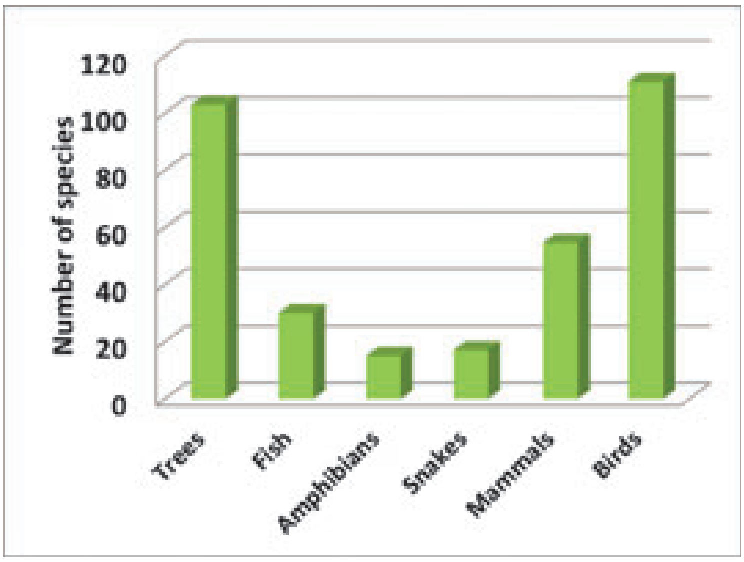


Pictures depicting high animal biodiversity in PT SSS, Central Kalimantan.

A nursery for forest operations for rehabilitation of HCV areas.

There have been many important achievements during the past five years, and too many to mention on a few pages. However, some of the most important milestones are:

Baseline biodiversity surveys

Since 2012, the BioD team has undertaken three major biodiversity surveys. This effort has been supported by specialists from University of Andalas, Padang, along with support from National University of Singapore. A preliminary crocodile survey was lead by Copenhagen Zoo's crocodile expert, Dr. Boyd Simpson, and the BioD team has established a close collaboration with Orangutan Foundation International. The extensive biodiversity surveys were essential to establish a baseline biodiversity dataset, against which future monitoring results can be compared.

To date, the BioD team has recorded 111 species of birds, 47 mammals, 15 amphibians, 17 snakes and 30 species of fish. Among these are the critically endangered Sunda pangolin, M*anis javanicus*, and the endangered flat-headed cat, *Prionailurus planiceps*. Using standardised ecological census techniques and deploying camera traps, cage traps, mistnets, harptraps and pitfalls, the team has recorded 226 vertebrate species many of which are protected by the Indonesian law and some are listed on the IUCN-red list as "Endangered" or "Critically Endangered".

Nurseries for native tree species

For the purpose of rehabilitating degraded areas, the BioD has setup two plant nurseries, where more than 80,000 seedlings from 83 species have been propagated and subsequently out-planted. The species are carefully selected to approximate the natural species composition for each type of habitat, or to enrich existing degraded habitats. Seedlings are nurtured and monitored for growth and survival rate to optimise the rehabilitation process. The conservation areas are dominated by five types of habitats: mixed Dipterocarp forest, peat swamp forest, fresh water swamp forest, riparian forest and mangrove forest. Each habitat type requires its own specific conservation intervention, for example, choice of species composition, timing and silvicultural treatment. To optimise the rehabilitation process several research-plots have been established, where comparative studies are being conducted by manipulating ecological variables.

Most of the tree species are collected as seeds or seedlings by the BioD team from UP/PTSSS's conservation areas, and some are listed as endangered on the IUCN red-list. These include exotic species such as Ulin (Eusideroxylon zwager), Meranti (Shorea acuminata), Jelutung (Dyera lowii) and Agathis (Agathis borneensis).

The two nurseries are located in Lada Estate and Runtu Estate, respectively. Due to the remote location of the Runtu nursery, this facility is maintained by a permanent caretaker, who is provided with a house powered by solar energy.

GIS Database-Protection and Monitoring

Monitoring and managing biodiversity resources requires a comprehensive knowledge of baseline ecological conditions before commencing on agricultural development.

The BioD Team has setup a comprehensive GIS-database with several hundred information layers (e.g. rivers/streams, topography, boundaries, channels, planted areas, soil composition, flow-direction, water sampling sites, conservation areas and many more).

The BioD GIS-database forms the backbone of all matters relating to stored information and data recording, analysis, monitoring biodiversity trends and ecological processes, research, patrolling and protection, RSPO environmental compliance, Indonesian environmental laws and legal disputes.

GIS-database monitoring system used actively in the biodiversity activities.

Water sampling for environmental quality control.

This is, by far, the most phenomenal component of the BioD, and it is made an active asset to the entire PTSSS-group, because important information is available in digitized format that can be accessed immediately.

The UP/PTSSS GIS-database is built up around ESRI's ArcGIS® software platform that is considered the World's most powerful GIS-software.

SMART

The software handles every type of data-input, from NASA's high resolution satellite images, to general orangutan observation way-points. Built into the BioD GIS-database is the Spatial Monitoring and Reporting Tool (SMART) that was developed by a conglomerate of international conservation agencies. The SMART system is the World's preferred, most comprehensive and user-friendly conservation monitoring system. The added advantage of using SMART is its statistical power that allows the BioD to compile and develop trend-lines and other forms of analyses pertaining to managing and protecting conservation areas and species.

Hydrology and Limnology

Clean water is critical to sustain all kinds of life form on Earth. In rural Indonesia thousands of local residents are dependant on water supplies from lakes and rivers. Maintaining a clean and uninterrupted supply of water constitutes one of the most critical components in sustainable palm oil production.

The Biodiversity team has developed a "Hydrology map" and identified a number of permanent sites for sampling water quality. Using state-of-the-art equipment the team measures and records organic, inorganic and physical pollution parameters in the field.

Potential trace elements and toxins are measured with a spectrophotometer in the laboratory. In the event of a sudden deterioration in water quality, the team will identify the source of pollution and initiate a process to rectify the problem. This includes identifying any unusual organic contamination, usually due to empty fruit bunches that mistakenly have slid into a stream or if an unusual high level of inorganic contamination is detected, it is usually a result of excessive wash-out of fertilizer. Such information is communicated to the respective estate managers, allowing them to rectify a potential problem within a very short time period.

Lab analysis of water samples for quality control.

Monitoring of meteorological parameters

A dozen weather stations have been setup at strategically important locations in PTSSS. These provide a large amount of micro-climate information critical to, particularly, make accurate fire-risk predictions. Being able to predict the risk of fire allows the management in each estate to implement proactive measures, to prevent and minimize the risk of fire, as well as to be on high alert with firefighting equipment, in case of fire outbreak.

Research and conservation

The BioD has initiated a range of research and education programmes, of which some of these are ground breaking initiatives. The team is studying the role of leopard cats, Prionailurus bengalensis, as rat-predator in UP/PTSSS' plantations. (see pages 76-77)

The BioD has also embarked on a first of its kind of study on the ecology of the World's largest venomous snake, the king cobra, Ophiophagus hanna, in a palm oil plantation. (see pages 78-79).

In 2014-2015, the BioD team developed a number of education and awareness programmes for local primary schools. The team managed to run the environmental programme to five local schools, and nominated a number of "winners" in a range of topics that including drawing and painting biodiversity. These outreach programmes have been exceptionally successful and appreciated by the schools, and the BioD team plans to expand on the concept in the future.

The list of activities and accomplishments continues, with many not highlighted here. However, every activity has shared a common factor: none would have happened without the support from the rest of the PTSSS management team and staff.

In addition, several Indonesian student volunteers have assisted with everything, including monitoring radio-tagged snakes and collared leopard cats. In many cases, these activities required permanent night shifts, tracking leopard cats from 8pm to 5am, or putting up a tent next to a digesting king cobra to measure micro-climate in nest sites from 8pm to 5am.

Integrating environmental concerns into standard operation practices is more far reaching than developing a Biodiversity Division. It entails a new way of thinking and introduces a new definition of good agricultural practices.

Ultimately, the formation of the Biodiversity team to facilitate and promote integration and mainstreaming of environmental concerns into standard operational practices reflects the Company's commitment to the overall goal of producing quality palm oil using methods that are socially responsible and environmentally sustainable.

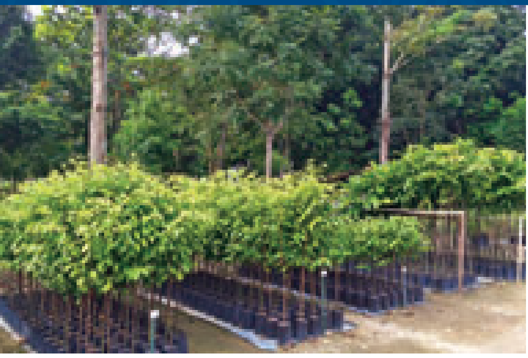
With sustained commitment from all parties, successful integration and mainstreaming of environmental concerns will take place, and UP-PTSSS will be well equipped and well prepared for the future agricultural landscape.

In conclusion, I can confidently declare that the five years of collaboration have been a wonderful success and a testament to what can be achieved by working together, as long as the commitment and dedication remains intact and the spirit positive.

On behalf of Copenhagen Zoo, I would like to thank the management at PTSSS for their support; to UP's EXCOM for their unaverred support and dedication through thick and thin; and to the BioD team at PTSSS that has grown, and continue to grow, with each emerging challenge. They have done a marvellous job.

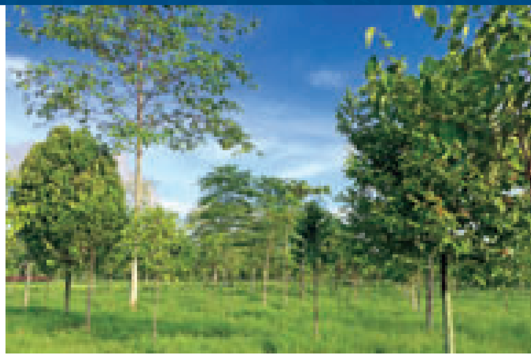
DR CARL TRAEHOLT
UP GROUP CHIEF ENVIRONMENTAL ADVISOR

Wetland conservation areas in PTSSS, Central Kalimantan.



On-site nursery

Newly planted trees



Abundant trees species

Tree Reserves

We have continued to place strong emphasis on accelerating more species of trees to achieve greater diversity in our tree parks and riverine reserves as well as rehabilitated areas throughout our properties.

One great example is the Kingham-Cooper Tree species reserve in UIE(M) that is developing well. It was established in 2008 and now resembles a dense area of forest land with abundant tree species as well as a healthy variety of bird life. The lagoon itself is stocked with a wide range of fresh water fish which attracts fish eagles and the Malayan Otter.

During 2015, UIE(M) focussed on a Programme of Enrichment & Intensification for the Main-Office Park Areas, the Kingham-Cooper tree species reserve and the Sg. Anak Macang River Reserves, which was expanded and enriched with a further 1,200 trees from our own and outsourced nursery supplies.

Todate some 15,000 trees representing up to 265 species have been planted in the various locations.

These areas were planted with a variety of "food chain" trees as well as those from the rarer tall timber Dipterocarpaceae Family such as Anispotera, Dipterocarpus, Hopea and Shorea (locally known as the meranti).

Of the total planting todate, a significant number have been gathered from our own mother tree sourced at the Kingham-Cooper Lagoon Reserve and the surrounding areas which help to give our staff valuable experience in gaining knowledge in the practical aspects of cultivation.

We also continue to keep in good contact with the Tree-Guru of Malaysia, Mr. James Kingham and thank him for his continued support and kind advice.

Gardenia Tubifera

Licania Splendens

Mischocarpus Sundiachus

2008

Some 5,000 trees were planted during 2008, covering a wide range of 90 different species from 25 diverse families. The sanctuary in its early stages of development.

2015

Establishment of indigenous forest tree reserve at the "Lagoon" at UIE .

An aerial view of modern workers' and staff housing at Lada Estate, PTSSS, Central Kalimantan.

Community

We are committed to promoting socioeconomic policies & progress in the local communities we operate in. Our business provides livelihood to families, small businesses and organisations in and around the plantations resulting in many people depending on our Group. Close bonds with our local communities are therefore a key priority to our organisation.

UP therefore has an obligation to monitor and manage any impact our operations might have on these communities and at the same time ensure that our local communities receive financial, social support and benefits by developing of the local communities in which we operate by creating jobs, paying taxes and doing business with local enterprises. Through respect and engagement with the local communities, important and continued integration is a key factor for the plantations' future success.

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 2015 to maintain the highest possible welfare standards for our workforce and ensure high standard educational facilities for the children.

Contributions to Society and the Local Community

Today, our Group has eight Primary Schools and nine Kindergartens on its properties which are maintained by the Company, providing education for more than 500 children ranging from ages of 5 to 12 years. Bus subsidies for school children above the age of 12 years old are also provided for.

For babies and young children UP continues to provide and maintain crèches for personalised child care thereby ensuring that employees are comfortable about their children while at work.

Places of worship for our employees, Group Hospitals & clinics and a Senior Citizens Home to care for the aged and the homeless as well as a fully operational Danish Bakery are also a part of UP's care and commitment towards the wellbeing of its employees.

In addition, 44 scholarships were granted to children of our employees during 2015, thereby enabling these students to pursue their tertiary studies.

School children waiting to receive some drinks during the Jendarata Estate sports day.

Creche for young children at Jendarata Estate, Division One.

Founded in 1967, the Senior Citizens Home at Division 1, Jendarata Estate is provided for the retired and aged employees who are given free board, food and medical care.

Our workers' Housing Complex at UIE(M).

The Community Halls on our estates continue to be put to good use providing our employees with vastly improved facilities for special functions such as weddings, engagements and other religious ceremonies. Several new staff quarters and modern employees' houses were built during 2015 in line with the Company's goal to provide its employees with the best housing facilities within the industry.

Upgrading of our guest workers living quarters which our Company embarked on in 2010 has progressed well. Several new terrace apartment blocks have been provided with the finest living facilities in our industry with a living area of 220m^2 per unit encompassing 3 bedrooms, 1 kitchen, 2 bathrooms and a large hall and patio which provides first class housing facilities for about 140 employees during 2015.

The new Biomass Reciprocator Boiler plant at Ulu Basir at the foreground and the view of a fully established Housing Complex at the background.

Mr. Martin Bek Nielsen with the recipients of benevolent payment. Story below.

(The late Mr & Mrs K. Vellayan, parents of these two ladies (left), passed away prematurely in 1989. Their father was an auxiliary policeman at Jendarata Estate. For many years it was impossible to locate these two children, however in June of 2015 we finally managed to locate them and a sum of RM 15,024 was paid to each beneficiary from the trust fund set aside by the company since 1990).

Annual Benevolent Payments

Annual benevolent payments as well as other compassionate and educational payments made by the Group to workers amounted to RM 768,103 during 2015. The Group has set up the following funds for the benefit of workers:

1) UP Workers Benevolent Retirement Scheme (established in 1985)
2) UP Education and Welfare Fund (established in 1986)
3) UIE (M) Education and Welfare Fund (established in 1997)

The objective of the UP Workers Benevolent Retirement Scheme is to provide retirement benefits to workers who are loyal and have served the Group for 10 years and above. This benefit is in addition to the workers entitlements under their respective collective agreements. Over the last 5 years, an average of RM230,000 per annum was paid out from this scheme.

The objectives of the 2 education and welfare funds are to grant scholarships for suitably qualified workers children or dependants, and other benefits such as welfare and medical costs to deserving cases irrespective of race, religion or creed. At present, the 2 funds are providing scholarships for 44 students.

Group Employees

The Company is increasingly more dependant on guest workers because of urban migration of local workers. It should be noted that the palm oil industry has a shortage of oil palm harvesters and other workers in the critical areas affecting production, mill throughput and palm oil quality, which deserve the immediate attention of the Malaysian Government.

Group's Employees - Year 2012 to Current

	29 Feb 2012	28 Feb 2013	31 Jan 2014	31 Dec 2014	31 Dec 2015
UP Bhd	5,489	5,297	5,548	5,563	5,216
Unitata Bhd	267	255	229	227	216
Butterworth Bulking Installation Sdn. Bhd.	17	18	16	15	16
PT SSS1, Indonesia	994	802	1,175	1,481	1,180
Total	6,907	6,480	7,073	7,286	6,628

Social and Environmental Commitments of the Group

	2011 RM	2012 RM	2013 RM	2014 RM	2015 RM	Grand Total RM
Hospital & Medicine for Employees	1,751,450	1,782,549	1,887,592	2,083,013	2,125,483	9,630,087
Retirement Benevolent Fund	259,000	247,750	195,250	253,250	188,750	1,144,000
Education, Welfare, Scholarships & Others	327,153	360,840	384,514	319,011	359,621	1,751,139
Bus Subsidy for School Children	244,767	271,784	254,608	209,574	219,732	1,200,465
External Donations	121,119	247,360	156,583	145,301	208,325	878,688
New Infrastructure-Road, TNB and Water–Supply for domestic use	4,123,650	1,492,659	877,124	910,529	208,061	7,612,023
Employee Housing	21,803,511	11,719,418	3,747,645	8,856,462	980,731	47,107,767
Infrastructure Projects, Buildings, Community Halls, Places of Worship	3,669,590	1,201,266	914,786	868,542	-	6,654,184
Provision of Social Amenities	7,898,712	8,436,477	8,064,964	8,235,585	8,781,188	41,416,926
Environment Friendly Operational Activities	8,555,344	9,381,704	10,755,059	10,536,299	10,586,082	49,814,488
Environment Friendly Projects (Biogas, Biomass-others)	2,373,000	4,946,000	2,935,999	3,551,035	9,207,905	23,013,939
Biodiversity & Conservation (Forest reserve, Endangered tree species projects, Collaboration with Copenhagen Zoo)	1,481,066	597,000	543,824	534,586	543,683	3,700,159
TOTAL	52,608,362	40,684,807	30,717,948	36,503,187	33,409,561	193,923,865

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

CSR activities in Indonesia

Whilst focusing on continuous improvement of our Indonesian operations, we are simultaneously developing our CSR activities including conservation of the natural environment and improving the socioeconomic conditions of our employees as well as the surrounding communities.

Health

In addition to the State of the Art Health Care Centre, we also organize visits by medical specialists to the neighbouring villages for the benefit of the local communities. Furthermore dental and hygiene education is provided to our employees' children at the Kindergarten and Crèche.

Education & Scholarship

Supporting education and development activities remain a high priority in our Kindergarten and Crèche as the availability of early education for our employees' children provides peace of mind and comfort in order for employees to go to work whilst knowing their children are in school. Scholarships are provided to needy children among the villages in which we operate.

Infrastructure investment and support

Supporting the surrounding communities in the form of investments in infrastructure projects, participation in cultural and sports events as well as religious ceremonies are important avenues to build up a sense of togetherness between the company and neighbouring communities.

Best three primary school students from each Desa were selected and given scholarship on trimester basis. Their education performance were also monitored from time to time.

Examples of Infrastructure Investments to assist the local communities.

An antique Danish pastry sign marks the entrance to the Bernam Bakery which caters for employees and customers from near and afar.

