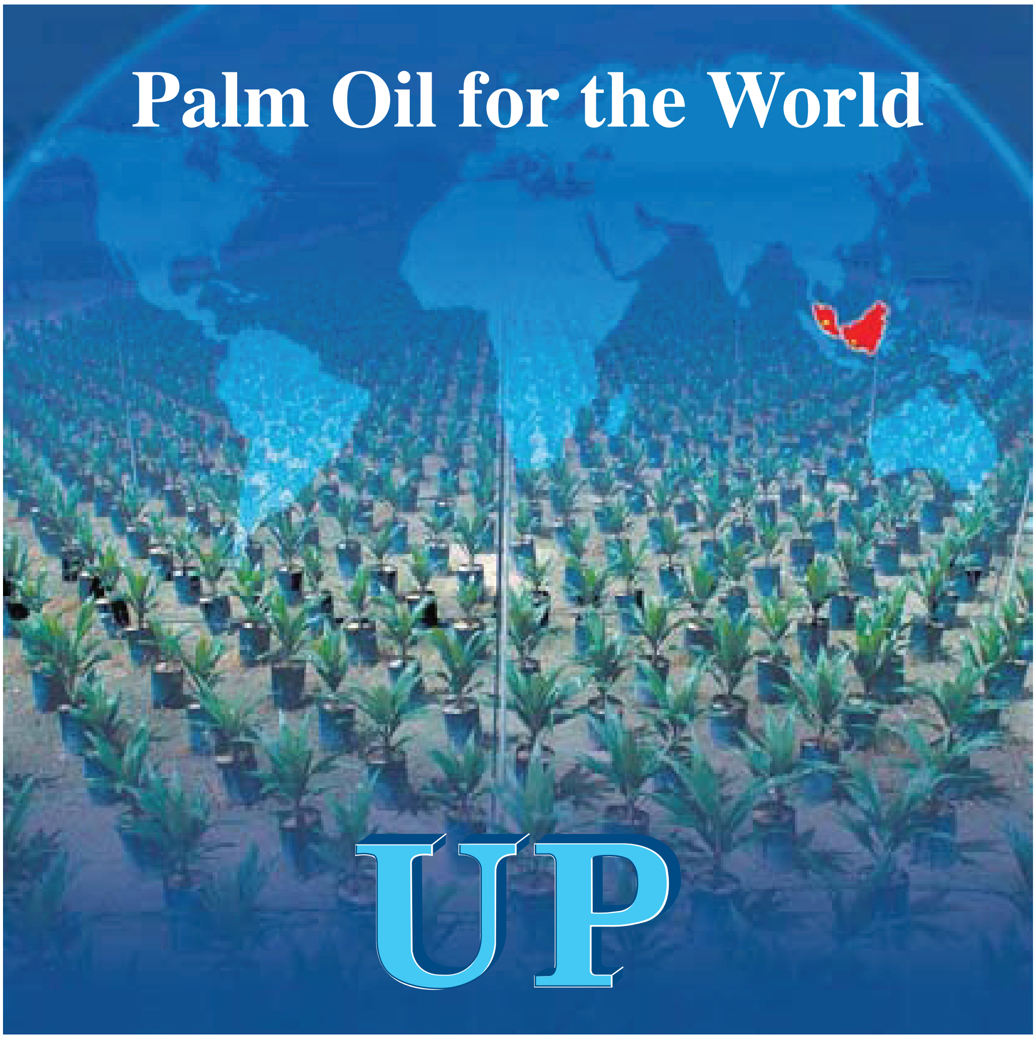
ANNUAL REPORT 2011

UNITED PLANTATIONS BERHAD

(Company No. 240-A)

Group Philosophy



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

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

UNITED PLANTATIONS BERHAD
(Company No. 240-A)

Contents

Front Cover:
Oil Palm, the highest oil yielding crop in the world.