Our dedicated Bernam Bakers, Mr. D. Saksidaran and Mr. A JayaRama Reddy are proud producers of high quality bread, pastries and biscuits supplied to many of our own employees and guests, who visit United Plantations.

Places of worship for all employees of different faith.

Our Jendarata Football Club team emerged champions in the 2015 Teluk Intan District Competition.

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. In 2015 the Company's football team won for the second time the Hilir Perak Football League. We also co-sponsor sporting events such as badminton tournaments and the Annual Estates Sports Gala organised by the Malaysian Palm Oil Association.

Young school children participating in sporting activities at Jendarata Estate.

Prize giving ceremony in conjunction with UP's Annual Inter-Company Badminton tournament.

Former badminton world champion, Mr. Morten Frost together with twin brothers Mr. G. Mugunthen and Mr. G. Mooghillen our local talents from Jendarata Estate.

Parents participating in the school sports day event.

Recreational facilities such as badminton halls and football fields are provided at our estates for our employees and their families to enjoy.

UP Officers briefing neighbouring smallholders on good agricultural practices.

Smallholders' Field Day

As part of our Company's involvement, UP continuously engages with smallholders,. We invited farmers from local districts to visit our plantations 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, integrated pest control, nursery upkeep, optimal harvesting procedures and fertiliser application in order to assist them with their agricultural interests.

Plasma Schemes/Outgrowers Scheme

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. The Company's internal Plasma team has taken over the responsibility of the various plasma projects from our external plasma consultant Mr Rudolf Heering who retired in August 2015. Mr Heering had more than 30 years of experience working together with smallholders in Indonesia and has been of great assistance in establishing the foundation of our Company's plasma schemes through his tireless efforts, advise and vast experience which we are most grateful for.

Under the Plasma Scheme, UP helps smallholders to develop their land, including land preparation, for cultivation of oil palms. Once developed, the plantation is managed by the Company for one cycle after which it will be handed over to the smallholder for self-management. During the first cycle, proceeds from the plasma areas minus development costs, is paid to the farmers by the Company.

UP's Commitment to Plasma Projects

The Indonesian Government's objective is to ensure the establishment of Plasma Projects equivalent to 20% of a Company's planted area. UP is pursuing the Government's Plasma objective to meet 20% of the land concession.

We expect the scheme to provide more opportunities for the smallholders and help alleviate poverty. 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.

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 Company provides the smallholders with sufficient resources and is committed to buying their FFB at government determined rates. To assist them, we provide vital training on plantation management practices and financial arrangements.

Todate 535 hectares of Plasma have been developed for 360 smallholders and an additional 1,200 hectares is expected to be provided and developed to the communities surrounding the Company's properties during 2016-2018.

During 2015, UP completed the NPP assessment as per the principles and criteria of the RSPO. In addition to that HCV and HCS Assessments including the FPIC process is being finalized. (see pages 55-60)

An Oil Palm nursery with 80,000 seedlings(approximately 500 Ha) has been set up and is awaiting all the necessary approvals prior to proceeding with the plasma development for the benefit of the local communities. The initial plantings are expected to commence in the 3rd quarter of 2016.

Partnership with the local communities is crucial to achieve success in Indonesia and it is therefore of utmost importance that the local communities also benefit from UP's development.

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

Systematically handling and resolving land disputes in an open and transparent manner is crucial. Land Dispute Settlement Team, Mr. Rizkie Chandrahayat, Mr. Aditya L. Mahesvara and the late Mr. Gersonny U.Y. Detha.

A courtesy visit to the new Bupati of Kotawaringin Barat. From left, the late Mr. Gersonny U. Y. Detha, Mr. Martin Bek-Nielsen, Mr. Bambang Purwanto Sti (Bupati), Ms. Dewi Anita Suyatman.

Land Disputes in Indonesia

In Indonesia land disputes are inevitable and part of managing plantations in the country. To minimise land issues, important free, prior and informed consent sessions with stakeholders are conducted as a vital part of sustainable plantation development.

Land disputes can be based on many different variables and reasons. Some cases are genuine and can be due to historical reasons, bad heritage, misunderstanding and miscommunication, cases of wrongful compensation amounts and frivolous claims.

It is however extremely important that land disputes are taken seriously and are well documented in order to ensure transparency and evidence in connection with various ongoing cases.

UP has been involved with several thousand land deals with the local community and whilst most cases of disputes have been amicably resolved, there still exists unresolved cases that are in the process of being resolved based on facts and full transparency under the RSPO guidelines for resolving land disputes.

Continuous Stakeholder Engagement

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 as sustainable development cannot be achieved without engagement with stakeholders.

Grievance Procedure for Stakeholder Issues

Under our RSPO framework, 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 communications 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, thereby aiming to resolve grievances (including those originating from employees) through a consultative process and realises that any system must resolve disputes in an effective, timely and appropriate manner that is open and transparent to any affected party.

Mr. Martin Bek-Nielsen with Dr. Soedjai Kartasasmita, Mr. Edward Daniels and Mr. Rohan Faezi Mochtar, after the Board of Commissioners' Meeting at our Jakarta office.

UP continuously engages with stakeholders and the local communities to resolve isssues and grievances.

A rainbow seen across the sky after a rain shower at Jendarata Estate.

High quality Virgin Coconut Oil from our own coconuts being filled into bottles at the Unitata Refinery.

Marketplace

Through investment in our people and technology, UP is committed to providing high quality certified sustainable products and services to customers worldwide. We aim for continuous improvement in our products and services and we work towards building long-term relationship through interaction and discussions about sustainability, global trends, health and nutrition with customers, suppliers, business partners and other stakeholders.

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 UP 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.

Mr. R. Selvanthiah having a discussion with Mr. Allan Loh Teik Boon at the packed product warehouse at Unitata.

An aerial view of the Unitata refinery complex with the coastal road adjacent to it.

Unitata Berhad

Edible oil Refining and Specialty Fats Production

Continuous attention to quality, investment in production facilities and ongoing product development is a priority in order for Unitata to meet challenging & changing customer demands.

In order to cater for the growing demand, our Refinery is equipped with latest refining technology taking full advantage of our premium quality CPO & PKO to produce speciality oils & fats and other tailor made brands. Stringent attention is given towards monitoring the various steps of the manufacturing process through controls ensuring that quality assurance procedures are in place in order to comply with customer requirements.

Nair's Wing

To further enhance Unitata's position as a premium Quality Producer of palm fractions, a New Quality Control Building named "Nair's Wing" was opened in 2014 with the latest analytical equipments providing accurate and timely control to ensure customer satisfaction on high quality and food safety.

Traceable and Certified solutions

As food safety and consistant high quality products are a part of Unitata's culture, we have obtained international certification for ISO, HACCP, BRC and compliance to the strict Halal and Kosher standards.

Unitata and HACCP

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 2008, Unitata was the first Company to ship refined RSPO certified segregated palm oil, traceable to the plantations, to customers worldwide.

Hygenic production of VCO at Unitata.

The RSPO cooperates with the traceability service provider, UTZ, who through the RSPO-Etrace system ensures that the necessary traceability is in place in order for proper certification of palm and palm kernel oil that is used in the refining process.

Supply Chain Certification

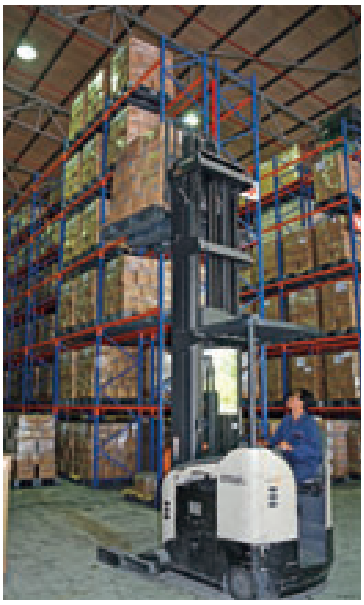
Unitata Berhad received its Supply Chain Certification in December 2010 and is able to handle and deliver first class sustainably certified and segregated palm and palm kernel oil solutions traceable back to the plantations to customers worldwide.

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.

This requires records to be kept to demonstrate the volume of CPO or CPKO sold as sustainable oil does not exceed the amount produced by the upstream RSPO certified mills.

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

This development is expected to significantly increase in 2016 as many Global Brand manufacturers have committed to only use RSPO certified and segregated palm oil solutions. With new labelling rules introduced in Europe effective December 2014 increased demand for traceable and certified products is anticipated and combined with high quality, Unitata is in favourable possition to continue its positive developments.



Top: Executives and Staff at the farewell gathering of Puan Hamidah.
Bottom: Various operations and facilities at Unitata.

Ripe fresh fruit bunches ready to be harvested.

A scenic picture shortly before sunset of the Division 3 Jendarata setup with housing areas, the palm oil mill and the Unitata refinery complex in the foreground. The Bernam River and the Hutan Melintang fishing village is in the background.

Statement On Corporate Governance

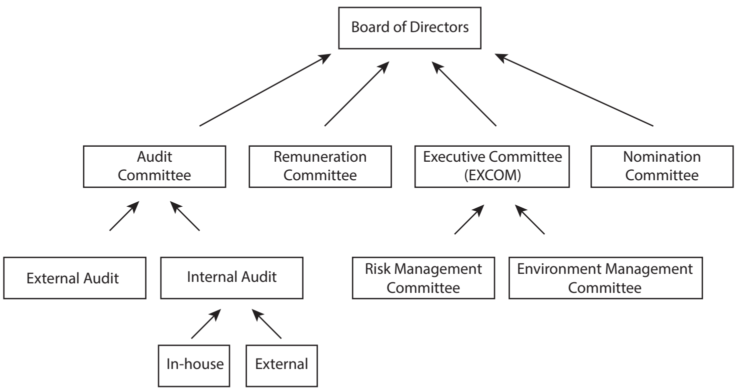
The Board of Directors of the Company recognizes the importance of good corporate governance and continues to be committed to ensure that high standards of corporate governance are practiced throughout the Group to deliver long term sustainable value to the shareholders and other stakeholders.

1. Establish Clear Roles and Responsibilities

1.1 Clear Functions of The Board and Management

The Board is responsible for the oversight and stewardship of the Group. There is clear division of functions between the Board and Management. In order to effectively discharge its duties, the Board has established a governance framework which provides an overview of the corporate governance processes and responsibilities within the Group.

Governance Framework



1.2 Board Roles and Responsibilities

The duties and responsibilities of the Board of Directors are clearly spelt out in the Board Charter. In summary, the Board had assumed the following stewardship responsibilities in furtherance of its duties:

(i) Reviewed and adopted the strategic plan, both short term and long term, for the Group; reviewed and deliberated new investment proposals (both equity and expansion) by the Executive Committee before making a decision;

(ii) Oversaw and evaluated the conduct of the Group's business based on the monthly and quarterly financial reports and other reports prepared by management and concluded that the business is being managed sustainably with regards to the economic, social and environmental aspects;

(iii) Identified principal risks and ensured that appropriate systems were implemented to manage these risks as far as practicable;

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

(v) Ensured that the investor relations programme and shareholder communications policy for the Company are implemented;

(vi) Reviewed 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 and were satisfied that the internal control systems and information systems were adequate in all material aspects and that the Group complied with applicable laws and regulations;

(vii) Reviewed the proposed dividends and ensured that they commensurate with the performance of the company and meet the expectations of the shareholders;

(viii) Reviewed the circulars to shareholders and ensured that they comply with applicable rules on disclosure of information;

(ix) Reviewed the interim financial statements and the annual report and satisfied that the financial statements and the contents of the annual report reflected the true and fair view of the financial position and results of the group and presented its activities accurately.

1.3 Code of Conduct and Business Ethics

The Group's Code of Conduct and Business Ethics for directors and employees continue to govern the standards of ethics and good conduct expected of directors and employees. The details of the Code of Conduct and Business Ethics are included in this Annual Report.

In addition, the Group's Whistle Blower policy seeks to foster an environment of integrity and ethical behavior, and any illegal or improper action in the Group which may be exposed. The Company's Whistle Blower Policy is described on page 46.

1.4 Sustainability of Business

The Board promotes sustainable business practices covering economic, social and environmental aspects, which are strongly believed to translate into better corporate performance.

The Group's corporate responsibility programmes are disclosed on pages 30-103.

1.5 Access to Information and Advice

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 instructions of the Chairman and the Chief Executive Director, 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 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.

1.6 Qualified and Competent Company Secretary

The Board and Board Committees have unrestricted access to the advice and services of the Company Secretary. The Company Secretary is a member of the Malaysian Institute of Accountants and is qualified to act as company secretary; he has over 14 years of experience in company secretarial matters. The Board is satisfied with the performance and support rendered by the Company Secretary in the discharge of its duties effectively. The Company Secretary plays an advisory role to the Board in relation to Group policies and procedures, compliance with regulatory requirements, codes and guidelines. The Company Secretary also facilitates directors' training.

The Company Secretary attends all Board and Board Committee meetings and ensures that all papers are sent to the members in a timely basis, meetings are properly convened and accurate and proper records of the proceedings and resolutions are minuted and subsequently distributed to the members of the Board and Board Committees, and where relevant, communicates decisions and policies made to the management.

1.7 Board Charter

The Board Charter which is available on the Company's website sets out the Board's strategic intent and outlines the Board's roles and responsibilities. The Charter elaborates the fiduciary and leadership functions of the Board and serves as a primary reference for prospective and existing Board members and senior management. The Charter is reviewed periodically to ensure it complies with current legislation and best practices.

2. Strengthen Composition

Specific responsibilities are delegated to Board Committees where appropriate. The Board Committees comprise Nomination Committee, Remuneration Committee, Audit Committee and Executive Committee. Each Committee operates within its respective Terms of Reference which have been approved by the Board.

2.1 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, all of whom are independent directors. 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 as at the end of financial year 2015 were as follows:-

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

Y. Hormat Dato' Jeremy Derek Campbell Diamond
(Independent, Non-Executive Director)

Mr. R. Nadarajan
(Independent, Non-Executive Director)

The Board supported by the Company Secretary during the AGM.

Selection of candidates to be considered for appointment as directors is facilitated through recommendations from members of the Board and/or shareholders. The Committee will then meet with the proposed candidates to assess their suitability in terms of age, qualifications, experience, expertise, conflict of interest and leadership quality before recommending them for appointment to the Board.

The Committee held 1 meeting in respect of the year ended 31 December 2015 for the purpose of making an assessment of individual directors and board committees, for considering directors who are due to retire on rotation at the A.G.M., re-appointment of 3 directors under Section 129(6) of the Companies Act 1965, and the re-designation of 3 directors as independent directors. 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. Of the 3 directors who were proposed to be re-designated as independent directors, the Committee reviewed their attendance, participation in Board deliberations, including Board Committees and concluded that all 3 of them remain objective and independent and their lengths of service do not interfere with their exercise of independent judgement and accordingly recommended to the Board to be so re-designated. The Company will seek the shareholders' approval for the re-designation of these 3 directors. When deliberating on the performance of a particular Director who is also a member of the Nomination Committee, that member abstained from the discussions.

2.2 Remuneration Committee and Directors Remuneration

The Remuneration Committee consists entirely of 3 non-executive directors, all of whom are independent Directors. Its 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)

Y. Hormat Dato' Jeremy Derek Campbell Diamond
(Independent, Non-Executive Director)

Mr. R. Nadarajan
(Independent, Non-Executive Director)

It is the Committee's usual practice to draw information on the company's remuneration policy from the Executive Committee to assist them with their duties. Executive directors do not participate in the deliberations of the Remuneration Committee.

Only the executive directors have contracts of service which are normally reviewed every three years. The executive directors' 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 remuneration packages are sufficiently attractive to attract and retain executive directors.

All directors are paid annual fees. The chairman and members of the Audit Committee receive additional fees taking into account the nature of their responsibilities. Members of other Board committees do not receive any additional fees. 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. Periodical review of the fees is undertaken based on market information on directors' fees. A fixed meeting attendance allowance is paid for all attendances at Board and Board Committee meetings except for the Executive Committee meetings.

The Remuneration Committee held 1 meeting during the financial year ended 31 December 2015 to review the renewal terms of 2 executive directors' contracts.

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

	Fees (RM)	Basic Salary (RM)	Additional Remuneration (RM)	Other Benefits (RM)	Meeting Attendance Allowance (RM)	Total (RM)
Non-Executive Directors	455,000	-	-	-	58,500	513,500
Executive Directors	280,000	519,600	3,516,250	687,368	24,000	5,027,218
Total	735,000	519,600	3,516,250	687,368	82,500	5,540,718

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, directors remuneration are disclosed in the applicable bands of RM50,000 herebelow differentiating the numbers between executive and non-executive directors.

Remuneration Range	Executive Directors	Non-Executive Directors
RM 50,001 - RM 100,000		3
RM 100,001 - RM 150,000		2
RM 900,001 - RM 950,000	1	
RM 1,250,001 - RM 1,300,000	1	
RM 1,300,001 - RM 1,350,000	1	
RM 1,450,001 - RM 1,500,000	1	

The Executive Committee holding an exit meeting with the executives after a field visit to PTSSS.

2.3 Audit Committee

The Audit Committee consists entirely of 3 non-executive directors, all of whom are independent directors. 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 this Annual Report.

2.4 Executive Committee

The Executive Committee consists of executive directors only. The scope, functions and activities are given in the Terms of Reference approved by the Board.

It is responsible to oversee the day-to-day management of the Group's operations which include review of the annual revenue and capital budgets before presenting to the Board, reviewing the monthly, quarterly and annual results of the Company and Group and comparing them with the respective business units budgets and taking remedial actions for budget variances, implement policies and procedures approved by the Board, implement recommendations of the Audit Committee, identify key risks annually and implement mitigating actions where practicable, recommend expansion and diversification plans, implement policies for succession, labour recruitment, replanting and replacement of plant and machinery, and the review of research policies and projects. The Executive Committee has established the Operations and Environment Management Committee which reviews the estates and mills' operational efficiencies, mechanization and automation, and also issues concerning the environment, health and social aspects. The Operational and Environment Management Committee's report has been included in a separate statement in this Annual Report.

The Executive Committee has access to the services of the Company Secretary who records and maintains minutes of meetings.

The Executive Committee met formally 4 times during the year 2015, and the minutes thereof were included in the Board files for information and deliberation by the Board. All the executive directors attended all 4 meetings. The Executive Committee also met informally to deal with matters that required prompt response and decisions.

3. Reinforce Independence

3.1 Board Balance and Independence 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 Chief 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 9 directors, 4 of whom are executives who have an intimate knowledge of the business. Amongst the remaining 5 non-executive directors, 4 of them are independent. The Board is satisfied that the size has fulfilled its requirements adequately.

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.

Biographies of the Directors as given in this 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 each of the executive director who has specific management responsibilities for the day to day running of the business. The Company has included a Group Philosophy Statement in the inside cover of this Annual Report and it has clearly described its objectives in the statement on Environment Quality Management to which the Board is deeply committed.