Corporate Information

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

Executive Committee and Senior Management

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

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

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

Senior Executive Staff

Finance & Corporate

R. Nadarajan
Group Financial Advisor

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

Ng Eng Ho
Group Financial Controller

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

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

Azero bin Mohamed Anuar
Sr Accountant

S. Chandra Mohan
Manager, Internal Audit

Erwin Khor Siew Yan
Financial Controller, PT SSS

Shirley Selvasingam
Manager, IT Systems

Plantations

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

Edward Rajkumar Daniels
President Director, PT SSS1

C. Mohan Das
Group Manager, Jendarata Estate

Geoffrey Cooper
Group Manager, UIE

N. Sundian
Sr General Manager,
PT SSS1

Nek Wahid bin Nek Harun
Sr Manager,
Sungei Erong Estate

Naslah bin Jajuli
Sr Manager,
Ulu Basir Estate

Muhammad Ratha bin Abdullah
Sr Manager,
Estate 1, UIE

Ridzuan Bin Md. Isa
Manager,
Sungei Bernam Estate

Tan Lay Guan
Sr Manager,
Lima Blas Estate

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

Azhar bin Yazid
Manager,
Changkat Mentri Estate

Chantharavarnam Sathiam
Manager,
Ulu Bernam Estate

Gerald Anthony Kolandasamy
Manager,
Sungei Chawang Estate

Jason Joseph
Manager,
Kuala Bernam Estate

Siva Subramaniam Ragavan
Manager,
Seri Pelangi Estate

Research

Dr. Xaviar Arulandoo
Director of Research

Ho Shui Hing
Research Controller

Musa bin Bilal
Sr Manager, Plant Breeding

Lim Chin Ching
Sr Research Officer

Engineering

P. Seker
Group Engineer,
Ulu Bernam

Vincent Williams
Vice President, Engineering,
PT SSS1

Ir V. Renganathan
Sr Resident Engineer,
UIE

Lim Chin Yen
Sr Resident Engineer,
Lima Blas

K.T. Somasegaran
Sr Resident Engineer,
Ulu Basir

Ir P. Rajasegaran
Sr Resident Engineer,
Jendarata/Unitata

G. Padmanathan
Resident Engineer, Seri Pelangi

Palm Oil Refining and Others

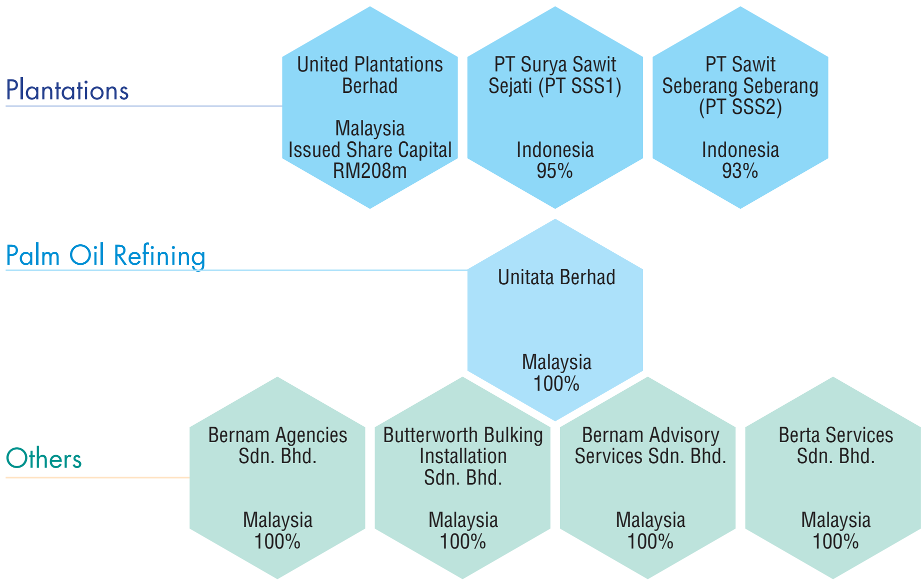
Dr. C.T. Premakumari Nair,
Chief Research & Quality Controller,
Unitata Berhad

Kerk Choon Keng
Group Manager, Commerce
Unitata Berhad

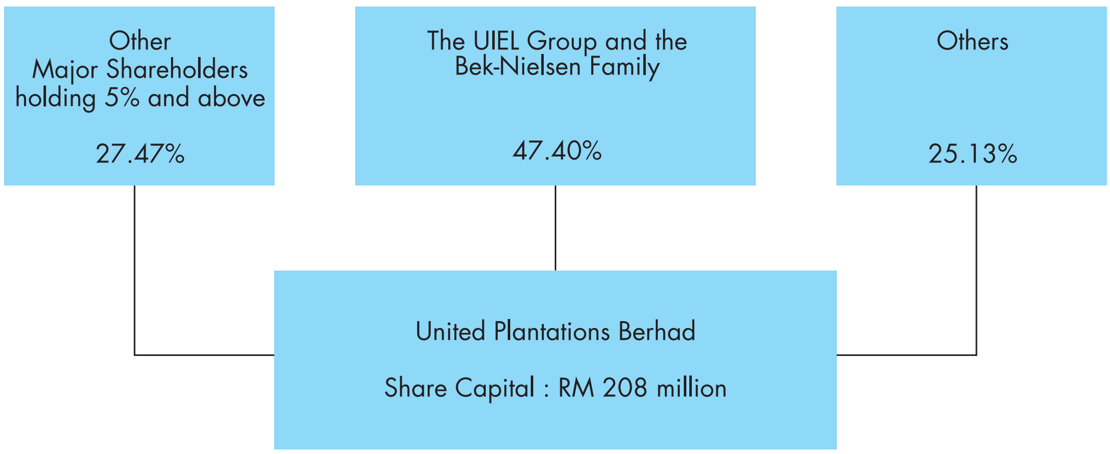
Jughdev Singh Dhillon
Sr Plant Manager,
Unitata Berhad