One of the recommendations of the MCCG states that the tenure of an independent director should not exceed a cumulative term of 9 years. However, the Nomination Committee and the Board have determined at the annual assessment carried out that Tan Sri Datuk Dr. Johari bin Mat, who has served on the Board for 14 years, Dato' Jeremy Derek Campbell Diamond who has served on the Board for 14 years and Mr. Ahmad Riza Basir who has served on the Board for 15 years remain objective and independent in participating in the deliberations and decision making of the Board and Board Committees. The length of their service on the Board does not interfere with their exercise of independent judgment and act in the best interest of the Group notably in discharging their roles, in the case of Tan Sri Datuk Dr. Johari bin Mat, as Chairman of the Board, Chairman of the Remuneration Committee and Chairman of the Nomination Committee, in the case of Dato' Jeremy Derek Campbell Diamond as the Chairman of the Audit Committee as well as the member of the Remuneration and Nomination Committees, and in the case of Mr. Ahmad Riza Basir as a member of the Audit Committee.

Each of the above three independent directors has provided an annual confirmation of his independence to the Nomination Committee and the Board. The Board has recommended the continuation of these 3 directors as independent directors of the Company as the Board believes that it is in the best position to evaluate and determine whether any independent director can continue acting in the best interest of the Group and bringing unbiased and professional judgement to Board deliberations. The Board has to balance the need to continue with Directors who have intimate knowledge of the Group's business and fresh perspective which new candidates may bring.

The Board also wish to report that it has started the process of identifying suitable candidates for succession to the independent non-executive directors who have served long.

The Board supports the initiative to include woman representation on the Board to achieve a more gender diversified Board. The Board evaluates the diversity of the Board and in future recommendations and appointments, diversity will be taken into account. However, this will be done based on competency, ability, leadership quality and qualification, particularly candidates with specialized knowledge that meet the Group's needs. The Board is making efforts to identify suitably qualified women who are willing to take on such responsibilities.

4. Foster Commitment

The Board is satisfied with the level of time commitment given by each of the directors towards fulfilling their roles on the Board and Board Committees.

The Board meets not less than 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 matters, staff & labour, succession planning, budgets, production, marketing and others
4. New Investments
5. Subsidiary Companies
6. General

During the year under review 4 Board meetings were held and the directors' attendances thereat are summarized below:-

Directors	No. of Meetings Attended	Held
Ybhg. Tan Sri Datuk Dr. Johari bin Mat -Chairman	4	4
Ybhg. Dato' Carl Bek-Nielsen	4	4
Mr. Ho Dua Tiam	4	4
Mr. Ahmad Riza Basir	3	4
Y. Hormat Dato' Jeremy Derek Campbell Diamond	4	4
Mr. Martin Bek-Nielsen	4	4
Ybhg. Dato' Mohamad Nasir bin Ab. Latif	4	4
Mr. Loh Hang Pai	4	4
Mr. R. Nadarajan	4	4

The directors are also mindful of their continuous training requirements. Directors are encouraged to attend various external and internal 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.

The Board, with the input from the Company Secretary, assessed the training needs of individual directors and were satisfied that all directors have met their training needs. Relevant training programmes, seminars and conferences attended by Directors during the financial year ended 31 December 2015 were:

1. Bursa Malaysia's Annual Palm & Lauric Oils Conference & Exhibition: Price Outlook 2015/2016 (POC 2015)
2. Institute of Internal Auditors - Audit Committee Conference 2015
3. Bursa Malaysia – Nominating Committee Programme : Effective Board Evaluations
4. Bursa Malaysia – Board Chairman Series: Leadership Excellence From the Chair
5. Bursa Malaysia – CG Series : Building Effective Finance Function
6. Bursa Malaysia – CG Statement Reporting Workshop
7. Bursa Malaysia – CG Series : How to Maximise Internal Audit
8. Bursa Malaysia – CG Series : Future of Auditor Reporting – Game Changer for Boardroom
9. Bursa Malaysia – Advocacy Session on Management Discussions & Analysis for CEOs and CFOs
10. PIPOC 2015 (International Palm Oil Congress)
11. 13th Roundtable Meeting (RT13) on Sustainable Palm Oil
12. Bursa Malaysia – CG Series : Board Reward & Recognition

5. Integrity in Financial Reporting

The Board in compliance with 15.26a 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.

5.1 Internal Control

The Board recognizes its responsibility for the group's system of internal controls. The Audit Committee conducts an annual review of the adequacy and effectiveness of the system of internal controls and renders a statement to the shareholders to this effect. 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.

5.2 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.

6. Recognize and Manage Risks

The Board, assisted by the Audit Committee, reviews the risk management policies formulated by management, headed by the Executive Director, Finance & Marketing, and makes relevant recommendations to the management. The Group continues to maintain and review its internal control policies and procedures to ensure, as far as possible, to protect the Group's assets and operations.

The Board has an established internal audit function, complimented by an in-house team and an external professional firm. Both the internal audit teams report direct to the Audit Committee. Details of the Group's internal control system and framework are set out in the Statement on Risk Management and Internal Control.

7. Timely and High Quality Disclosures

The Group has in place a procedure for compliance with the Listing Requirements. The Company Secretary reviews all announcements to ensure accuracy and compliance. The Board reviews and approves all quarterly and other important announcements. The Board is mindful that information which is material is announced immediately.

The Group has designated executive directors as spokespersons in the handling of discussions and disclosures with investors, fund managers and the public.

The Company has a website www.unitedplantations.com where all the Company's announcements, corporate information and updates are posted.

8. Strengthen Relationship Between the Company and Shareholders

8.1 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. 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.

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, Chief Executive Director 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.

8.2 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 businesses 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 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.

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 Notice of AGM to guide shareholders for the completion of the Proxy Forms.

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.

Compliance Statement

The Group has complied with the principles and recommendations of the Malaysian Code of Corporate Governance 2012 (MCCG 2012), save for one of the recommendations that the tenure of an independent director should not exceed a cumulative term of 9 years where the non-observance has been explained in this Statement.

An aerial view of the 65 year old De Rivaud Clubhouse nestled amidst UP's 80ha of jungle sanctuary at Lima Blas Estate.

Heritage Shophouses- These old light blue coloured Ulu Bernam shop houses in the past was known as the "fifth avenue"

Statement On Directors' Responsibility As At 31 December 2015

The Board is required under paragraph 15.26(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 2015, 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.

This exquisite old bungalow is located on Jendarata Estate beside the Bernam River. The Siamese inspired architecture bungalow is maintained as one of UP's "heritage bungalows". The Group Engineer, Downriver , Mr.P. Rajasegaran and family currently reside in the bungalow.

Statement On Risk Management and Internal Control

The Board of Directors ("the Board") of United Plantations Berhad ("the Group") recognizes its responsibility for the Group's system of Risk Management and Internal Control ("RMIC") 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 RMIC 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.

The Risk Management Framework is embedded in its culture as documented in the Operations and Environment Management System as illustrated on page 32. The Risk Management Framework overlaps with the Sustainability Governance framework.

Risk Management Framework

Board of Directors

↕

Executive Committee

↕

Operations and Environmental Management Committee(OEMC)

↕

Risk Management Committee

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

The Board has received assurances from the Chief Executive Director and the Executive Director, Finance & Marketing, that the Group's system of RMIC is operating adequately and effectively in all material aspects.

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 strategic, operational, financial, tax-related and legal 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 minimize these risks. The process is undertaken by a Risk Management Committee headed by the Executive Director, Finance & Marketing and comprises senior executives of the Company 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 RMIC

Other key elements of the Group's system of internal control are as follow:

- 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 and daily basis where applicable;

- 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 the executive committee for consolidation, review and approval, which is then tabled to the Board for deliberation;

- It is the responsibility of each employee to report any potential shortcomings in the internal controls in relation to their respective responsibilities;

- An internal audit function that is outsourced to an independent professional firm, KPMG 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 regular reviews of critical business processes to identify any significant risks, assess the effectiveness and adequacy of the system of RMIC and where necessary, recommend possible improvements;

- Each subsidiary of the group is (as a minimum requirement) subjected annually to scrutiny of its financial statements by an external auditor. Any comments relating to this external audit are passed on to the management in the form of a "management letter". No significant shortcomings in internal controls have been found in the past; 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 RMIC issues. The role of the Audit Committee is further elaborated in the Audit Committee Report on pages 122 to 126.

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 risk management and internal control systems which were operational throughout the financial year and up to the date of approval of the Annual Report are adequate and effective to safeguard the Group's assets.

The Board remains committed towards operating a sound system of RMIC and therefore recognizes 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 RMIC.

The significant risks identified for the financial year 2015 are outlined below:

- Fluctuating commodity prices

  This is the risk faced by the Company due to fluctuating commodity prices, namely crude palm oil prices. The Company uses a Board-regulated forward sales policy to manage this risk.

- Adverse foreign exchange fluctuations

  The Company is exposed to fluctuation in foreign currency exchange differences due to its Indonesian Rupiah denominated loan to its Indonesian subsidiary. This loan is a long term loan and as such, the Company feels that the currency fluctuations will even-out in the long term.

- Insufficient and inexperienced labour force

  The plantation industry in Malaysia, which is labour intensive, is facing a shortage of field workers, harvesters and collectors. This is an ever-present risk which is constantly being monitored by the Company. The Company is looking to recruit more guest workers from Bangladesh and India to alleviate the dependence on Indonesian guest workers, and to have a more balanced spread of guest workers in the Company's estates. At the same time, the Company is focused on reducing labour dependency by introducing automation and productivity increases within all operation areas where possible.

- Political instability and uncertainties in local regulatory and practices

  This is a risk area which is closely monitored by the Group, as changes in legislations in labour policies, land and environmental laws can have a significant impact on the Group's business. The Group has established good contacts with the local and central governments and is updated with the latest prevailing laws and regulations.

- Risks in the refinery industry

  This risk pertains to the refinery operations in one of the Company's subsidiary, Unitata Berhad. The refinery industry is a challenging industry with tight margins and high competition amongst its players. Unitata Berhad has managed these risks with efficient operations and selected niche products to stay competitive, and by staying vigilant of the latest developments both in the local and international markets. As sales are US Dollar denominated, the currency risks are managed by a Board approved hedging policy.

- Increasing labour costs

  The risk of increasing costs, especially labour costs is an ever-present one. In view of the rising costs, the Company is constantly improving its productivity through efficient management of its labour force and mechanization in selected operational areas. Efforts are underway to consolidate the operations in some of our palm oil mills into an integrated and labour-efficient combined mill.

Review of the statement by External Auditors

The External Auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 31 December 2015, and reported to the Board that nothing has come to their attention that causes them to believe the statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Guidelines, nor is the Statement factually inaccurate.

RPG 5 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The report from the External Auditors was made solely for, and directed solely to the Board of Directors in connection with their compliance with the listing requirements of Bursa Malaysia Securities Berhad and for no other purposes or parties. The External Auditors do not assume responsibility to any person other than the board of directors in respect of any aspect of this report.

Audit Committee Report

Members of the Audit Committee:

Y. Hormat Dato' Jeremy Derek Campbell Diamond
(Chairman – appointed on 31-7-2001)
(Independent, Non-executive Director)

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

Mr. R. Nadarajan
(appointed on 1-6-2013)
(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) Composition and 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, and comprise exclusively of non-executive directors, a majority of whom shall be independent 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.

Review of the performance of the Committee is undertaken annually by the Nomination Committee. This review pertains to the terms of office and performance of the Audit Committee.

b) 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.

Matters 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 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.

At least twice a year, the Committee shall meet with the external and internal auditors without the presence of Management. The external and internal auditors may also request a meeting if they consider it necessary to discuss matters which they believe should be brought to the attention of the Committee.

c) Authority

The Committee is authorized by the Board to:

i. investigate and audit any activity within its terms of reference;

ii. have full and unrestricted access to any information and documents relevant to its activities;

iii. maintain direct communication channels with the external and internal auditors and to all employees of the Group;

iv. convene meetings with external and internal auditors, without the attendance of the management, whenever deemed necessary;

v. obtain external independent professional advice, legal or otherwise deemed necessary; and

vi. promptly report to the Board of Directors matters which have not been resolved satisfactorily, thus resulting in a breach of the Bursa Securities Listing Requirements.

3) Duties and Responsibilities

The primary duties and responsibilities of the Committee with regards to the Group's in-house and outsourced Internal Audit ("IA") functions, external auditors, financial reporting, related party transactions, annual reporting and investigations are as follows:

a) Internal Audit (Both in-house and outsourced)

i. Review the appointment and performance of the outsourced internal auditors, their audit fee and any question of resignation or dismissal and to make recommendations to the Board;

ii. Assess the qualification, expertise, resources, effectiveness, independence and objectivity of both the in-house and outsourced internal auditors;

iii. Review the adequacy of the IA scope and plan, functions and resources and that it has the necessary authority to carry out its work;

iv. Review the IA reports and to ensure that appropriate and prompt remedial action is taken by Management on lapses in controls or procedures that are identified by IA; and

v. Review the assistance given by the Group's officers to the internal auditors and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.

b) External Audit

i. Review the appointment and performance of external auditors, their audit fee and any question of resignation or dismissal and to make recommendations to the Board;

ii. Assess the qualification, expertise, resources, effectiveness, independence and objectivity of the external auditors;

iii. Review the external auditor's audit scope and plan, including any changes to the planned scope of the audit plan;

iv. Review major audit findings raised by the external auditors and Management's responses, including status of previous audit recommendations;

v. Review the assistance given by the Group's officers to the external auditors and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information; and

vi. Approve non-audit services provided by the external auditors.

c) Financial Reporting

Review the quarterly and annual financial statements focusing on:

i. Any changes in accounting policies and practices;

ii. Significant and unusual events;

iii. Significant variances from prior periods; and

iv. Compliance with applicable Financial Reporting Standards and other legal and regulatory requirements.

d) Related Party Transactions

Review any related party transactions and conflict of interest situations that may arise within the Company or Group.

e) Annual Report

Report the Audit Committee's activities for the financial year.

f) Investigation

Instruct the conduct of investigation into any activity or matter within its terms of reference.

g) Other Matters

Act on other matters as the Committee considers appropriate or as authorized by the Board of Directors.

4) Activities of the Audit Committee during the year

The Committee held 4 meetings in the year 2015 to conduct and discharge its functions in accordance with the Terms of Reference mentioned above. Details of Directors' attendances at Audit Committee meetings are as follows:

Name of Directors	No. of meetings	
	Attended	Held
Y. Hormat Dato' Jeremy Derek Campbell Diamond	4	4
Mr. Ahmad Riza Basir	3	4
Mr. R. Nadarajan	4	4

The Audit Committee consists entirely of independent non-executive directors. One of the members (Mr. R. Nadarajan) is an associate member of the Chartered Institute of Management Accountants, United Kingdom and a member of the Malaysian Institute of Accountants. This meets the requirement of the Bursa Securities Listing Requirements which requires at least one qualified accountant as a member of the Audit Committee.

The Audit Committee met on a scheduled basis. The Group Financial Controller and the Financial Controller were invited to attend the meetings. The internal and external auditors were also invited to discuss their audit findings, management letters, Audit Planning Memorandum and other matters deemed relevant.

During the scheduled meetings, the members of the Audit Committee also had two (2) sessions with the internal and external auditors without the presence of the Management.

During the year, the Committee carried out the following activities:

a) Internal Audit (Both in-house and outsourced)

i. Reviewed the annual audit plans for 2015 to ensure adequate scope, coverage of the activities of the Company and the Group and the resource requirements of IA to carry out its functions;

ii. Reviewed the IA reports, audit recommendations and Management's responses to these recommendations;

iii. Reviewed the status report on corrective actions implemented by Management to rectify the outstanding audit issues to ensure control lapses are addressed;

iv. Instructed the conduct of investigations on activities within its terms of reference; and

v. Evaluated the performance and effectiveness of the outsourced internal auditors, KPMG.

b) External Audit

i. Reviewed with the external auditors:-

- The Audit Planning Memorandum and scope of work for the year; and

- The results of the audit, the relevant audit reports and Management Letters together with the Management's responses and comments to the findings.

ii. Assessed the independence and objectivity of the external auditors during the year and prior to reappointment. The assessment is based on private discussions, quality of issues raised in their report and their level of participation on issues discussed during the quarterly meetings they attended. The Committee also received from the external auditors their policies and written confirmation regarding their independence and the measures used to control the quality of their work;

iii. Evaluated the performance and effectiveness of the external auditors and made recommendations to the Board of Directors on their reappointment and remuneration.

iv. The impact and issues with the proposed implementation of IAS 41-Biological Assets; and

v. Issues arising from the implementation of GST and the documentation of the resolutions with the Customs.

c) Financial Reporting

Reviewed the quarterly unaudited financial results and the annual audited financial statements of the Company and the Group prior to recommending them for approval by the Board of directors. The Committee, in the current year, reviewed only the first three quarters of the unaudited quarterly financial results as the fourth quarter announcement had been dispensed with as approved by Bursa. The approval is on the condition that the full financial report is announced within two months from the close of the financial year end. The review was to ensure that the financial reporting and disclosures are in compliance with :

i. Provisions of the Companies Act, 1965;

ii. Listing Requirements of Bursa Malaysia Securities Berhad;

iii. Applicable approved accounting standards in Malaysia; and

iv. Other legal and regulatory requirements.

d) Disposal of Joint Venture with Oleon NV

Reviewed the terms of disposal of the Joint Venture with Oleon NV and ensured that adequate disclosures were made in relation to this disposal.

e) Related Party Transactions

Reviewed the related party transactions entered into by the Company and the Group.

f) Annual Report

Reviewed with the external auditors the Statement on Risk Management and Internal Control.

g) Risk Assessment and Management

Reviewed and discussed with management the outcome of the exercise to identify, evaluate and manage significant strategic, operational, financial, hedging, trading, tax-related and legal risks faced by the Group.

5) Internal Audit Function

The Committee is supported by the in-house Group Internal Audit Department and the outsourced internal auditors, KPMG in the discharge of its duties and responsibilities. The internal auditors provide independent and objective assessment on the adequacy and effectiveness of the risk management and internal controls. The in-house internal auditors also carry out investigative audits whenever improper, illegal and dishonest acts are reported.

The internal auditors review the effectiveness of the internal control structures of the Group's activities focusing on high risk areas as determined using a risk-based approach. All operating units are audited at least once over a two year period by the in-house internal auditors, and at least once over a three year period by the outsourced internal auditors (excluding foreign operations).

The internal audits cover the review of the adequacy of risk management, operational controls, compliance with established procedures, guidelines and statutory requirements, quality of assets and management efficiency, amongst others. These audits are to ensure that the established controls are appropriate, effectively applied and achieve acceptable risk exposures consistent with the Group's risk management policy. In performing such reviews, recommendations for improvement and enhancements to the existing system of internal controls and work processes are made.

All auditing activities are conducted in line with the Group's objectives and policies, in accordance with applicable laws and regulations, and as guided by Code of Ethics and International Standards for the Professional Practice of Internal Auditing.

For the year 2015, the activities undertaken by the internal auditors were as follows:

a) Developed an audit plan using risk-based approach, and carried out the assignments according to the audit plan for the year;

b) Conducted ad-hoc assignments as instructed by the Audit Committee;

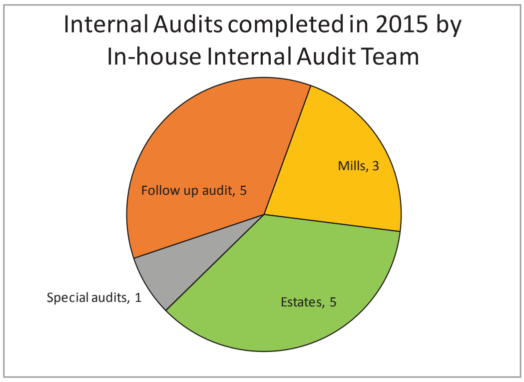
c) Recommended improvements and enhancements to the existing system of internal controls and work procedures / processes;

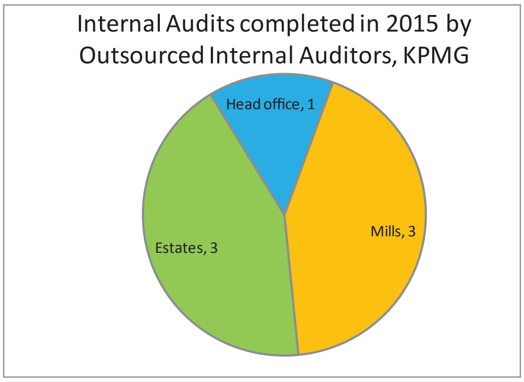
d) Conducted investigation into activities or matters as instructed by the Audit Committee and Management;

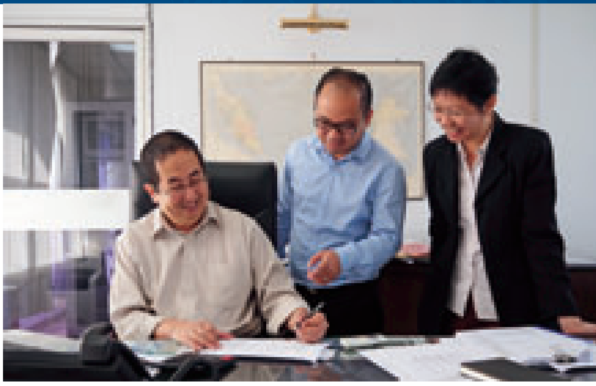
e) Performed a review and assessment exercise to identify, evaluate and manage significant strategic, operational, financial, hedging, trading, tax-related and legal risks faced by the Group; and

f) Preparation of the Audit Committee Report and Statement on Risk Management and Internal Control for the Company's Annual Report.

A total of 21 audit engagements (combined in-house and outsourced internal audits) were completed in 2015, categorized as follows:







Unitata's key financial officers
Mr. Erwin Khor , Mr Chris Soo and Ms. Shee Lai Goh

Additional Disclosures

Pursuant to the listing requirements of Bursa Malaysia Securities Berhad, additional disclosures by the Group for the year ended 31 December 2015 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

The treasury shares as at 31 December 2015 remained at 341,774 ordinary shares of RM1.00 each similar to the position as at 31 December 2014 , as there were no share buy-back nor any cancellation, re-sale or distribution of treasury shares in the current year. The ordinary shares repurchased as treasury shares in 2013 are treated in accordance with the requirements of Section 67A of the Companies Act , 1965.

3) Options, Warrants and Convertible securities

There were no options, 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 material 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	75,700

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 518,174 was incurred by the Group in the Financial year for its outsourced internal audit and in-house internal audit department.

The timing of harvesting is crucial to ensure the optimal ripeness standard and oil extraction rate.

UNITED PLANTATIONS BERHAD

(Company No. 240-A)

Financial Statements
For the year ended 31 December 2015

Contents

Report Of The Directors For The Year Ended 31 December 2015

The Directors have pleasure in submitting for your consideration their 95th annual report together with the audited financial statements of the Company and of the Group for the year ended 31 December 2015.

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, cocoa butter substitute and trading in crude palm oil and palm kernel products.

(c) Handling and storage of vegetable oil and molasses.

(d) Trading, marketing and 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	292,431	203,681
Attributable to:		
Equity owners of the parent	291,550	203,681
Non-controlling interests	881	-
Total	292,431	203,681

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 as disclosed in the financial statements.

Group's Plantation Properties

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

	Hectares
Malaysia	
UIE estates	10,370
Jendarata	6,339
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	40,821
Indonesia	
PT Surya Sawit Sejati (planted area)	9,560
Conservation and Plasma	9,012
Buildings & others	91
Sub-total	18,663
Total	59,484

Report Of The Directors For The Year Ended 31 December 2015

Dividends

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

(a) A final single-tier dividend of 20% amounting to RM41,558,498 in respect of the previous financial year was paid on 15 May 2015.

(b) A special single-tier dividend of 40% amounting to RM83,116,997 in respect of the previous financial year was paid on 15 May 2015.

(c) An interim single-tier dividend of 20% amounting to RM41,558,498 in respect of the current financial year was paid on 18 December 2015.

(d) A special single-tier dividend of 10% amounting to RM20,779,249 in respect of the current financial year was paid on 18 December 2015.

At the forthcoming Annual General Meeting, a final single-tier dividend of 20% amounting to RM41,558,498 and a special single-tier dividend of 50% amounting to RM103,896,246 in respect of the year ended 31 December 2015 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 2016.

Treasury Shares

The shareholders of the Company, by a resolution passed at the Annual General Meeting held on 18 June 2005, approved the Company's plan to purchase up to 10% of the issued and paid-up share capital of the Company. The authority granted by the shareholders was subsequently renewed during subsequent Annual General Meetings, including the last meeting held on 25 April 2015.

As at 31 December 2015, the number of treasury shares held remained at 341,774 shares of RM1.00 each as there were no share buy-back nor any cancellation, re-sale or distribution or distribution of treasury shares in the current year. These treasury shares were held in accordance with the requirement of Section 67A of the Companies Act, 1965.

The Company has the right to cancel, resell these shares and/or distribute these shares as dividends at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distribution are suspended.

As at the end of the financial year, the number of ordinary shares in issue after deducting treasury shares is 207,792,492 ordinary shares of RM1.00 each.

Report Of The Directors For The Year Ended 31 December 2015

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
Ybhg. Dato' Carl Bek-Nielsen
Mr. Ho Dua Tiam
Mr. Ahmad Riza Basir
Y.Hormat Dato' Jeremy Derek Campbell Diamond
Mr. Martin Bek-Nielsen
Ybhg. Dato' Mohamad Nasir bin Ab. Latif
Mr. Loh Hang Pai
Mr. R Nadarajan

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				
	1 January 2015	Bought	Sold	31 December 2015	% of Issued Share Capital*
The Company:					
Ybhg. Tan Sri Datuk Dr. Johari bin Mat					
- held directly	82,000	8,000	-	90,000	0.04
- deemed interested	10,000	-	-	10,000	-
Ybhg. Dato' Carl Bek-Nielsen					
- held directly	2,242,491	-	-	2,242,491	1.08
- deemed interested	96,240,135	2,161,200	-	98,401,335*1	47.36
Mr. Ho Dua Tiam					
- held directly	707,400	-	-	707,400	0.34
Mr. Ahmad Riza Basir					
- held directly	70,500	-	-	70,500	0.03
Y. Hormat Dato' Jeremy Derek Campbell Diamond					
- held directly	14,000	-	-	14,000	0.01
- deemed interested	255,000	3,000	-	258,000	0.12
Mr. Martin Bek-Nielsen					
- held directly	552,389	-	-	552,389	0.27
- deemed interested	96,198,077	2,161,200		98,359,277*2	47.34
Mr. Loh Hang Pai					
- held directly	20,000	-	-	20,000	0.01

Report Of The Directors For The Year Ended 31 December 2015

Notes:

[*1] Dato' Carl Bek-Nielsen

8,748,477 shares	-	Deemed interested in the shares registered in the name of United International Enterprises Limited
89,607,800 shares	-	Deemed interested in the shares registered in the name of Maximum Vista Sdn. Bhd.
45,058 shares	-	Deemed interested through immediate family members
98,401,335 shares		

[*2] Mr. Martin Bek-Nielsen

8,748,477 shares	-	Deemed interested in the shares registered in the name of United International Enterprises Limited
89,607,800 shares	-	Deemed interested in the shares registered in the name of Maximum Vista Sdn. Bhd.
3,000 shares	-	Deemed interested through immediate family members
98,359,277 shares		

* calculated based on 207,792,492 shares which do not include 341,774 treasury shares.

By virtue of their interest in the shares of United International Enterprises Limited and Maximum Vista Sdn. Bhd., 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 Directors 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 benefits (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 2015

Other statutory information

(a) Before the 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 allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance 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 allowance 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 2015

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 27 February 2016.

TAN SRI DATUK DR. JOHARI BIN MAT	}	Directors
DATO' CARL BEK-NIELSEN	}	

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

Statements Of Comprehensive Income
For The Year Ended 31 December 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	4	1,004,235	1,021,843	471,578	490,135
Other income		52,804	17,244	16,281	4,555
		1,057,039	1,039,087	487,859	494,690
Changes in finished goods		(6,799)	(24,380)	(8,385)	(20,141)
Raw materials and consumables used		(335,282)	(361,161)	(11,177)	(12,083)
Amortisation of biological assets		(26,646)	(24,294)	(19,020)	(17,068)
Depreciation of property, plant and equipment		(44,582)	(42,540)	(24,392)	(23,950)
Amortisation of land use rights		(572)	(809)	-	-
Staff costs	5	(146,846)	(131,879)	(106,780)	(103,022)
Other expenses		(140,398)	(123,750)	(75,314)	(80,277)
Profit from operations	5	355,914	330,274	242,791	238,149
Finance costs	6	(26)	(32)	(22)	(26)
Investment and interest income	7	28,368	27,508	24,682	27,489
Share of results of joint venture	13	(8,259)	(2,146)	-	-
Profit before taxation		375,997	355,604	267,451	265,612
Taxation	8	(83,566)	(76,233)	(63,770)	(64,074)
Net profit for the year		292,431	279,371	203,681	201,538
Attributable to:					
Equity owners of the parent		291,550	278,030	203,681	201,538
Non-controlling interests		881	1,341	-	-
		292,431	279,371	203,681	201,538
Earnings per share (sen)	9	141	134		

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

Statements Of Comprehensive Income
For The Year Ended 31 December 2015

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Net profit for the year	292,431	279,371	203,681	201,538
Other comprehensive income:				
Foreign currency translation, representing net other comprehensive income for the year, to be reclassified to profit and loss in subsequent period, net of tax	6,210	3,847	-	-
Total comprehensive income for the year	298,641	283,218	203,681	201,538
Total comprehensive income attributable to:				
Equity owners of the parent	297,900	281,877	203,681	201,538
Non-controlling interests	741	1,341	-	-
	298,641	283,218	203,681	201,538

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

Statements Of Financial Position
As At 31 December 2015

Group

	Note	2015 RM'000	2014 RM'000 (restated)	1.1.2014 RM'000 (restated)
Assets				
Non-Current Assets				
Biological assets	10 (a)	424,747	398,720	376,719
Property, plant and equipment	10 (b)	936,861	921,362	921,776
Land use rights	10 (c)	33,890	32,042	31,110
Associated company	12	50	50	50
Joint venture	13	-	14,651	9,337
Available for sale financial asset	14	6,446	6,446	6,446
Derivatives	29 (g)	-	-	1,281
		1,401,994	1,373,271	1,346,719
Current Assets				
Inventories	15	110,987	98,765	141,818
Trade and other receivables	16	206,910	116,517	125,232
Prepayments		1,616	466	84
Tax recoverable		985	6,352	3,199
Derivatives	29 (g)	1,239	-	-
Cash and bank balances	17 (a)	400,005	542,145	515,408
Short term funds	17 (b)	352,843	196,236	263,540
		1,074,585	960,481	1,049,281
Total Assets		2,476,579	2,333,752	2,396,000
Equity and Liabilities				
Equity attributable to owners of the parent				
Share capital	18 (a)	208,134	208,134	208,134
Treasury shares	18 (b)	(8,635)	(8,635)	(8,635)
Reserves	19	2,035,899	1,925,012	1,993,785
		2,235,398	2,124,511	2,193,284
Non-controlling interests		3,158	2,417	1,076
Total Equity		2,238,556	2,126,928	2,194,360
Non-Current Liabilities				
Deferred taxation	20	107,417	105,389	97,476
Retirement benefit obligations	21	10,728	10,728	10,930
Derivatives	29 (g)	2,154	9,686	-
		120,299	125,803	108,406
Current Liabilities				
Trade and other payables	22	71,881	60,693	70,860
Tax payable		11,526	11,911	17,213
Retirement benefit obligations	21	1,126	820	1,354
Derivatives	29 (g)	33,179	6,802	3,511
Bank borrowings	23	12	795	296
		117,724	81,021	93,234
Total Liabilities		238,023	206,824	201,640
Total Equity and Liabilities		2,476,579	2,333,752	2,396,000

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

Statements Of Financial Position
As At 31 December 2015

Company

	Note	2015 RM'000	2014 RM'000 (restated)	1.1.2014 RM'000 (restated)
Assets				
Non-Current Assets				
Biological assets	10 (a)	310,208	288,011	259,595
Property, plant and equipment	10 (b)	737,311	721,200	724,170
Subsidiary companies	11	404,226	454,897	469,251
Associated company	12	50	50	50
Joint venture	13	-	17,576	10,116
Available for sale financial asset	14	6,446	6,446	6,446
		1,458,241	1,488,180	1,469,628
Current Assets				
Inventories	15	29,627	35,963	58,175
Trade and other receivables	16	101,285	59,887	27,277
Prepayments		86	83	84
Cash and bank balances	17 (a)	338,803	385,711	414,581
Short term funds	17 (b)	181,378	105,595	263,540
		651,179	587,239	763,657
Total Assets		2,109,420	2,075,419	2,233,285
Equity and Liabilities				
Equity attributable to owners of the parent				
Share capital	18 (a)	208,134	208,134	208,134
Treasury shares	18 (b)	(8,635)	(8,635)	(8,635)
Reserves	19	1,745,088	1,728,420	1,877,532
Total Equity		1,944,587	1,927,919	2,077,031
Non-Current Liabilities				
Deferred taxation	20	104,444	98,800	92,418
Retirement benefit obligations	21	5,826	5,836	5,874
		110,270	104,636	98,292
Current Liabilities				
Trade and other payables	22	42,183	34,209	40,218
Tax payable		11,408	8,000	16,990
Retirement benefit obligations	21	972	655	754
		54,563	42,864	57,962
Total Liabilities		164,833	147,500	156,254
Total Equity and Liabilities		2,109,420	2,075,419	2,233,285

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

Statements Of Changes In Equity
For The Year Ended 31 December 2015

Group	Note	Attributable to equity owners of the parent — Non-distributable: Share capital (Note 18(a))	Available for sale reserve (Note 19)	Share premium (Note 19)	Capital reserve (Note 19)	Foreign currency translation reserve (Note 19)	Treasury shares (Note 18(b))	Distributable: Retained profits (Note 19)	Total	Non-controlling interests	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2014		208,134	893	181,920	21,798	(7,030)	(8,635)	1,796,204	2,193,284	1,076	2,194,360
Total comprehensive income for the year		-	-	-	-	3,847	-	278,030	281,877	1,341	283,218
Dividends, representing total transaction with owners of the parent	24	-	-	-	-	-	-	(350,650)	(350,650)	-	(350,650)
At 31 December 2014		208,134	893	181,920	21,798	(3,183)	(8,635)	1,723,584	2,124,511	2,417	2,126,928
At 1 January 2015		208,134	893	181,920	21,798	(3,183)	(8,635)	1,723,584	2,124,511	2,417	2,126,928
Total comprehensive income for the year		-	-	-	-	6,350	-	291,550	297,900	741	298,641
Dividends, representing total transaction with owners of the parent	24	-	-	-	-	-	-	(187,013)	(187,013)	-	(187,013)
At 31 December 2015		208,134	893	181,920	21,798	3,167	(8,635)	1,828,121	2,235,398	3,158	2,238,556

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

Statements Of Changes In Equity
For The Year Ended 31 December 2015

Company		◄ Non-distributable		►	◄ Distributable	►	
	Note	Share capital (Note 18(a))	Available for sale reserve (Note 19)	Share premium (Note 19)	Treasury shares (Note 18(b))	Retained profits (Note 19)	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2014		208,134	893	181,920	(8,635)	1,694,719	2,077,031
Total comprehensive income for the year		-	-	-	-	201,538	201,538
Dividends, representing total transaction with owners of the parent	24	-	-	-	-	(350,650)	(350,650)
At 31 December 2014		208,134	893	181,920	(8,635)	1,545,607	1,927,919
At 1 January 2015		208,134	893	181,920	(8,635)	1,545,607	1,927,919
Total comprehensive income for the year		-	-	-	-	203,681	203,681
Dividends, representing total transaction with owners of the parent	24	-	-	-	-	(187,013)	(187,013)
At 31 December 2015		208,134	893	181,920	(8,635)	1,562,275	1,944,587

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

Cash Flow Statements
For The Year Ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Cash Flows From Operating Activities					
Receipts from customers		992,284	1,007,603	471,592	490,378
Payments to suppliers		(326,146)	(363,559)	(11,603)	(12,016)
Payments of operating expenses		(368,167)	(197,409)	(223,949)	(173,945)
Payments of taxes		(75,975)	(76,594)	(54,718)	(66,682)
Other receipts		23,871	5,212	6,160	4,555
Net cash generated from operating activities		245,867	375,253	187,482	242,290
Cash Flows From Investing Activities					
Proceeds from sale of property, plant and equipment and biological assets		13,058	1,334	13,009	615
Proceeds from disposal of joint venture		9,000	-	9,000	-
Interest income		29,730	26,908	20,785	21,563
Net change in deposits with licensed banks with tenure more than 3 months		71,767	(26,866)	47,000	(10,916)
Net change in short term funds		(156,607)	67,304	(75,783)	157,945
Dividend received from a subsidiary company		-	-	10,500	-
Redemption of RCCPS		-	-	50,000	-
Pre-cropping expenditure incurred		(41,514)	(45,600)	(41,514)	(45,484)
Purchase of property, plant and equipment	(a)	(53,453)	(39,390)	(43,275)	(21,976)
Land use rights payment made		(395)	(1,433)	-	-
Investment in joint venture		-	(7,461)	-	(7,461)
Net (cash used in)/generated from investing activities		(128,414)	(25,204)	(10,278)	94,286

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

Cash Flow Statements
For The Year Ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Cash Flows From Financing Activities					
Interest paid		(26)	(32)	(22)	(26)
Dividends paid		(187,013)	(350,650)	(187,013)	(350,650)
Inter-company balances		-	-	9,927	(25,691)
Associated company balances		(4)	5	(4)	5
Net cash used in financing activities		(187,043)	(350,677)	(177,112)	(376,362)
Net (decrease)/increase in cash and cash equivalents		(69,590)	(628)	92	(39,786)
Cash and cash equivalents at the beginning of year		129,701	130,329	21,711	61,497
Cash and cash equivalents at end of year	(b)	60,111	129,701	21,803	21,711

(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 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Deposits with licensed banks	361,252	519,424	336,370	382,283
Cash at banks and in hand	38,753	22,721	2,433	3,428
Bank overdrafts	(12)	(795)	-	-
	399,993	541,350	338,803	385,711
Less: Deposits with licensed banks with tenure more than 3 months	(339,882)	(411,649)	(317,000)	(364,000)
Cash and cash equivalents at end of year	60,111	129,701	21,803	21,711

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, joint venture 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. 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 2015 for the Group was 6,628 (2014: 7,286) and for the Company was 5,210 (2014: 5,563).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 27 February 2016.