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

Group as at 19 March 2012



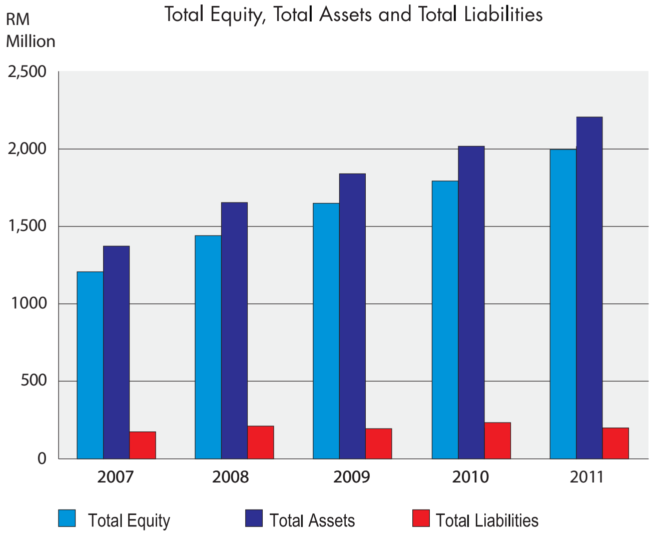
General Shareholding Structure as at 19 March 2012