2. Significant Accounting Policies

2.1 Basis of Preparation

The financial statements of the Group and of 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 2015, 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 2015.

	Effective for annual periods beginning on or after
• Amendments to FRS 2: Share based Payment (Annual Improvements to FRSs 2010-2012 Cycle)	1 July 2014
• Amendments to FRS 3: Business Combinations (Annual Improvements to FRSs 2010-2012 Cycle)	1 July 2014
• Amendments to FRS 3: Business Combinations (Annual Improvements to FRSs 2011-2013 Cycle)	1 July 2014
• Amendments to FRS 8: Operating Segments (Annual Improvements to FRSs 2010-2012 Cycle)	1 July 2014
• Amendments to FRS 13: Fair Value Measurement (Annual Improvements to FRSs 2011-2013 Cycle)	1 July 2014
• Amendments to FRS 116: Property, Plant & Equipement (Annual Improvements to FRSs 2010-2012 Cycle)	1 July 2014
• Amendments to FRS 119: Defined Benefit Plan: Employee Contributions	1 July 2014

- Amendments to FRS 124: Related Party Disclosures (Annual Improvements to FRSs 2010-2012 Cycle) — 1 July 2014
- Amendments to FRS 138: Intangible Asset (Annual Improvements to FRSs 2010-2012 Cycle) — 1 July 2014
- Amendments to FRS 140: Investment Property (Annual Improvements to FRSs 2011-2013 Cycle) — 1 July 2014

The adoption of the above standards and interpretation did not have any significant effect on the financial performance and position of the Group and of the Company.

2.3 Summary Of Significant Accounting Policies

(a) Subsidiary Companies And Basis Of Consolidation

(i) Subsidiaries

Subsidiaries 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 subsidiaries 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 profit or loss.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

(b) Exposure, or rights, to variable returns from its involvement with the investee, and

(c) The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee

(b) Rights arising from other contractual arrangements

(c) The Group's voting rights and potential voting rights

Notes To The Financial Statements

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statements of financial position and statements of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

(a) Derecognises the assets (including goodwill) and liabilities of the subsidiary

(b) Derecognises the carrying amount of any non-controlling interests

(c) Derecognises the cumulative translation differences recorded in equity

(d) Recognises the fair value of the consideration received

(e) Recognises the fair value of any investment retained

(f) Recognises any surplus or deficit in profit or loss

Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

(iii) Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

(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 an impairment loss on its investment in its 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 profit or loss.

(c) Joint Venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves an unincorporated entity or the establishment of a separate entity in which each venturer has an interest.

Investment in joint venture is accounted for in the consolidated financial statements using the equity method of accounting as described in Note 2.3(b). Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on transactions between the Group and its joint venture.

Notes To The Financial Statements

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

In the Company's separate financial statements, investment in joint venture is stated at cost less impairment loss. On disposal of such investment, the difference between net disposal proceeds and their carrying amount is included in profit or loss.

(d) (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%

(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. Freehold land and capital work-in-progress are stated at cost less 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 range from 50 years 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 instalments 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%
Aircrafts	5%

Spare parts which are held for use in the production or supply of goods or services and are expected to be used during more than one period, and thus are classified under property, plant and equipment. The cost will be charged out to income statement when the spare parts are utilised.

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.

(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.

(e) Inventories

Agricultural produce stocks are stated at net realisable 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.

(f) 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 taxes 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.

(g) 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 results and financial position of foreign operations that have a functional currency different from the presentation currency ("RM") of the consolidated financial statements are translated into RM as follows:

(a) Assets and liabilities for each statements of financial position presented are translated at the closing rate prevailing at the reporting date;

(b) Income and expenses for each profit or loss are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

(c) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

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.

The principal exchange rates used for foreign currency ruling at the reporting date are as follows:

	2015 RM	2014 RM
1 United States Dollar (USD)	4.2935	3.4965
100 Indonesian Rupiah (IDR)	0.0311	0.0282

(h) 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.

(v) Rental income

Rental income is recognised on a time proportion basis.

(i) 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 using the Projected Unit Credit Method based on certain actuarial assumptions where the amount of benefits that employees have earned in return for their services rendered is estimated.

Full provision is 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 through OCI. Past service costs are recognised immediately .

(j) 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.

Notes To The Financial Statements

(k) 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.

(l) 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 financial assets as disclosed in Notes 2.3(l)(i) and 2.3(q).

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's 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.

(m) 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.

(n) Cash And Cash Equivalent

Cash and cash equivalents represent cash on hand and at banks and short term deposits with a maturity of three months or less that are readily convertible to known amount of cash which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

(o) 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 payables, interest-bearing borrowings or 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.

Notes To The Financial Statements

(p) 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.

(q) 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.

(r) Research And Development Costs

All general research and development costs are expensed as incurred.

(s) 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.

(t) 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 property, plant and equipment

Assets are tested for impairment when indications of potential impairment exist. Indicators of impairment which could trigger an impairment review include evidence of obsolescence or physical damage, a significant fall in market values, significant underperformance relative to historical or projected future operating results, significant changes in the use of assets or the strategy of the business, and significant adverse industry or economic changes. Recoverable amounts of assets are based on management's estimates and assumptions of the net realisable value, cash flows arising from the future operating performance and revenue generating capacity of the assets and cash operating units, and future market conditions. Changes in circumstances may lead to changes in estimates and assumptions, and result in changes to the recoverable amounts of assets and impairment losses needed.

(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.

Notes To The Financial Statements

2.5 Standards Issued But Not Yet Effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective:

Description	Effective for annual periods beginning on or after
• Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements to FRSs 2012-2014 Cycle)	1 January 2016
• Amendments to FRS 7: Financial Instruments: Disclosures (Annual Improvements to FRSs 2012–2014 Cycle)	1 January 2016
• Amendments to FRS 10: Consolidated Financial Statements Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to FRS 10 and FRS 128)	1 January 2016
• Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
• FRS 14: Regulatory Deferral Accounts	1 January 2016
• Amendments to FRS 101: Presentation of Financial Statements: Disclosure Initiative	1 January 2016
• Amendments to FRS 116 and FRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
• Amendments to FRS 119: Employee Benefits (Annual Improvements to FRSs 2012-2014 Cycle)	1 January 2016
• Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
• Amendments to FRS 134: Interim Financial Reporting: (Annual Improvements to FRSs 2012-2014 Cycle)	1 January 2016

The Directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application.

Notes To The Financial Statements

Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

After few announcements of deferment since 19 November 2011, on 8 September 2015, MASB announced that Transitioning Entities shall be required to apply the MFRS Framework for annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2018.

Notes To The Financial Statements

3. Group Structure

The subsidiary companies are as follows:

Company	Country of incorporation and principal place of business	Percentage of equity held by the Group* 2015 / 2014 %	Percentage of equity held by non-controlling interest* 2015 / 2014 %	Activities (see below)
Unitata Berhad	Malaysia	100	-	(a)
Butterworth Bulking Installation Sdn. Bhd.	Malaysia	100	-	(b)
Bernam Advisory Services Sdn. Bhd.	Malaysia	100	-	(c)
Berta Services Sdn. Bhd.	Malaysia	100	-	(c)
PT. Surya Sawit Sejati ("PT SSS1")	Indonesia	95	5	(d)
PT. Sawit Seberang Seberang ("PT SSS2")	Indonesia	93	7	(e)
Bernam Agencies Sdn. Bhd.	Malaysia	100	-	(f)
United International Enterprises (M) Sdn. Bhd.	Malaysia	100	-	Dormant

** equals to the proportion of voting rights held*

The subsidiary companies are primarily engaged in the following activities:

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

(b) Handling and storage of vegetable oil and molasses.

(c) Trading, marketing and investment holding.

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

(e) Business of oil palm cultivation in Indonesia.

(f) Investment holding.

In the previous year, PT SSS2 disposed its assets to PT SSS1. Subsequent to the disposal, PT SSS2 had ceased its operations and became a dormant company. The transaction does not have any impact to the financial statements of the Group and of the Company.

Notes To The Financial Statements

The joint venture is as follows:-

Company		Country of incorporation and principal place of business	Percentage of equity held by the Group*		Principal Activities
			2015 %	2014 %	
UniOleon Sdn. Bhd.	(a)	Malaysia	-	50	Food emulsifiers

** equals to the proportion of voting rights held*

(a) The joint venture is accounted for using the equity method.

The Company had on 20 June 2012 entered into a Joint Venture Agreement with Oleon NV to form a new joint venture, UniOleon Sdn. Bhd. which is to develop a food emulsifier plant in Pulau Indah at an estimated cost of USD32 million.

The Group has 50% of the voting rights of its joint arrangement. Under the contractual arrangement, unanimous consent is required from all parties to the agreement for all relevant activities. The joint arrangement is structured via separate entity, Unioleon Sdn. Bhd. and provide the Group with the rights to the net assets of the UniOleon Sdn. Bhd. under the arrangement. Therefore UniOleon Sdn. Bhd. is classified as a joint venture of the Group.

However, due to the troubled Asian and global economic outlook combined with different strategic views between the joint-venture parties, the joint venture has come to an end on 15 October 2015. This has been decided through an amicable settlement that each of the partners will focus on their core activities. The Company therefore agreed to sell its 50% share to Oleon NV. The disposal resulted in a realized gain of RM2.6 million. The parties nevertheless wish to maintain an open and constructive business relationship in the future as the respective companies share a common vision on the importance of sustainable palm oil.

The associated company is as follows:

Company		Country of incorporation and principal place of business	Percentage of equity held by the Group*		Principal Activities
			2015 %	2014 %	
Bernam Bakery Sdn. Bhd.	(a)	Malaysia	30	30	Dormant

** equals to the proportion of voting rights held*

(a) The associate is accounted for using the equity method.

The associated company is dormant and the financial statements of the associated company are coterminous with those of the Group.

Notes To The Financial Statements

All subsidiaries, joint venture and associated company 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.

4. Revenue

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue consists of the following and excludes, in respect of the Group, intragroup transactions:				
Sales proceeds of produce stocks	376,883	407,898	471,578	490,135
Sales proceeds of finished goods	625,577	612,312	-	-
Rendering of services	1,775	1,633	-	-
	1,004,235	1,021,843	471,578	490,135

5. Profit From Operations

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit from operations is arrived at, after charging:				
Directors' remuneration				
- fees	846	831	735	735
- emoluments	4,747	4,533	4,723	4,509
- others	83	89	83	89
Auditors' remuneration				
- statutory audit: current year	362	362	250	250
- non-audit service	8	8	8	8
- statutory audit fee received by a member firm of EY Global	131	126	-	-
Write-down of inventories	143	124	143	124
Rental of premises	119	188	-	-
Rental of equipment	1,953	2,057	680	853
Loss on disposal of joint venture	-	-	8,576	-
Impairment on investment in subsidiary	-	-	671	14,354
Land use rights written off	-	591	-	-
Property, plant and equipment written off	4	1	4	-
Loss on disposal of property, plant and equipment	1	305	-	305
Unrealised foreign exchange loss	33,769	4,323	-	32
Realised foreign exchange loss	-	57	-	-

		Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
after crediting:					
Rental income		129	133	129	133
Gain on disposal of joint venture		2,608	-	-	-
Profit on disposal of property, plant and equipment and biological assets		10,214	352	10,186	-
Reversal of write-down of inventories	(a)	-	2,000	-	-
Unrealised foreign exchange gain		18,766	9,957	61	-
Realised foreign exchange gain		5,888	3,477	-	-

(a) The reversal of write-down of inventories was made during the prior year when the related inventories were sold above its carrying amount.

Staff costs of the Group and of the Company incurred during the financial year consist of the following:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Wages and salaries	119,786	108,424	87,824	85,207
Social security cost	1,164	934	350	360
Pension costs				
- defined contribution plans	6,263	5,671	5,413	4,870
- defined benefit plans (Note 21)	2,514	972	593	236
Other staff related expenses	17,119	15,878	12,600	12,349
	146,846	131,879	106,780	103,022

Included in staff costs of the Group and of the Company are executive directors' emoluments amounting to RM4,747,000 and RM4,723,000 (2014: RM4,533,000 and RM4,509,000) respectively.

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Finance costs consist of interest expenses on:				
- bank overdraft/bankers acceptances	26	32	22	26

7. Investment And Interest Income

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Dividend income from a subsidiary company	-	-	4,500	6,000
Interest income from deposits with licensed banks	28,302	27,508	20,116	21,489
Interest income from loan granted to Joint Venture	66	-	66	-
	28,368	27,508	24,682	27,489

8. Taxation

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
Income tax	80,462	68,827	58,341	58,500
Under/(over)provision in prior year	495	(688)	(215)	(808)
	80,957	68,139	58,126	57,692
Deferred tax (Note 20):				
Relating to origination and reversal of temporary difference	1,537	10,218	5,644	7,175
Under/(over)provision in prior year	1,072	(2,124)	-	(793)
	2,609	8,094	5,644	6,382
Total income tax expense	83,566	76,233	63,770	64,074

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year.

The domestic statutory tax rate will be reduced to 24% from the current year's rate of 25%, effective from year of assessment 2016. The computation of deferred tax as at 31 December 2015 has reflected this change.

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before taxation	375,997	355,604	267,451	265,612
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	93,999	88,901	66,863	66,403
Income not subject to tax	(14,850)	(10,891)	(5,031)	(3,515)
Expenses not deductible for tax purposes	3,858	3,089	2,892	4,770
Utilisation of double deduction for research	(586)	(608)	(586)	(608)
Effect of change in tax rate	(348)	(1,375)	(153)	(1,375)
Under/(over)provision of deferred tax in prior year	1,072	(2,124)	-	(793)
Under/(over)provision of income tax in prior year	495	(688)	(215)	(808)
Others	(74)	(71)	-	-
Tax expense for the year	83,566	76,233	63,770	64,074

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 RM291,550,000 (2014: RM278,030,000) divided by the weighted number of ordinary shares of 207,792,492 (2014: 207,792,492) in issue during the year after deducting treasury shares of 341,774 (2014: 341,774).

	Group	
	2015 sen	2014 sen
Basic earnings per share for: Profit for the year	141	134

The Group has no potential ordinary shares in issue as at reporting date and therefore, diluted earnings per share has not been presented.

Notes To The Financial Statements

10. (a) Biological Assets

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Pre-cropping expenditure				
Cost				
At 1 January	764,794	717,433	628,908	583,424
Additions	41,514	45,600	41,514	45,484
Transfer to plasma at cost	(308)	(5,162)	-	-
Disposal	(868)	-	(868)	-
Exchange differences	15,064	6,923	-	-
At 31 December	820,196	764,794	669,554	628,908
Accumulated amortisation and impairment losses				
At 1 January				
Accumulated amortisation	366,074	339,109	340,897	323,829
Accumulated impairment losses	-	1,605	-	-
	366,074	340,714	340,897	323,829
Amortisation for the year	26,646	24,294	19,020	17,068
Disposal	(571)	-	(571)	-
Exchange differences	3,300	1,066	-	-
At 31 December	395,449	366,074	359,346	340,897
Net book value				
At 31 December	424,747	398,720	310,208	288,011

Under Indonesian laws, the plantation owners are obliged to assist the local communities by assisting them to develop plasma smallholdings. The area of plasma required is 20% of the planted area and this is one of the conditions which must be fulfilled by all plantation owners before the issuance of HGU (lease certificates) of the estate lands by the authorities. The Group is in the process of complying with this condition. The transfer cost is recoverable from the sales of the crops to our mill.

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	Spare Parts RM'000	Total RM'000
Cost							
At 1 January 2015	204,413	385,452	271,522	603,968	1,491	1,067	1,467,913
Additions	-	-	6,604	18,191	28,658	-	53,453
Disposals	-	(138)	(456)	(10,856)	-	-	(11,450)
Written off	-	-	(4)	-	-	-	(4)
Reclassification	-	-	610	896	(1,506)	-	-
Exchange differences	-	-	5,175	8,089	-	-	13,264
Net additions for the year	-	-	-	-	-	266	266
At 31 December 2015	204,413	385,314	283,451	620,288	28,643	1,333	1,523,442
Accumulated depreciation							
At 1 January 2015							
Accumulated depreciation	-	54,449	143,753	348,349	-	-	546,551
Depreciation for the year	-	4,118	8,221	32,243	-	-	44,582
Disposals	-	(42)	(287)	(8,573)	-	-	(8,902)
Exchange differences	-	-	832	3,518	-	-	4,350
At 31 December 2015	-	58,525	152,519	375,537	-	-	586,581
Net book value							
At 31 December 2015	204,413	326,789	130,932	244,751	28,643	1,333	936,861

Notes To The Financial Statements

Group

	Freehold land	Long term leasehold land	Buildings	Plant and machinery	Capital work-in-progress*	Spare Parts	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost							
At 1 January 2014	204,413	385,452	250,341	576,014	22,709	1,136	1,440,065
Additions	-	-	13,421	21,466	4,503	-	39,390
Disposals	-	-	(5)	(17,021)	-	-	(17,026)
Written off	-	-	(2)	-	-	-	(2)
Reclassification	-	-	5,768	20,698	(26,466)	-	-
Exchange differences	-	-	1,999	2,811	745	-	5,555
Reclassified from inventory (Note 15)	-	-	-	-	-	(69)	(69)
At 31 December 2014	204,413	385,452	271,522	603,968	1,491	1,067	1,467,913
Accumulated depreciation and impairment losses							
At 1 January 2014							
Accumulated depreciation	-	50,318	135,788	332,122	-	-	518,228
Accumulated impairment losses	-	-	-	61	-	-	61
	-	50,318	135,788	332,183	-	-	518,289
Depreciation for the year	-	4,131	7,716	30,693	-	-	42,540
Disposals	-	-	(5)	(15,734)	-	-	(15,739)
Written off	-	-	(1)	-	-	-	(1)
Exchange differences	-	-	255	1,207	-	-	1,462
At 31 December 2014	-	54,449	143,753	348,349	-	-	546,551
Net book value							
At 31 December 2014	204,413	331,003	127,769	255,619	1,491	1,067	921,362

Group

* Capital work-in-progress of the Group mainly consists of construction of plants and buildings at the following locations:

	2015 RM'000	2014 RM'000
In the estates of the Company in Peninsular Malaysia	25,974	1,491
In Unitata Berhad	1,398	-
In PT SSS1, Central Kalimantan, Indonesia	1,271	-
	28,643	1,491

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	Spare parts RM'000	Total RM'000
Cost							
At 1 January 2015	203,848	385,452	183,667	356,581	1,491	509	1,131,548
Additions	-	-	3,908	13,393	25,974	-	43,275
Disposals	-	(138)	(450)	(9,931)	-	-	(10,519)
Written off	-	-	(4)	-	-	-	(4)
Reclassifications	-	-	610	881	(1,491)	-	-
Net usage for the year	-	-	-	-	-	(242)	(242)
At 31 December 2015	203,848	385,314	187,731	360,924	25,974	267	1,164,058
Accumulated depreciation							
At 1 January 2015	-	54,449	125,552	230,347	-	-	410,348
Depreciation for the year	-	4,118	4,921	15,353	-	-	24,392
Disposals	-	(42)	(282)	(7,669)	-	-	(7,993)
At 31 December 2015	-	58,525	130,191	238,031	-	-	426,747
Net book value							
At 31 December 2015	203,848	326,789	57,540	122,893	25,974	267	737,311

Notes To The Financial Statements

Company

	Freehold land	Long term leasehold land	Buildings	Plant and machinery	Capital work-in-progress	Spare parts	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost							
At 1 January 2014	203,848	385,452	177,023	343,958	4,577	585	1,115,443
Additions	-	-	4,703	15,782	1,491	-	21,976
Disposals	-	-	(5)	(5,790)	-	-	(5,795)
Reclassifications	-	-	1,946	2,631	(4,577)	-	-
Net usage for the year	-	-	-	-	-	(76)	(76)
At 31 December 2014	203,848	385,452	183,667	356,581	1,491	509	1,131,548
Accumulated depreciation							
At 1 January 2014	-	50,318	120,675	220,280	-	-	391,273
Depreciation for the year	-	4,131	4,882	14,937	-	-	23,950
Disposals	-	-	(5)	(4,870)	-	-	(4,875)
At 31 December 2014	-	54,449	125,552	230,347	-	-	410,348
Net book value							
At 31 December 2014	203,848	331,003	58,115	126,234	1,491	509	721,200

Notes To The Financial Statements

10. (c) Land Use Rights

	Group 2015 RM'000	Group 2014 RM'000
At 1 January	32,042	31,110
Additions	395	1,433
Amortisation for the year	(572)	(809)
Written Off	-	(591)
Exchange differences	2,025	899
At 31 December	33,890	32,042

11. Subsidiary Companies

Investment in subsidiary companies	Company 2015 RM'000	Company 2014 RM'000
Unquoted shares at cost	44,451	44,451
Less: Accumulated impairment losses	(15,025)	(14,354)
	29,426	30,097
Unquoted Redeemable Cumulative Convertible Preference Shares	424,800	424,800
Redemption	(50,000)	-
Total	404,226	454,897

The Company had in the previous years subscribed to a total of 424,800,000 RCCPS issued by the following subsidiary companies. In the current year, 50,000,000 RCCPS were redeemed by Unitata Berhad leaving a balance of 374,800,000 RCCPS as at end of the year. There were no redemption in 2014:-

(i) 278,813,000 issued by Bernam Advisory Services Sdn. Bhd.. These funds in turn were used to provide a loan to PT SSS1.

(ii) 45,987,000 issued by Berta Services Sdn. Bhd.. These funds in turn were used to provide a loan to PT SSS2.

(iii) 100,000,000 issued by Unitata Bhd.. The proceeds from the issue were used to settle the advances from the Company. 50,000,000 RCCPS were redeemed in the current year leaving a balance of 50,000,000.

The salient features of the RCCPS issued by the companies are as follows:

(a) Each RCCPS entitles the holder the right to be paid, out of such profits available for distribution, a cumulative dividend at a rate as the issuer of the RCCPS shall decide from time to time.

(b) Each RCCPS entitles the holder the right to vote if there is any resolution for the winding up of the company, reduction of the capital, declaration of dividend on any RCCPS or if a resolution affects the special rights and privileges attached to the RCCPS.

(c) The RCCPS are redeemable at the option of the issuer for RM1.00 for every RCCPS held.

(d) The RCCPS are convertible at the option of the issuer into ordinary shares on the basis of one ordinary share of RM1.00 for every RCCPS held.

(e) Each RCCPS entitles the holder the right on winding up or other return of capital (other than the redemption of the RCCPS) to receive, in priority of the ordinary shareholders of the company.

The non-controlling interests in respect of PT SSS1 and PT SSS2 are not material to the Group. Hence, summarised financial information of these two subsidiaries are not presented.

Notes To The Financial Statements

12. Associated Company

	Group		Company	
	2015	2014	2015	2014
	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	
	2015	2014
	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	-	-
Share of accumulated losses	(51)	(51)
	(51)	(51)

13. Joint Venture

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Unquoted shares, at cost	17,576	17,576	17,576	17,576
Share of post acquisition losses and reserves	(11,184)	(2,925)	-	-
Disposal	(6,392)	-	(17,576)	-
	-	14,651	-	17,576
Analysed as:				
Unquoted shares, at cost				
At 1 January	17,576	10,116	17,576	10,116
Acquisition during the year	-	7,460	-	7,460
Disposal	(17,576)	-	(17,576)	-
At 31 December	-	17,576	-	17,576
Share of post-acquisition reserve:				
At 1 January	(2,925)	(779)	-	-
Share of results	(8,259)	(2,146)	-	-
Disposal	11,184	-	-	-
At 31 December	-	(2,925)	-	-

The summarised financial statements of the joint venture are as follows:

(i) Summarised statements of financial position

	2014 RM'000
Assets	
Non-current assets	
Property and equipment	72,603
Current assets	
Other receivables	5,293
Cash and bank balances	2,796
Total current assets	8,089
Total assets	80,692

	2014 RM'000
Liabilities	
Current liabilities	
Other payables	13,748
Amount owing to related company	98
Total current liabilities	13,846
Non-current liabilities	
Term loan	30,893
Investment grants	6,651
	37,544
Total liabilities	51,390
Net assets	29,302

(ii) Summarised statements of comprehensive income

	2014 RM'000
Revenue	1,045
Other income	112
Other operating expenses	(5,449)
	(4,292)

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in joint venture is as follows:

	2014 RM'000
Net assets at 1 January	18,674
Issuance of share	14,920
Loss for the year	(4,292)
Net assets at 31 December	29,302
Interest in joint venture (%)	50
Carrying value of Group's interest in joint venture	14,651

The interest in the joint venture was disposed in the current year and thus no summarised financial information and reconciliation are presented.

The Group shared a loss of RM8,259,000 from the joint venture and the subsequent divestment recorded a disposal gain of RM2,608,000 which in aggregate resulted in a net loss of RM5,651,000 in the current year.

Notes To The Financial Statements

14. Available-For-Sale Financial Assets

	Group / Company	
	2015	2014
	RM'000	RM'000
Unquoted shares		
At cost	10,018	10,018
Accumulated impairment losses	(4,465)	(4,465)
Cumulative fair value adjustment (Note 19)	893	893
	6,446	6,446

Movement in available-for-sale investments are as follows:

	Group / Company	
	2015	2014
	RM'000	RM'000
At 1 January	6,446	6,446
Fair value adjustment	-	-
At 31 December	6,446	6,446

Notes To The Financial Statements

15. Inventories

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Produce stocks	24,393	24,799	8,066	16,451
Estate stores	29,574	23,585	21,561	19,512
Raw materials	15,445	6,363	-	-
Finished goods	36,304	40,406	-	-
Inventory-in-transit	747	-	-	-
Consumables	4,524	3,612	-	-
	110,987	98,765	29,627	35,963

Notes To The Financial Statements

16. Trade And Other Receivables

		Group		Company	
		2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Current trade receivables					
Third parties		98,021	86,070	8	22
Due from subsidiary companies	(b)	-	-	25,425	30,244
		98,021	86,070	25,433	30,266
Less: Allowance for impairment					
Third parties		(12)	(12)	-	-
Trade receivables, net	(a)	98,009	86,058	25,433	30,266
Other receivables					
Due from subsidiary companies	(b)	-	-	1,405	9,730
Due from an associated company	(c)	9	5	9	5
Deposits	(d)	73,680	12,491	61,107	12,046
Sundry receivables		35,212	17,963	13,331	7,840
		108,901	30,459	75,852	29,621
Total trade and other receivables		206,910	116,517	101,285	59,887
Add: Cash and bank balances (Note 17)		400,005	542,145	338,803	385,711
Total loans and receivables		606,915	658,662	440,088	445,598

(a) Trade receivables

The average credit terms granted to the Group's customers are 10 to 75 days (2014: 10 to 75 days).

Ageing analysis of trade receivables

The ageing analysis of the Group's and the Company's trade receivables is as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Neither past due nor impaired	97,826	85,745	25,433	30,266
1 to 30 days past due not impaired	62	232	-	-
31 to 60 days past due not impaired	41	44	-	-
61 to 90 days past due not impaired	28	13	-	-
91 to 120 days past due not impaired	52	24	-	-
	183	313	-	-
Impaired	12	12	-	-
	98,021	86,070	25,433	30,266

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 72% (2014: 98%) 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 RM183,000 (2014: RM313,000) that are past due at the reporting date but not impaired. These receivables are unsecured.

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	
	2015	2014
	RM'000	RM'000
Trade receivables - nominal amounts	12	12
Movement in allowance accounts:		
At 1 January	12	-
Impaired	-	12
Written off	-	-
At 31 December	12	12

(b) Due from subsidiary companies (trade and non-trade)

The amounts due from subsidiary companies are unsecured. The trade debt due from a subsidiary company has a repayment term of 30 days and the overdue trade debt bears an average interest of approximately 4.10% per annum in 2015. All other amounts are repayable on demand and non-interest bearing.

(c) Due from an associated company

The amount due from associated company is interest free, unsecured and repayable on demand.

(d) Deposits

Included in deposits of the Group and of the Company are RM73,400,000 and RM60,887,000 respectively (2014: RM11,827,000 for both the Group and the Company) being deposits placed with a broker for Bursa Malaysia Derivatives Bhd. for crude palm oil futures.

Notes To The Financial Statements

17. (a) Cash And Bank Balances

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cash at banks and on hand	38,753	22,721	2,433	3,428
Deposits with licensed banks	361,252	519,424	336,370	382,283
Cash and bank balances (Note 16)	400,005	542,145	338.803	385,711

The weighted average interest rates during the financial year as at 31 December 2015 are as follows:

	Weighted average interest rates	
	2015	2014
	%	%
Deposits with licensed banks	4.12	3.60

17. (b) Short Term Funds

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Short term funds	352,843	196,236	181,378	105,595

Short term funds are investments in income trust funds in Malaysia. The trust funds invest in highly liquid assets which are readily convertible to known amount of cash with insignificant changes in value.

The weighted average interest rates during the financial year as at 31 December 2015 are as follows:

	Weighted average interest rates	
	2015	2014
	%	%
Short term funds	3.60	3.16

18. (a) Share Capital

	Number of ordinary shares of RM1 each		Amount	
	2015	2014	2015	2014
	Unit'000	Unit'000	RM'000	RM'000
Authorised				
At 1 January and 31 December	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.

(b) Treasury Shares

The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe the purchase of treasury shares is in the best interests of the Company and its shareholders. The Company has the right to cancel, resell and/or distribute these shares as dividends at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distribution are suspended.

As at 31 December 2015, the number of treasury shares held remained at 341,774 shares of RM1.00 each as there were no share buy-back nor any cancellation, re-sale or distribution or distribution of treasury shares in the current year. These treasury shares were held in accordance with the requirement of Section 67A of the Companies Act, 1965.

	No of shares	Cost RM
2015		
As at the beginning/end of the financial year	341,774	8,634,700
2014		
As at the beginning/end of the financial year	341,774	8,634,700

The share buy-back was financed by internally generated funds.

19. Reserves

		Group		Company	
		2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Distributable					
Retained profits	(a)	1,828,121	1,723,584	1,562,275	1,545,607
Non-distributable					
Available for sale reserve	(b)	893	893	893	893
Share premium		181,920	181,920	181,920	181,920
Capital reserve	(c)	21,798	21,798	-	-
Foreign currency translation reserve	(d)	3,167	(3,183)	-	-
		207,778	201,428	182,813	182,813
Total		2,035,899	1,925,012	1,745,088	1,728,420

The nature and purpose of each category of reserve are as follows:

(a) Retained profits

The entire retained earnings can be distributed as dividend under the single tier system.

(b) Available for sale reserve

The available for sale reserve represents the cumulative fair value changes of available for sale financial assets.

(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 the translation of monetary items which form part of the Group's net investment in foreign operations.

20. Deferred taxation

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
At 1 January	105,389	97,476	98,800	92,418
Recognised in profit or loss (Note 8)	2,609	8,094	5,644	6,382
Exchange differences	(581)	(181)	-	-
At 31 December	107,417	105,389	104,444	98,800
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	107,417	105,389	104,444	98,800

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 2015	113,192	-	113,192
Recognised in profit or loss	7,290	-	7,290
At 31 December 2015	120,482	-	120,482
At 1 January 2014	106,692	(205)	106,487
Recognised in profit or loss	6,500	205	6,705
At 31 December 2014	113,192	-	113,192

Notes To The Financial Statements

Deferred tax assets of the Group:

	Retirement Benefit Obligations RM'000	Unutilised tax losses and reinvestment allowances RM'000	Others RM'000	Total RM'000
At 1 January 2015	(2,887)	-	(4,916)	(7,803)
Recognised in profit or loss	44	-	(4,725)	(4,681)
Exchange differences	-	-	(581)	(581)
At 31 December 2015	(2,843)	-	(10,222)	(13,065)
At 1 January 2014	(3,071)	(2,368)	(3,572)	(9,011)
Recognised in profit or loss	184	2,368	(1,163)	1,389
Exchange differences	-	-	(181)	(181)
At 31 December 2014	(2,887)	-	(4,916)	(7,803)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM'000
At 1 January 2015	100,340
Recognised in profit or loss	5,838
At 31 December 2015	106,178
At 1 January 2014	95,830
Recognised in profit or loss	4,510
At 31 December 2014	100,340

Notes To The Financial Statements

Deferred tax assets of the Company:

	Retirement Benefit Obligations RM'000	Others RM'000	Total RM'000
At 1 January 2015	(1,623)	83	(1,540)
Recognised in profit or loss	(8)	(186)	(194)
At 31 December 2015	(1,631)	(103)	(1,734)
At 1 January 2014	(1,657)	(1,755)	(3,412)
Recognised in profit or loss	34	1,838	1,872
At 31 December 2014	(1,623)	83	(1,540)

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 or average final remuneration, and are unfunded. From the financial year 2011 onwards, the subsidiaries in Indonesia provided employee benefits under the Labour Law No.13. No formal independent actuarial valuations have been undertaken to value the Group's obligations under these plans but are estimated by the Group. The obligations of the Group are based on the following actuarial assumptions:

	2015 %	2014 %
Discount rate in determining the actuarial present value of the obligations	6.0 - 7.5	6.0 - 7.5
The average rate of increase in future earnings	4.0 - 10.0	4.0 - 10.0
Turnover of employees	10.0 - 20.0	10.0 - 20.0

The amounts recognised in the statements of financial position are determined as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Present value of unfunded defined benefit obligations	11,854	11,548	6,798	6,491
At 1 January	11,548	12,284	6,491	6,628
Provision during the year (Note 5)	2,514	972	593	236
Paid during the year	(2,661)	(1,898)	(286)	(373)
Exchange difference	453	190	-	-
At 31 December	11,854	11,548	6,798	6,491
Analysed as:				
Current	1,126	820	972	655
Non-current:				
Later than 1 year but not later than 2 years	28	92	13	91
Later than 2 years but not later than 5 years	1,526	1,019	1,078	640
Later than 5 years	9,174	9,617	4,735	5,105
	10,728	10,728	5,826	5,836
	11,854	11,548	6,798	6,491

Notes To The Financial Statements

22. Trade And Other Payables

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current trade payables				
Third parties	19,903	10,769	1,075	1,501
Other payables				
Due to subsidiary companies	-	-	4,045	1,261
Advances from customers	1,521	901	820	842
Accruals	32,498	28,575	27,986	23,665
Sundry payables	17,959	20,448	8,257	6,940
	51,978	49,924	41,108	32,708
Total trade and other payables	71,881	60,693	42,183	34,209
Add: Bank borrowings (Note 23)	12	795	-	-
Total financial liabilities carried at amortised cost	71,893	61,488	42,183	34,209

(a) Trade payables

Trade payables are non-interest bearing and the average credit terms granted to the Group and the Company range from 30 to 60 days (2014: 30 to 60 days).

(b) Due to subsidiary companies

Amounts due to subsidiary companies are interest free, unsecured and repayable on demand.

23. Bank Borrowings

	Group	
	2015 RM'000	2014 RM'000
Bank overdraft - unsecured	12	795

The interest rate applicable to the bank borrowings for the year was 7.25% (2014: 7.25%) per annum.

24. Dividends

	Group / Company			
	Amount		Net Dividends per Share	
	2015 RM'000	2014 RM'000	2015 sen	2014 sen
Final dividend paid in respect of previous financial year: - 20.0% single tier (2014: 22.5% single tier)	41,558	46,754	20.00	22.50
Special dividend paid in respect of previous financial year - 40.0% single tier (2014: 41.25% single tier)	83,118	85,714	40.00	41.25
Interim extraordinary special dividend in respect of the current financial year: - Nil (2014: 75% single tier)	-	155,845	-	75.00
Interim dividend in respect of the current financial year: - 20.0% single tier (2014: 20% single tier)	41,558	41,558	20.00	20.00
Special dividend in respect of the current financial year: - 10% single tier (2014: 10% single tier)	20,779	20,779	10.00	10.00
	187,013	350,650	90.00	168.75

At the forthcoming Annual General Meeting, a final single-tier dividend of 20.0% amounting to RM41,558,498 and a special single-tier dividend of 50.0% amounting to RM103,896,246 in respect of the year ended 31 December 2015 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 2016.

Notes To The Financial Statements

25. Significant Inter-Company Transactions

	Company 2015 RM'000	Company 2014 RM'000
Sale of raw materials to a subsidiary company	232,342	225,030
Sale of biomass and biogas steam to a subsidiary company	2,118	2,083

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 International Plantations Services Limited (IPS), a company incorporated in Bahamas. This company is deemed to be a related party by virtue of common directorship held by certain directors in IPS and 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:

Nature Of Transactions	Amount Billed Group		Amount Billed Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Service fees paid to IPS	78	156	78	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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Amount outstanding at 31 December:				
Due from IPS	-	33	-	33

(b) Compensation of key management personnel

The remuneration of key management during the year was as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short-term employee benefits	4,606	4,382	4,582	4,382
Post employment benefits:				
Defined contribution plan	727	697	727	697
	5,333	5,079	5,309	5,079

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 which carries on the business of palm oil processing, manufacturing of edible oils, fats, cocoa butter substitute and trading in crude palm oil and palm oil products.

(c) The other segments consists of bulking facilities which carry on the business of handling and storage of vegetable oils and molasses and holding companies for subsidiaries in Indonesia which are also involved in marketing and trading of the Group's products.