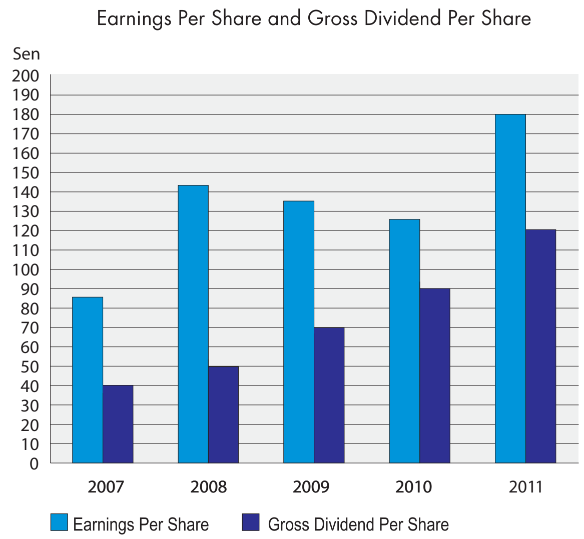


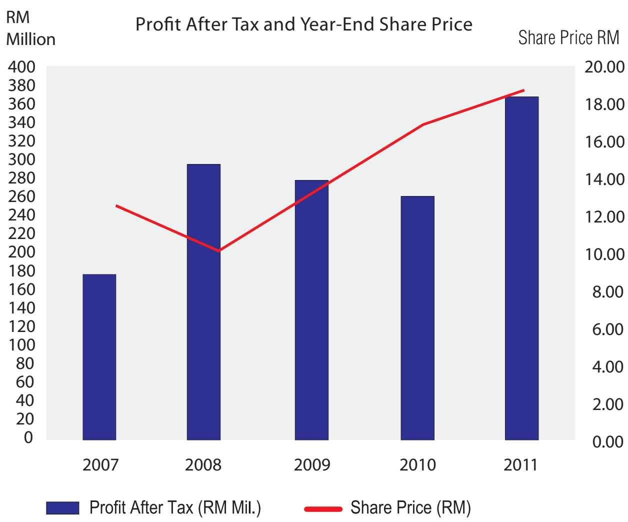
Financial Highlights

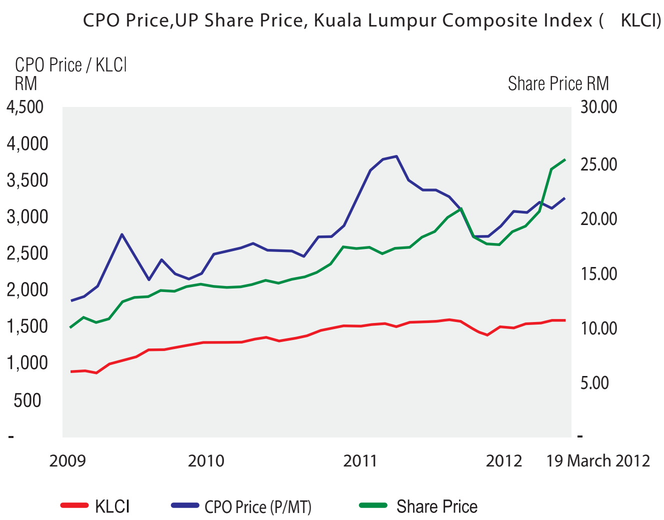
	2011	2010	2009	2008	2007
Profit After Tax (RM' Million)	374	264	281	300	179
Earnings Per Share (Sen)	180	127	135	144	86
Gross Dividend Per Share (Sen) *	120	90	70	50	40
Total Equity (RM' Million)	1,996	1,772	1,638	1,434	1,197
Minority Interests (RM' Million)	0.21	0.51	0.13	0.62	0.67
Total Assets (RM' Million)	2,201	2,006	1,837	1,645	1,363
Total Liabilities (RM' Million)	204	234	199	211	165
Year-End Closing Share Price (RM)	19.00	17.10	13.64	10.30	12.70

* Including proposed Final Dividend









Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 91st Ordinary Annual General Meeting of the Company will be held at Jendarata Estate, 36009 Teluk Intan, Perak Darul Ridzuan, Malaysia on 12 May 2012 at 10.30 a.m. for the purpose of considering the following business:-

	Ordinary Resolutions
1. To receive and consider the financial statements for the year ended 31 December 2011 together with the Reports of the Directors and the Auditors thereon.	1
2. To consider the recommendation of the Directors and authorise the payment of a final dividend of 30% gross per share less 25% Malaysian Income Tax and a special dividend of 50% gross per share less 25% Malaysian Income Tax for the year ended 31 December 2011.	2
3. To approve Directors' fees for 2011.	3
4. To re-elect as Director Mr. Ahmad Riza Basir who retires by rotation pursuant to Article 92 of the Company's Articles of Association.	4
5. To re-elect as Director Mr. Martin Bek-Nielsen who retires by rotation pursuant to Article 92 of the Company's Articles of Association.	5
6. To re-elect as Director Mr. Brian Bech Nielsen who retires by rotation pursuant to Article 92 of the Company's Articles of Association.	6
7. To consider and, if thought fit, pass the following resolution: "That pursuant to Section 129(6) of the Companies Act,1965, Mr. G. Peter Selvarajah 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 2012 and to authorize the Directors to fix their remuneration.	9

Notice Of Annual General Meeting

As Special Business — Ordinary Resolution

To consider and, if thought fit, pass and adopt the following Resolutions as set out in parts A and B of the Circular to shareholders dated 18 April 2012:

10. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature — 10

"THAT approval be and is hereby given to the Company and its subsidiary companies to seek renewal of shareholders' mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature to enter into and to give effect to the specified Recurrent Related Party Transactions with the specified Mandated Related Parties as stated in Section 2.4, Part A of the Circular to Shareholders dated 18 April 2012 which are necessary for the Group's day to day operations subject to the following:-

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

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

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

(a) the conclusion of the next Annual General Meeting of the Company ("AGM") in 2013 at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or

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

(c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is earlier;

Notice Of Annual General Meeting

Ordinary Resolution

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

11. Proposed Renewal of Authority for Purchase of Own Shares 11

"THAT, subject to the Companies Act, 1965 (as may be amended, modified or re-enacted from time to time), the Company's Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and approvals of all relevant governmental and/or regulatory authorities, where applicable, the Company be and is hereby authorized to purchase and/or hold such amount of ordinary shares of RM1.00 each in the Company (Proposed Share Buy-Back) as may be determined by the Directors of the Company from time to time and upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of ordinary shares purchased and/or held pursuant to this resolution shall not exceed 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 2011 be utilized by the Company for the Proposed Share Buy-Back AND THAT at the discretion of the Directors of the Company, the ordinary shares of the Company to be purchased may be cancelled and/or retained as treasury shares and subsequently distributed as dividends or resold on Bursa Malaysia or be cancelled AND THAT the Directors of the Company be and are hereby empowered generally to do all acts and things to give effect to the Proposed Share Buy-Back AND THAT such authority shall commence immediately upon passing of this ordinary resolution until:

(i) the conclusion of the next Annual General Meeting of the Company ("AGM") in 2013 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."

To consider and, if thought fit, pass the following Resolution:

Special Resolution

12. Proposed Amendments to Article of Association of the Company 12

"THAT the existing Article 76A be amended as follows:

Existing Article 76A

Where a member of the Company is an authorized nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

New Article 76A

Where a member of the Company is an exempt authorized nominee, as defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act, which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds".

Notice Of Annual General Meeting

Notice Of Closure Of Books For Dividend

The Share Transfer Books on the Copenhagen Branch Register and the Register of Members will be closed from 17 May 2012 to 21 May 2012 both days inclusive to determine shareholders' entitlement to the dividend payment. The final dividend and a special dividend, if approved will be paid on 6 June 2012 to the shareholders whose names appear in the Register of Members, Branch Register and Record of Depositors (ROD) on 16 May 2012.

The last trading day to be eligible for this dividend on Bursa Malaysia and the NASDAQ OMX Copenhagen A/S will be 11 May 2012.

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

(a) Shares transferred into the depositor's securities account before 4.00 p.m. on 16 May 2012 in respect of transfers; and

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

By Order of the Board

A. GANAPATHY
Company Secretary

Jendarata Estate,
36009 Teluk Intan,
Perak Darul Ridzuan,
Malaysia.
18 April 2012

Notice Of Annual General Meeting

Notes

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

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

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

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

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

6. For shares listed on the Bursa Malaysia, only a depositor whose name appears on the Record of Depositors as at 7 May 2012 shall be entitled to attend the said meeting or appoint a proxy or proxies to attend and/or vote on his/her behalf.

Notes On The Special Business

For Resolutions 10 & 11 – Please refer to explanatory information in the Circular to Shareholders dated 18 April 2012.

For Resolution 12 – The amendment is in line with the new main Market Listing Requirements of Bursa Malaysia that took effect on 3 January 2012.

Profile Of Directors

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

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

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

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

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

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

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

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

He attended all five (5) Board Meetings held during the year ended 31 December 2011.

Profile Of Directors

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

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

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

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

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

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

He attended all five (5) Board Meetings held during the year ended 31 December 2011.

Profile Of Directors

Dato' Carl Bek-Nielsen
Vice Chairman, Executive Director, Non-Independent

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

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

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

Dato' Carl Bek-Nielsen is the Chairman of United International Enterprises Limited (UIEL), a public listed company on the NASDAQ OMX Copenhagen A/S and Vice Chairman of Aarhus Karlshamn AB (AAK), a public listed company on the NASDAQ OMX Stockholm AB.

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

He is the brother of Mr. Martin Bek-Nielsen, Executive Director (Finance and Marketing) and a Board representative of the Company 's two major shareholders, UIEL and Maximum Vista Sdn. Bhd. He is deemed interested in various related party transactions between UP Group and certain companies carried out in the ordinary course of business as disclosed in the Circular to Shareholders dated 18 April 2012 annexed to this Annual Report.

He attended all five (5) Board Meetings held during the year ended 31 December 2011.

Profile Of Directors

G. Peter Selvarajah
Independent,
Non-Executive Director

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

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

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

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

He attended all five (5) Board Meetings held during the year ended 31 December 2011.

Profile Of Directors

Ahmad Riza Basir

Independent,
Non-Executive Director

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

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

He has directorships in non-listed public companies namely Jerneh Asia Berhad and Jerneh Insurance Berhad. He is also a member of the Board of Directors of several other private limited companies in Malaysia.

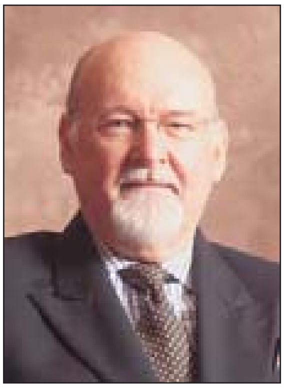
He was first appointed director of the Company on 17 June 2000 and has been a member of the Company's Audit Committee since 2004.

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

He attended four (4) out of five (5) Board Meetings held during the year ended 31 December 2011.