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	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue and expenses										
Revenue:										
External sales	376,883	407,898	625,577	612,312	1,775	1,633	-	-	1,004,235	1,021,843
Inter-segment sales	232,342	225,030	-	-	-	-	(232,342)	(225,030)	-	-
Total revenue	609,225	632,928	625,577	612,312	1,775	1,633	(232,342)	(225,030)	1,004,235	1,021,843
Results:										
Segment results/ operating profit/(loss)	284,631	283,561	41,750	26,028	18,157	(555)	11,376	21,240	359,914	330,274
Interest income	21,494	23,390	1,661	1,203	23,050	22,581	(17,837)	(19,666)	28,368	27,508
Interest expense	(17,858)	(19,692)	(5)	(6)	-	-	17,837	19,666	(26)	(32)
Share of results of joint venture	-	-	-	-	(8,259)	(2,146)	-	-	(8,259)	(2,146)
Income taxes	(69,822)	(71,343)	(12,209)	(4,218)	(1,535)	(672)	-	-	(83,566)	(76,233)
Net profit for the year									292,431	279,371

Notes To The Financial Statements

	Plantations		Palm Oil Refining		Other Segments		Elimination		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	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	1,965,411	1,836,428	340,436	354,216	164,236	121,961	-	-	2,470,083	2,312,605
Investment in an associated company	-	-	-	-	50	50	-	-	50	50
Investment in a joint venture	-	-	-	-	-	14,651	-	-	-	14,651
Other investments	-	-	-	-	6,446	6,446	-	-	6,446	6,446
Consolidated total assets									2,476,579	2,333,752
Segment liabilities	172,701	172,490	64,838	33,988	484	346	-	-	238,023	206,824
Consolidated total liabilities									238,023	206,824
Other information										
Capital expenditure *	90,519	79,945	4,679	6,427	164	51	-	-	95,362	86,423
Depreciation	34,492	33,238	10,037	9,245	53	57	-	-	44,582	42,540
Amortisation	27,218	25,103	-	-	-	-	-	-	27,218	25,103
Other significant non-cash expenses:										
Net write-down of inventories/(reversal of write-down)	143	124	-	(2,000)	-	-	-	-	143	(1,876)
Land use rights/buildings written off	-	591	-	-	-	-	-	-	-	591
Net realised foreign exchange loss/(gain)	-	-	(4,622)	(2,056)	(1,266)	(1,364)	-	-	(5,888)	(3,420)
Net unrealised foreign exchange loss/(gain)	(89)	23	33,769	4,291	(18,677)	(9,948)	-	-	15,003	(5,634)

Notes To The Financial Statements

(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	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	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	460,097	511,552	137,647	139,936	294,806	240,579	87,371	104,949	24,314	24,827	1,004,235	1,021,843
Segment assets	2,106,353	1,999,876	306,912	282,717	44,121	31,313	16,466	19,003	2,727	843	2,476,579	2,333,752
Capital expenditure *	89,632	73,938	5,730	12,485	-	-	-	-	-	-	95,362	86,423

* Capital expenditure presented above consist of the following items as presented in the consolidated statement of financial position:

		Group	
		2015 RM'000	2014 RM'000
Biological assets	10 (a)	41,514	45,600
Property, plant and equipment	10 (b)	53,453	39,390
Land use rights	10 (c)	395	1,433
		95,362	86,423

(iii) Information about a major customer

Revenue from one major customer amounted to RM568,289,000 (2014: RM364,831,000), arising from sales by the palm oil refining segment.

28. Capital Commitments

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Capital expenditure approved by the directors but not contracted	180,042	156,438	174,008	149,345
Capital expenditure contracted but not provided for	17,357	4,689	13,352	2,147
	197,399	161,127	187,360	151,492

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 are as disclosed in Note 17.

The Group's bank borrowings are insignificant to hedge. The effective interest rate is disclosed in Note 23.

Sensitivity analysis for interest rate risk

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 RM605,000 (2014: RM612,000) 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 RM605,000 (2014: RM612,000) higher/lower. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market movements.

(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 59% (2014: 53%) of the Group's sales are denominated in foreign currencies whilst almost 52% (2014: 48%) 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 amounted to RM23,112,000 (2014: RM8,272,000) and RM1,050,000 (2014: RM1,627,000) 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 2015, the Group hedged 100% (2014: 99%) and 0% (2014: 100%) of its foreign currency denominated sales and purchases respectively, for which firm commitments existed at the reporting date, extending to December 2017 (2014: December 2016).

The Group is also exposed to currency translation risk arising from its net investments in Indonesia.

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 2015:		
Ringgit Malaysia denominated advances to foreign subsidiaries	204,248	204,248
At 31 December 2014:		
Ringgit Malaysia denominated advances to foreign subsidiaries	207,478	207,478

The Group had entered into forward currency contracts with the following notional amounts and maturities:

		Maturities		
	Currency	Within 1 year RM'000	1 year up to 5 years RM'000	Total notional amount RM'000
As at 31 December 2015:				
Forwards used to hedge				
receivables	USD	313,493	42,025	355,518
payables	USD	-	-	-
As at 31 December 2014:				
Forwards used to hedge				
receivables	USD	146,309	95,458	241,767
payables	USD	78,407	-	78,407

The net recognised loss as at 31 December 2015 on forward exchange contracts used to hedge receivables and payables as at 31 December 2015 amounted to RM34,167,000 (31 December 2014: net recognised loss RM8,258,000).

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	
Functional currency of the Group	2015 RM'000 Profit net of tax	2014 RM'000 Profit net of tax
USD/RM		
- strengthened 3%	(6,149)	(26)
- weakened 3%	6,149	26
IDR/RM		
- strengthened 3%	6,127	6,224
- weakened 3%	(6,127)	(6,224)

(d) Credit risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Except for the amount due from a major customer of the palm oil refinery unit, the Group has no other significant concentration risk that may arise from exposures to a single debtor or to a group of debtors. Trade receivables are monitored on an ongoing basis via Company management reporting procedures (with the exception of fixed deposits and short term funds invested in income trust funds). The average credit terms granted to the Group's customers are 10 to 75 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 Group and the Company have 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			
	2015		2014	
	RM'000	% of total	RM'000	% of total
By Segment:				
Plantations	40	0.04%	22	0.03%
Palm Oil Refining	97,733	99.72%	85,922	99.84%
Others	236	0.24%	114	0.13%
	98,009	100.00%	86,058	100.00%

At the reporting date, approximately 93% (2014: 82%) of the Group's trade receivables were due from a major customer of the palm oil refinery unit.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 16. 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 16.

(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.

Notes To The Financial Statements

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 RM655,000 (2014: RM506,000) 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 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			
2015			
Non-hedging derivatives:			
Current			
Forward currency contracts	313,493	-	(33,179)
Commodity futures contracts	952,620	1,239	-
		1,239	(33,179)
Non-Current			
Forward currency contracts	42,025	-	(988)
Commodity futures contracts	47,354	-	(1,166)
		-	(2,154)
Total derivatives		1,239	(35,333)
Group			
2014			
Non-hedging derivatives:			
Current			
Forward currency contracts	258,304	-	(3,802)
Commodity futures contracts	1,141,415	-	(3,000)
		-	(6,802)
Non-Current			
Forward currency contracts	95,458	-	(4,456)
Commodity futures contracts	170,471	-	(5,230)
		-	(9,686)
Total derivatives		-	(16,488)

Notes To The Financial Statements

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 December 2017(2014: December 2016) (Note 29(c)).

During the financial year, the Group recognised a loss of RM34,094,000 (2014: loss of RM16,488,000) 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.

(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 statements 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 2015				
Non-current unquoted shares (Note 14)	6,446	6,446	6,446	6,446
At 31 December 2014				
Non-current unquoted shares (Note 14)	6,446	6,446	6,446	6,446

(a) In estimating the fair values of financial instruments, the following assumptions and bases were applied:

(i) the book values of cash, fixed deposits, negotiable papers issued by licensed banks, short term funds invested in income trust funds, 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 fair value;

(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; and

(iv) the fair value of unquoted available-for-sale financial asset is estimated by discounting future cash flows using rate currently available for investment of similar industry and risk.

As such, the Group and the Company do 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.

(i) Fair Value Hierarchy

The Group and the Company use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 December 2015, the Group and the Company held the following financial instruments carried at fair value in the statement of financial position:

	31 December 2015 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group Assets/(liabilities) measured at fair value				
Fair value through profit or loss:				
Commodity futures contracts	73	73	-	-
Forward currency contracts	(34,167)	-	(34,167)	-
Available-for-sale financial asset:				
Unquoted shares	6,446	-	-	6,446
Company Asset measured at fair value				
Available-for-sale financial asset:				
Unquoted shares	6,446	-	-	6,446

During the year ended 31 December 2015, there were no transfers to or from Level 3.

As at 31 December 2014, the Group and the Company held the following financial instruments carried at fair value in the statement of financial position:

	31 December 2014 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group				
Assets/(liabilities) measured at fair value				
Fair value through profit or loss:				
Commodity futures contracts	(8,230)	(8,230)	-	-
Forward currency contracts	(8,258)	-	(8,258)	-
Available-for-sale financial asset:				
Unquoted shares	6,446	-	-	6,446
Company				
Asset measured at fair value				
Available-for-sale financial asset:				
Unquoted shares	6,446	-	-	6,446

During the year ended 31 December 2014, there were no transfers to or from Level 3.

Reconciliation of fair value measurements of Level 3 financial instruments

The Group and the Company carry unquoted equity share as available-for-sale financial instruments classified as Level 3 within the fair value hierarchy.

There is no movement in the available-for-sale financial asset as summarised below:

	Group and Company	
	2015 RM'000	2014 RM'000
At 1 January / 31 December	6,446	6,446

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 2015 and 31 December 2014.

There are no externally imposed capital requirements.

31. Comparatives

Group Statements of financial position	As previously stated RM'000	Re-classification RM'000	As restated RM'000
1 January 2014			
Cash and bank balances and short term funds	778,948	(778,948)	-
Cash and bank balances	-	515,408	515,408
Short term funds	-	263,540	263,540
31 December 2014			
Cash and bank balances and short term funds	738,381	(738,381)	-
Cash and bank balances	-	542,145	542,145
Short term funds	-	196,236	196,236

Company Statements of financial position			
1 January 2014			
Cash and bank balances and short term funds	678,121	(678,121)	-
Cash and bank balances	-	414,581	414,581
Short term funds	-	263,540	263,540
31 December 2014			
Cash and bank balances and short term funds	491,306	(491,306)	-
Cash and bank balances	-	385,711	385,711
Short term funds	-	105,595	105,595

Notes To The Financial Statements

32. Other disclosures

Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants as issued by Malaysian Accounting Standards Board ("MASB")

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will be within the scope of MFRS 116. After initial recognition, bearer plants will now be measured under MFRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). As the Group is currently measuring the bearer biological assets at cost less amortisation, the change in accounting policies is limited to reclassification of the bearer assets from biological assets to property, plant and equipment and thus, the change will not impact comprehensive income or equity.

The amendments also require that produce that grows on bearer plants be within the scope of MFRS 141 measured at fair value less costs to sell. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2018.

Notwithstanding the above, the Group will make the disclosure of the effects of the Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants had it adopted such standards for financial year ended 31 December 2015 as United International Enterprises Limited which is the largest shareholder of the Company is listed in Nasdaq CPH (Denmark) and has early adopted the Amendments to IAS 16 and IAS 41 for bearer plants issued by International Accounting Standards Board ("IASB") which is equivalent to Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants as issued by MASB.

Notes To The Financial Statements

Currently, the application of the amendments are being discussed and hence, there appears to be at the moment, no consensus on how to measure the fruits growing on the trees. The Group is currently adopting a method of valuation that it believes best reflects the biological transformation of fruit bunches on palm trees and coconuts. The Group will, however, follow the development of an industry practice closely and it will align with the emerged consensus on how to measure the produce growing on the bearer assets upon issuance of a guidance. Under the envisaged method, the effects of the amendments of MFRS 141 are as follows:

	Increase/(Decrease)		
	2015 RM'000	2014 RM'000	01-01-2014 RM'000
Comprehensive income	(320)	(4,280)	-
Biological assets	(320)	(4,280)	26,225
Deferred taxation	76	1,070	(6,556)
Equity	(244)	(3,210)	19,669

The key assumptions applied are as follows:

	2015 RM'000	2014 RM'000	01-01-2014 RM'000
Oil Palms			
Average FFB selling price (RM/MT)	419	468	559
Coconut Palms			
Average selling price (RM/nut)	0.94	0.85	0.76

Sensitivity Analysis

A 10% increase/decrease in the average oil plam fresh fruit bunches (FFB) selling price (RM/MT) and average selling price of coconuts (RM/nut) would result in the following to the fair value of the biological asset:

	2015 RM'000	2014 RM'000	01-01-2014 RM'000
10% increase	2,793	2,826	3,301
10% decrease	(2,793)	(2,826)	(3,301)

Notes To The Financial Statements

33. Supplementary information

The breakdown of the retained profits of the Group and of the Company as at 31 December 2015 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		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained profits				
- realised	1,919,201	1,812,800	1,667,229	1,627,956
- unrealised	(82,618)	(80,590)	(96,378)	(82,349)
	1,836,583	1,732,210	1,570,851	1,545,607
Total share of accumulated loss from joint venture				
- realised	(8,576)	(1,695)	(8,576)	-
Total share of accumulated loss from an associated company				
- realised	(51)	(51)	-	-
	1,827,956	1,730,464	1,562,275	1,545,607
Less: Consolidation adjustments	165	(6,880)	-	-
Total retained profits	1,828,121	1,723,584	1,562,275	1,545,607

Statement By Directors
Pursuant to Section 169(15) of the Companies Act, 1965

We, TAN SRI DATUK DR. JOHARI BIN MAT and DATO' CARL BEK-NIELSEN, 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 136 to 208 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 2015 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 33 to the financial statements on page 209 has 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 27 February 2016.

TAN SRI DATUK
DR. JOHARI BIN MAT

DATO' CARL BEK-NIELSEN

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 136 to 209 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 27 February 2016.

A.GANAPATHY

Before me,

K. Jaya Letchumi
Commissioner For Oaths,
Teluk Intan,
Perak Darul Ridzuan.

Independent auditors' report to the members of United Plantations Berhad
(Incorporated in Malaysia)

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 2015 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows 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 136 to 208.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 judgment, 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 of financial statements that give a true and fair view 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 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 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

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 have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and auditors' reports of all subsidiaries of which we have not acted as auditors, which are indicated in Note 3 to the financial statements, being financial statements that have been included in the consolidated financial statement.

(c) We are satisfied that the financial statements 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 financial statements 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 33 on page 209 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. 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	HOH YOON HOONG
AF: 0039	No. 2990/08/16(J)
Chartered Accountants	Chartered Accountant

Kuala Lumpur, Malaysia
27 February 2016

Shareholders Information As At 31 January 2016

Authorised Share Capital	:	RM500,000,000
Issued & Fully Paid-up Capital	:	RM208,134,266 (including 341,774 treasury shares)
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One Vote per ordinary share

Categories Of Shareholders As At 31 January 2016

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Issued Capital *
Less than 100 shares	160	4.56	4,429	0.00
100 to 1,000 shares	1,702	48.50	1,305,923	0.63
1,001 to 10,000 shares	1,295	36.91	4,591,079	2.21
10,001 to 100,000 shares	272	7.75	8,295,521	3.99
100,001 to less than 5% of issued shares	75	2.14	61,228,734	29.47
5% and above of issued shares	6	0.14	132,366,806	63.70
Total	3,509	100.00	207,792,492	100.00

Substantial Shareholders As At 31 January 2016

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)	89,607,800	43.12	-	-
2. Employees Provident Fund Board	29,693,848	14.29	-	-
3. Perbadanan Pembangunan Pertanian Negeri Perak (Perbadanan)	13,065,158	6.29	330,000*[5]	0.16
4. United International Enterprises Limited (UIEL)	8,748,477	4.21	89,607,800*[1]	43.12
5. C & M Holding Limited (C & M HL)	-	-	98,356,277 *[2]	47.33
6. Brother's Holding Ltd (BHL)	-	-	98,356,277 *[2]	47.33
7. Ybhg. Dato' Carl Bek-Nielsen	2,242,491	1.08	98,401,335 *[3]	47.36
8. Mr. Martin Bek-Nielsen	552,389	0.27	98,359,277 *[4]	47.34
9. Aberdeen Asset Management PLC and its subsidiaries	-	-	18,043,300 *[6]	8.68
Mitsubishi UFJ Financial Group, INC (MUFG)	-	-	18,047,000 *[7]	8.69

*Notes
(1) Deemed interest by virtue of substantial shareholdings in MVSB.
(2) Deemed interest by virtue of substantial shareholdings in MVSB and UIEL.
(3) Deemed interest by virtue of substantial shareholdings in MVSB, UIEL and through immediate family members.
(4) Deemed interest by virtue of substantial shareholdings in MVSB, UIEL and through immediate family members.
(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.
(7) Deemed interest through its shareholding in Aberdeen Asset Management PLC and Morgan Stanley Group Inc, fund management groups.

Directors' Shareholdings As At 31 January 2016

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	90,000	0.04	10,000	-
Ybhg. Dato' Carl Bek-Nielsen	2,242,491	1.08	98,401,335	47.36
Mr. Ho Dua Tiam	707,400	0.34	-	-
Mr. Ahmad Riza Basir	70,500	0.03	-	-
Y. Hormat Dato' Jeremy Derek Campbell Diamond	14,000	0.01	258,000	0.12
Mr. Martin Bek-Nielsen	552,389	0.27	98,359,277	47.34
Ybhg. Dato' Mohamad Nasir bin Ab. Latif	-	-	-	-
Mr. Loh Hang Pai	23,000	0.01	-	-
Mr. R. Nadarajan	-	-	-	-

Shareholders Information As At 31 January 2016

	Thirty (30) Largest Shareholders As At 31 January 2016		
	Name of Shareholder	No. of Shares	% of Issued Capital*
1.	Maximum Vista Sdn Bhd	86,891,100	41.82
2.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	28,328,848	13.63
3.	Perbadanan Pembangunan Pertanian Negeri Perak	13,065,158	6.29
4.	HSBC Nominees (Asing) Sdn Bhd BNP Paribas SECS SVS Lux For Aberdeen Global	8,784,900	4.23
5.	United International Enterprises Ltd	8,724,562	4.20
6.	Amanahraya Trustees Berhad Amanah Saham Malaysia	4,817,700	2.32
7.	Kumpulan Wang Persaraan (Diperbadankan)	3,499,100	1.68
8.	Maximum Vista Sdn Bhd	2,716,700	1.31
9.	BHR Enterprise Sdn Bhd	2,422,440	1.17
10.	HSBC Nominees (Asing) Sdn Bhd Exempt An for Danske Bank A/S (Client Holdings)	2,274,130	1.09
11.	Ybhg. Dato' Carl Bek-Nielsen	2,157,491	1.04
12.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	2,090,000	1.01
13.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	2,018,400	0.97
14.	HSBC Nominees (Asing) Sdn Bhd BNP Paribas SECS SVS Paris For Aberdeen Asian Smaller Companies Investment Trust PLC	1,502,600	0.72
15.	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt An for The Bank of New York Mellon SA/NV (Jyske Clients)	1,502,125	0.72
16.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Aberdeen)	1,365,000	0.66
17.	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund AM4N for Aberdeen Institutional Commingled Funds LLC	1,357,000	0.65
18.	DB (Malaysia) Nominee (Asing) Sdn Bhd BNYM SA/NV for Nykredit Bank A/S	1,278,305	0.62
19.	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	1,161,000	0.56
20.	KAF Nominees (Tempatan) Sdn. Bhd. Bernam Nominees (Tempatan) Sdn Bhd for Jendarata Bernam Provident Fund	867,012	0.42
21.	CIMB Commerce Trustee Berhad Public Focus Select Fund	713,000	0.34
22.	Mr. Ho Dua Tiam	707,400	0.34
23.	Amsec Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd for Tenaga Nasional Berhad Retirement Benefit Trust Fund (FM-Aberdeen)	682,000	0.33
24.	KAF Nominees (Tempatan) Sdn. Bhd. Bernam Nominees (Tempatan) Sdn Bhd for United Plantations Berhad Education And Welfare Fund	675,000	0.32
25.	Cartaban Nominees (Asing) Sdn Bhd Exempt An for Nordea Bank Danmark A/S	605,946	0.29
26.	Mr. Martin Bek-Nielsen	552,389	0.27
27.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for UBS Switzerland AG (Clients Assets)	501,874	0.24
28.	M & A Nominee (Tempatan) Sdn Bhd Jendarata Bernam Provident Fund	501,200	0.24
29.	HSBC Nominees (Asing) Sdn Bhd Exempt An for BNP Paribas Securities Services (Singapore - SGD)	490,000	0.24
30.	HSBC Nominees (Asing) Sdn Bhd Exempt An for JPMorgan Chase Bank, National Association (Guernsey)	487,000	0.23
		182,739,380	87.94

* calculated based on 207,792,492 shares which do not include 341,774 treasury shares

Comparative Statistics - 10 Years

Year ended 31 December	2015 RM'000's	2014 RM'000's	2013 RM'000's	2012 RM'000's	2011 RM'000's	2010 RM'000's	2009 RM'000's	2008 RM'000's	2007 RM'000's	2006 RM'000's
Balance Sheet Analysis										
Issued Capital	208,134	208,134	208,134	208,134	208,134	208,134	208,134	208,134	208,134	208,134
Reserve	2,027,264	1,916,377	1,985,150	1,942,594	1,788,252	1,563,935	1,430,011	1,224,853	988,347	863,967
Non-Controlling Interests	3,158	2,417	1,076	420	207	505	125	619	672	304
Funds Employed	2,238,556	2,126,928	2,194,360	2,151,148	1,996,593	1,772,574	1,638,270	1,433,606	1,197,153	1,072,405
Biological Assets	424,747	398,720	376,719	380,147	377,947	355,266	321,821	241,345	196,499	184,723
Property, Plant and Equipment	936,861	921,362	921,776	916,640	902,084	874,153	846,380	744,175	724,354	705,737
Land Use Rights	33,890	32,042	31,110	34,071	31,763	30,794	31,173	25,105	25,665	22,464
Other Non-Current Assets	6,496	21,147	17,114	9,829	7,811	9,600	10,603	28,301	26,915	3,258
Current Assets	1,074,585	960,481	1,049,281	1,030,654	880,664	736,347	627,011	606,157	389,070	306,798
Total Assets	2,476,579	2,333,752	2,396,000	2,371,341	2,200,269	2,006,160	1,836,988	1,645,083	1,362,503	1,222,980
Less: Liabilities	238,023	206,824	201,640	220,193	203,676	233,586	198,718	211,477	165,350	150,575
Net Assets Employed	2,238,556	2,126,928	2,194,360	2,151,148	1,996,593	1,772,574	1,638,270	1,433,606	1,197,153	1,072,405
Other Data										
Profit Before Tax	375,997	355,604	340,476	454,239	491,541	349,460	372,797	397,818	232,985	199,569
Tax	83,566	76,233	87,989	111,688	117,955	84,753	91,913	98,259	53,597	49,561
Net Profit	292,431	279,371	252,487	342,551	373,586	264,707	280,884	299,559	179,388	150,008
Non-Controlling Interests	(881)	(1,341)	(656)	(310)	365	(400)	591	-	13	-
Profit attributable to equity owners of the Parent	291,550	278,030	251,831	342,241	373,951	264,307	281,475	299,559	179,401	150,008
Earnings Per Share (in sen)	141.00	134.00	121.00	165.00	180.00	127.00	134.95	143.93	86.19	72.07
Net Dividend Rate (Ordinary Share) - Interim and Final	100.00%	165.00%	93.87%	93.75%	90.00%	67.50%	52.50%	37.50%	29.60%	26.90%
Share Prices On The Bursa Malaysia Securities Berhad										
Highest	28.00	29.50	33.26	28.00	21.16	17.70	14.00	14.60	14.80	9.75
Lowest	23.38	22.96	24.70	19.16	16.00	13.32	9.70	7.85	9.00	7.00
Production -Malaysia										
Palm Oil - own - Tonnes	151,988	144,162	146,962	161,407	165,408	164,066	198,883	203,864	176,272	192,204
Palm Kernel - own - Tonnes	34,256	33,885	35,118	40,331	42,163	42,522	53,134	55,537	47,753	53,567
Coconuts - Nuts ('000)	77,501	68,424	74,678	74,110	71,763	83,331	75,541	83,626	87,049	74,035
FFB Yield per hectare - Tonnes	24.24	22.97	22.42	25.05	25.16	24.61	29.05	29.60	25.46	27.83
CPO Yield per hectare - Tonnes	5.32	5.09	4.95	5.48	5.47	5.28	6.31	6.38	5.45	5.90
Palm Oil extraction rate - %	21.95	22.17	22.07	21.86	21.73	21.46	21.73	21.54	21.41	21.21
Palm Kernel extraction rate - %	4.95	5.21	5.27	5.46	5.54	5.56	5.81	5.87	5.80	5.91
Coconuts Yield per hectare - Nuts	27,747	25,056	26,858	26,077	24,771	28,135	22,616	25,037	25,962	22,070
Cost Of Production - Malaysia **	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Palm Oil - Per Tonne	1,032	1,064	1,006	894	817	768	678	711	711	644
Palm Kernel - Per Tonne	318	316	298	270	233	213	170	170	175	147
Average Sales Price										
Palm Oil - Per Tonne	2,163	2,353	2,702	3,017	3,050	2,408	2,242	2,368	1,840	1,468
Palm Kernel - Per Tonne	1,493	1,774	1,283	1,584	2,168	1,532	1,031	1,691	1,121	906
Production -Indonesia						*				
Palm Oil - own - Tonnes	48,159	41,440	36,529	35,182	24,747	5,435	-	-	-	-
Palm Kernel - own - Tonnes	8,266	7,044	6,793	6,679	4,277	830	-	-	-	-
FFB Yield per hectare - Tonnes	20.00	16.86	15.84	17.50	16.22	14.98	-	-	-	-
CPO Yield per hectare - Tonnes	5.03	4.24	3.88	4.27	3.84	2.12	-	-	-	-
Palm Oil extraction rate - %	25.15	25.17	24.41	24.38	23.80	21.23	-	-	-	-
Palm Kernel extraction rate - %	4.32	4.28	4.54	4.63	4.14	3.24	-	-	-	-
Cost Of Production - Indonesia **	RM	RM	RM	RM	RM	RM				
Palm Oil - Per Tonne	1,306	1,319	1,396	1,434	1,862	1,983	-	-	-	-
Palm Kernel - Per Tonne	496	521	509	516	413	828	-	-	-	-
Average Sales Price										
Palm Oil - Per Tonne	2,002	2,301	2,179	2,381	2,553	2,755	-	-	-	-
Palm Kernel - Per Tonne	1,198	1,305	997	1,032	1,247	2,000	-	-	-	-

Notes:
* Production of CPO and PK commenced in July 2010.
** Cost of production figures include depreciation and amortisation.

Group Properties As At 31 December 2015

Properties	Tenure	Area In Hectares	Description		Age In Years	Net Tangible Asset Value RM '000
Jendarata Estate	Leasehold		Registered Office - 1,369 sq.m.		51	1,687
36009 Teluk Intan	Expiring on:		Research Station - 1,070 sq.m.		50	1,478
Perak Darul Ridzuan	15.01.2062	594.58	Oil Palm & Coconut Estate			98,102
	07.06.2104	610.53	Palm Oil Mill	10,032	81	7,342
	07.06.2104	36.07	Biomass Plant	sq.m.	10	1,794
	20.11.2067	982.45				
	22.08.2068	149.68				
	Yr to Yr	33.62				
	Freehold	3,932.07				
Kuala Bernam Estate	Freehold	830.11	Coconut Estate			12,851
Batu 18, Jalan Bagan Datoh						
36300 Sungai Sumun						
Perak Darul Ridzuan						
Sungei Bernam Estate	Leasehold		Coconut Estate			31,184
Sungai Ayer Tawar	Expiring on:		Copra Kiln - 1,022 sq.m.		41	
45200 Sabak Bernam	Yr to Yr	16.59				
Selangor Darul Ehsan	28-03-2056	1.33				
	Freehold	2,274.11				
Ulu Bernam Estate	Leasehold		Oil Palm Estate			39,834
36500 Ulu Bernam	Expiring on:		Palm Oil Mill - 8,193 sq.m.		83	2,284
Perak Darul Ridzuan	Yr to Yr	95.31				
	Freehold	3,098.57				
Changkat Mentri Estate	Leasehold		Oil Palm Estate			19,850
36500 Ulu Bernam	Expiring on:					
Perak Darul Ridzuan	26.11.2067	1,538.60				
	01-10-2081	162.94				
	Freehold	847.77				
Ulu Basir Estate	Leasehold		Oil Palm Estate			51,514
36500 Ulu Bernam	Expiring on:		Palm Oil Mill - 6,352 sq.m.		26	646
Perak Darul Ridzuan	26-11-2067	11.40				
	20-01-2087	2,468.00				
	08.12.2099	159.50				
	Yr to Yr	129.44				
	Freehold	1,218.62				
Sungei Erong Estate	Leasehold		Oil Palm Estate			45,367
36500 Ulu Bernam	Expiring on:					
Perak Darul Ridzuan	02.11.2064	53.90				
	08-04-2033	809.39				
	Yr to Yr	43.18				
	Freehold	2,756.53				
Sungei Chawang Estate	Freehold	3,280.69	Oil Palm Estate			40,281
36500 Ulu Bernam	Yr to Yr	5.50				
Perak Darul Ridzuan						
Seri Pelangi Estate	Leasehold		Oil Palm Estate			10,076
Batu 11 3/4	Expiring on:					
Jalan Bidor	15.06.2068	1,419.02				
36000 Teluk Intan	Freehold	2.82				
Perak Darul Ridzuan						
Lima Blas Estate	Freehold	2,888.89	Oil Palm Estate			139,663
35800 Slim River						
UIE	Leasehold		Oil Palm Estate			392,790
Pantai Remis	Expiring on:		Palm Oil Mill - 6,148 sq.m.		24	2,004
Perak Darul Ridzuan	23.12.2103	10,359.26				
	Freehold	9.94				
Unitata Berhad	Freehold	18.45	Palm Oil Refinery			
36009 Teluk Intan			Complex, Soap Plant,	Buildings	41	27,492
Perak Darul Ridzuan			Cebes Plant			
Bernam Bakery	Freehold	0.45	Bakery		31	21
36009 Teluk Intan						
Perak Darul Ridzuan						
Butterworth	Leasehold		Bulking & Storage &			
Bulking Installation	Expiring on:		Rigging Facilities			
4536 Deep Water Wharf	31-08-2019	0.84			43	87
12100 Butterworth						
PT Surya Sawit Sejati	Leasehold		Oil Palm Estate			172,329
Pengakalan Bun, Central	Expiring on:		Palm Oil Mill - 90,000 sq.m.		6	8,623
Kalimantan, Indonesia	24.09.2040	2,508.47				
	**	16,154.29				

Notes:
* Estate Includes Land, Pre-cropping Cost and Buildings.
** awaiting issue of lease.

Group's Plantation Properties As At 31 December 2015

	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.	Total
OIL PALM :													
Mature	4,928			2,325	2,366	3,055	3,272	2,266	1,337	2,082	6,623	9,560	37,814
Immature-Planted 2013	104			141		263	228			300	1,323		2,359
Immature-Planted 2014	251			126	8	194		647		147	834		2,207
Immature-Planted 2015	590			512		225		327		211	850		2,715
Sub-Total	5,873			3,104	2,374	3,737	3,500	3,240	1,337	2,740	9,630	9,560	45,095
COCONUT :													
Mature	25	746	2,006										2,777
Immature-Planted 2012			38										38
Immature-Planted 2013		65	126										191
Immature-Planted 2014	81		85										166
Immature-Planted 2015											105		105
Sub-Total	106	811	2,255								105		3,277
OTHER AREAS:													
Other Crops	5												5
Conservation and Plasma					12					85	91	9,012	9,200
buildings,roads,drains, air-strip,nurseries, toddy tapping areas, railway, etc.	355	19	37	90	163	250	163	46	85	64	544	91	1,907
TOTAL	6,339	830	2,292	3,194	2,549	3,987	3,663	3,286	1,422	2,889	10,370	18,663	59,484

Oil Palm		
Age in years	Hectares	% Under crop
4 - 5	5,406	12
6 - 8	10,993	24
9 - 18	13,511	30
19 and above	7,904	18
Mature	37,814	84
Immature	7,281	16
Total	45,095	100

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 95th Annual General Meeting of the Company will be held at Jendarata Estate, 36009 Teluk Intan, Perak Darul Ridzuan, Malaysia on 23 April 2016 at 10.00 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 2015 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 Single-tier dividend of 20% and a Special Single-tier dividend of 50% for the year ended 31 December 2015.	2
3.	To approve Directors' fees for 2015.	3
4.	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.	4
5.	To re-elect as Director Ybhg. Dato' Mohamad Nasir bin Ab. Latif who retires by rotation pursuant to Article 92 of the Company's Articles of Association.	5
6.	To consider and, if thought fit, pass the following resolution: "That pursuant to Section 129(6) of the Companies Act,1965, Ybhg. Tan Sri Datuk Dr. Johari bin Mat be re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting."	6
7.	To consider and, if thought fit, pass the following resolution: "That pursuant to Section 129(6) of the Companies Act,1965, Mr. Ho Dua Tiam be re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting."	7
8.	To consider and, if thought fit, pass the following resolution: "That pursuant to Section 129(6) of the Companies Act,1965, Y. Hormat Dato' Jeremy Derek Campbell Diamond be re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting."	8
9.	To re-appoint Messrs. Ernst & Young as auditors of the Company for the year 2016 and to authorize the Directors to fix their remuneration.	9

Notice Of Annual General Meeting

	As Special Business	Ordinary Resolutions
	To consider and if thought fit , to pass the following resolutions:	
	(i) Proposed Continuation in Office as Independent Non- Executive Directors	
10.	"That Ybhg. Tan Sri Datuk Dr. Johari bin Mat having served as Independent Non-Executive Director for a cumulative term of more than 9 years, continue to act as Independent Non-Executive Director of the Company."	10
11.	"That Mr. Ahmad Riza Basir having served as Independent Non- Executive Director for a cumulative term of more than 9 years, continue to act as Independent Non-Executive Director of the Company."	11
12.	"That Y. Hormat Dato' Jeremy Derek Campbell Diamond having served as Independent Non-Executive Director for a cumulative term of more than 9 years, continue to act as Independent Non-Executive Director of the Company."	12
	(ii) Proposed Renewal of Authority for Purchase of Own Shares	
13.	"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 authorised 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 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 and the share premium account based on the audited financial statements for the financial year ended 31 December 2015 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:	13

(i) the conclusion of the next Annual General Meeting of the Company ("AGM") in 2017 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 on Entitlement and payment of Final Dividend and Special Dividend

NOTICE IS HEREBY GIVEN THAT the Final Single-tier dividend of 20% and a Special Single-tier dividend of 50%, if approved at the 95th Annual General Meeting will be paid on 18 May 2016 to shareholders whose names appear in the Record of Depositors and the Register of Members at the close of business on 29 April 2016.

A Depositor shall qualify for entitlement only in respect of :-

(a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 29 April 2016 in respect of transfers; and

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

By Order of the Board

A. GANAPATHY
Company Secretary

Jendarata Estate,
36009 Teluk Intan,
Perak Darul Ridzuan,
Malaysia
29 February 2016

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 other than an exempt authorized nominee who may appoint multiple proxies in respect of each Omnibus account held. 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 18 April 2016 shall be entitled to attend the said meeting or appoint a proxy or proxies to attend and/ or vote on his/her behalf.

Notice Of Annual General Meeting

Notes On The Special Business

For Resolutions 10 - 12 Proposed Continuation In Office As Independent Non-Executive Directors

The Nomination Committee has assessed the independence of the Directors who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than 9 years and recommend them to continue to act as Independent Non-Executive Directors of the Company.

Ybhg. Tan Sri Datuk Dr. Johari bin Mat
His vast experience and diversified background has contributed significantly to the performance monitoring and enhancement of good corporate governance. In his capacity as Chairman of the Company for the past 13 years, he has provided leadership, independent views, objective assessments and opinions. He has been with the Company for more than 14 years and is familiar with the Company's business operations.

Mr. Ahmad Riza Basir
A lawyer by training, his experience, expertise and independent judgment has contributed to the effective discharging of his duties. He has devoted sufficient time and attention to his professional obligations for informed and balanced decision making as an Independent Non-Executive Director. He has been with the Company for more than 15 years and is familiar with the Company's business operations.

Y. Hormat Dato' Jeremy Derek Campbell Diamond
A planter by profession, his vast knowledge acquired during his tenure within the plantation industry has enabled him to provide the Board with a diverse set of experience and expertise. His role as Chairman of the Audit Committee is one that he has discharged with due care and diligence. He has carried out his professional duties as an Independent Non-Executive Director in the best interest of the Company. He has been with the Company for more than 14 years and is familiar with the Company's business operations.

For Resolution 13 - Proposed Renewal of Authority for Purchase of Own Shares
Please refer to explanatory information in the Circular to Shareholders dated 29 February 2016.

Locations of Estates, Factories and Holdings in Peninsular Malaysia

Planted Area (Hectares) 31 December 2015

Estate	Oil Palm	Coconut	Other Crops	Total
UIE	9,630	105	-	9,735
Jendarata	5,873	106	5	5,984
Kuala Bernam	-	811	-	811
Sungei Bernam	-	2,255	-	2,255
Ulu Bernam	3,104	-	-	3,104
Changkat Mentri	2,374	-	-	2,374
Ulu Basir	3,737	-	-	3,737
Sungei Erong	3,500	-	-	3,500
Sungei Chawang	3,240	-	-	3,240
Seri Pelangi	1,337	-	-	1,337
Lima Blas	2,740	-	-	2,740
PT SSS	9,560	-	-	9,560
TOTAL (Hectares)	45,095	3,277	5	48,377

A view of FFB cages laden with Fresh Fruit Bunches being delivered to the Palm Oil Mill by the Company's highly efficient rail transportation system.