Profile Of Directors

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



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

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

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

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.

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

He attended all five (5) Board Meetings held during the year ended 31 December 2011.

Profile Of Directors

Martin Bek-Nielsen
Executive Director,
Non-Independent

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

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

In 1995 he received his initial training as a Cadet Planter in United Plantations Group. In 1996 he pursued his tertiary education in Denmark. After his graduation in 1999 he returned to Malaysia to take up the position of Corporate Affairs Officer. He was first appointed to the Board on 29 August 2000. In 2001, he was appointed to the position of Executive Director and on 20 February 2003 was promoted to his current position of Executive Director (Finance and Marketing). On 9 November 2004 he was appointed Commercial Director of Unitata Berhad, a subsidiary company of United Plantations Berhad.

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

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

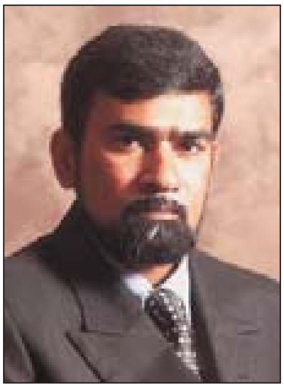
He is the brother of Dato' Carl Bek-Nielsen, Vice Chairman and Executive Director (Corporate Affairs) and is a Board representative of the Company's two major shareholders, UIEL and Maximum Vista Sdn. Bhd. He is deemed interested in various related party transactions between UP Group and certain companies carried out in the ordinary course of business as disclosed in the Circular to Shareholders dated 18 April 2012 annexed to this Annual Report.

He attended four (4) out of five (5) Board Meetings held during the year ended 31 December 2011.

Profile Of Directors

Mohamad Nasir bin Ab. Latif

Non-Independent, Non-Executive Director



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

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

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

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

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

He attended four (4) out of five (5) Board Meetings held during the year ended 31 December 2011.

Profile Of Directors

Brian Bech Nielsen
Non-Independent,
Non-Executive Director

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

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

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

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

He is a Director of United International Enterprises Limited (UIEL) a public listed company on the NASDAQ OMX Copenhagen A/S. He is a cousin of Dato' Carl Bek-Nielsen and Mr. Martin Bek-Nielsen and by virtue of the family relationship is deemed to have an interest in the shares held by the Company's two major shareholders, UIEL and Maximum Vista Sdn. Bhd. He is deemed interested in various related party transactions between UP Group and certain companies carried out in the ordinary course of business as disclosed in the Circular to Shareholders dated 18 April 2012 annexed to this Annual Report.

He attended all five (5) Board Meetings held during the year ended 31 December 2011.

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

Awards

Corporate Social Responsibility


SIJIL PENGHARGAAN
United Plantations Berhad
(Jendarata Estate)
Finalis
Anugerah Industri Komoditi Malaysia 2011
CSR Terbaik
ICCOS 2011

UP (Jendarata Estate) was awarded as 'Winner' of the Commodity Industry Award 2011 under the "Corporate Social Responsibility" category on 29 October 2011. The award was presented to our Vice Chairman, Dato' Carl Bek-Nielsen by the Deputy Prime Minister of Malaysia, Tan Sri Dato' Haji Muhyiddin Haji Mohd Yassin along with the Minister of Plantation Industries & Commodities of Malaysia, Tan Sri Bernard Giluk Dompok.

Occupational Safety and Health


Sijil Penghargaan
Anugerah Cemerlang
Keselamatan Dan Kesihatan Pekerjaan
Kebangsaan 2011
UNITED PLANTATIONS BHD
PERAK

UP's Group Manager, Human Resources and Environment, Safety and Health, Mr. C Mathews and Director of Research Dr. A Xaviar receiving the award on behalf of UP as the 'Winner' of the National Execellent Occupational Safety and Health Award 2011 (OSHA), Agricultural category from the Deputy Minister of Human Resources, Malaysia, Senator Dato' Maznah Mazlan on 21 December 2011.

Chairman s Statement

On behalf of the Board of Directors, it gives me much pleasure to present the results of our Group s performance as stated in the Audited Financial Statements for the year ended 31 December 2011.

Financial Review Of Operations

- The Group s revenue during 2011 increased by 44.29% compared to 2010, reaching RM1,398,386,000. This was mainly due to significantly higher prices for Crude Palm Oil (CPO) and Palm Kernels (PK) as well as a materially higher turnover at the Refinery, Unitata.

- The Group s profit before tax increased from RM349,460,000 in 2010 to RM491,541,000 in 2011, up by 40.66%.

- The Group s profit after tax for 2011 reached a historic record high of RM373,586,000, an increase of 41.13% compared to RM264,707,000 in 2010.

Dividends

- Dividends declared and proposed for the year ended 31 December 2011 are :

	RM per share (gross)
Interim dividend declared and paid	0.25
Special dividend declared and paid	0.15
Final dividend proposed	0.30
Special dividend proposed	0.50
Total dividends	1.20

Crop harvested at one of our estates waiting to be transported to the mill.

Plantation Operations

- CPO production during 2011 reached 165,408 MT (Malaysia) and 24,747 MT (Indonesia) resulting in a Group Total of 190,155 MT compared to 169,501 MT CPO in 2010. The increase in the Group s overall production of 20,654 MT of CPO was primarily attributable to the pronounced increase in production arising from our Indonesian estates, which accounted for 93.5% of the net increase in the Group s production from 2010 to 2011.

	Metric Tonnes CPO		
	2010	2011	Change
Malaysia	164,066	165,408	0.82%
Indonesia	5,435	24,747	355.33%
Total UP Group	169,501	190,155	12.18%

UP Indonesia s production thus accounted for 13% of our Group s CPO production in 2011 which is indeed a gratifying development. Our Malaysian Estates which accounted for 87% of our Group s CPO production improved only slightly in 2011. This was due to the lag effect of the biological resting phase which the oil palms entered into during the latter half of 2010. The recovery from this biological resting phase was further hampered in 2011 when our estates were exposed to three consecutive months of extremely low rainfall during May, June and July. This was followed by extreme high rainfall in October, November and December which caused serious flooding on most estates.

A panoramic view of UP's unique light rail transport system, a combined length of approximately 500km ensures expedient delivery of FFB to the mills with minimal handling which ensures high CPO quality with low FFA content. (See more on pages 86-87)

Exceptionally high rainfall during the months of October, November and December 2011 caused serious flooding in most of our estates.

- A total of 1,736 hectares of oil palms were replanted on our Malaysian properties during 2011 compared to 2,107 hectares in 2010. Whilst our Group s average age profile has improved, we must nevertheless appreciate that a sizeable hectarage will be replanted on our Malaysian estates in 2012. This is absolutely necessary if we are to further improve on the age profile of our established plantations.

  As of 31 December 2011 our Group s areas planted up with oil palms can be summarized as follows :

Malaysia & Indonesia combined		2009	2010	2011
Mature	Ha	31,680	33,126	37,433
Immature	Ha	13,814	12,642	8,225
Total Oil Palm Area	Ha	45,494	45,768	45,658

  From the above table one can note that the total immature area in relation to the total area under oil palms in 2010 was 27.6% compared to 18% in 2011.

- Our Group s average yield increased only marginally from 5.04 MT of CPO/Ha in 2010 to 5.06 MT CPO/Ha in 2011.

Heavy flooding during the months of October - December 2011 hampered harvesting and crop evacuation. Crop evacuation in certain flooded estates was only possible by buffalo assisted method.

The main reasons for the low average yield were a function of the following factors, namely :

i) An 84% increase (from 5,072 Ha in 2010 to 9,361 Ha in 2011) in the oil palm area within the age category of 4-5 years from planting that inherently have a much lower yield profile vis- -vis the age bracket between 6-18 years. A total of 3,925 Ha of oil palms came into scout harvesting in Indonesia during 2011 representing 51.6% of the total mature hectarage on our Indonesian properties as of 31 December 2011. The average yield on our Indonesian Estates was only 3.37 MT CPO/Ha. This pulled down the UP Group s average yield to 5.06 MT CPO/Ha which otherwise would have reached 5.47 MT CPO/Ha.

ii) The remaining adverse effects of the biological resting phase which continued to affect overall yields on our Malaysian properties.

- The average selling price for Crude Palm Oil achieved during the year increased from RM2,408/tonne achieved in 2010 to RM3,050/tonne for our Malaysian CPO, an increase of 26.66%. The average selling price for Palm Kernels recorded a very significant increase of 41.51% to RM2,168 /tonne in 2011 compared to RM1,532 /tonne in 2010 for our Malaysian Palm Kernels.

The latter was primarily due to the shortages experienced in the market as a result of the increase in demand for lauric oils by the oleochemical sector. The average price obtained for CPO and PK in Indonesia were RM2,553 per MT and RM1,247 per MT respectively. This is due to the mechanism of domestic pricing in Indonesia that favours the down stream industry.

	2009	2010	2011
Malaysian National Yield of CPO/Hectare	3.93	3.69	4.01
UP Group Average Yield in tonnes CPO/Hectare	6.31	5.04*	5.06*
UP Group Average Yield in tonnes FFB/Hectare	29.05	23.87*	23.02*
UP Group Average Oil Extraction Rates (OER) in %	21.73	21.44*	21.97*
UP Group Average Kernel Extraction Rates (KER) in %	5.81	5.48*	5.36*

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

- Our coconut production was 71,762,749 nuts, which recorded a decrease of 13.88% compared to 83,331,057 nuts in 2010. This was due to the coconut palms entering a pronounced biological resting phase during 2011 which also saw the average yield declined to 24,771

One of our Hybrid Coconut variety heavily laden with nuts. In 2011, UP produced over 72million nuts contributing to approximately 20% of Malaysia's total production.

nuts/hectare compared to 28,135 nuts/hectare achieved in 2010. A recovery is nevertheless expected in 2012.

- The business at our refinery, Unitata, came under much pressure during the second half of 2011, a consequence of the change in the Indonesian s duty structure effective 16 September 2011. The new Indonesian export duty structure has wide implications on the export competitiveness of the Malaysian downstream sector. The reality is that the downstream sector in Indonesia has access to cheaper raw materials vis- -vis those in Malaysia. This is so because the trade mechanism in Indonesia allows for the raw materials, i.e. CPO, to be traded in the domestic market net of the export duty.

  Unitata, nevertheless, made a profit after tax of RM13,031,628 in 2011 compared to RM16,200,716 in 2010. It must, however, be stressed that the 2011 profit was after having provided for an impairment of RM10.29 million, largely for the soap plant s operation, a consequence of the differential export tax structure imposed by the Indonesian Government. This remains a cause of concern to the Board of Directors.

- The cost of production (before the depreciation and ammortisation) during 2011 rose by 8.75% from RM594/MT CPO to RM646/MT CPO for our Malaysian operations. This increase is of great concern and is a reflection of the enormous rise in labour costs experienced during 2011. Two Collective Agreements with the National Union of Plantation Workers were concluded and a Special Gratuity Payment Scheme, which UP was compelled to follow the Government Linked Corporation in the Plantation Sector. This saw labour wages rise by an alarming 35-40% for all harvesters, field and general employees from 2010 to 2011. This is a worrying and unsustainable trend and will only erode the Malaysian Palm Oil Industry s ability to compete against the other 16 oils and fats.

- Management is nevertheless actively exploring rational initiatives towards cushioning the rising costs by increasing efficiency and productivity throughout our operations.

Replanting Policy

Concerted efforts are continuously being made by Management to enhance the Company s Breeding-Agronomy and Tissue Culture activities as these remain of cardinal importance in terms of our Group s ability to further improve our agronomic practices. This aspect of our operations will continue to grow in importance if our Industry is to remain competitive in the future.

In this connection, I am pleased to advice 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

High yielding tenera seeds, accredited by the Department of Standards Malaysia (SIRIM), one of the products arising from the Research Department's dedicated breeding programme.

In the pursuit of improved planting materials, tissue culture of oil palm (cloning), is one of the avenues being actively explored at United Plantations.

aspect of plantation management will inevitably lead to stagnating yields and declining production.

In this respect, I wish to report that during 2011 our Company managed to replant 1,736 hectares of aged and lower yielding oil palms with new, superior planting material produced in-house at the United Plantations Research & Development Centre.

All replantings carried out during 2011 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.

An aerial view of newly replanted oil palm fields with lush covercrop establishment which till today remains a company policy.

Her Royal Highness Princess Benedikte of Denmark and The Danish Ambassador to Indonesia, His Excellency Mr. Borge Petersen being received at the Pangkalan Bun Airport by Dato' Carl Bek-Nielsen for the official inauguration of Lada Estate facilities.

Indonesia

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

As mentioned during 2010, whilst the Board of Directors remain committed to the expansion into Indonesia, it has nevertheless been decided to focus on completing and consolidating the first phase of our development before embarking with the second phase of expansion. Upon completion of the first phase, about 10,000 hectares of palms will have been planted.

The conservation areas consist primarily of riparian reserves, peat swamps as well as 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 company s commitment towards maintaining an important balance between economy and ecology, however, at the same time accepting the fact that conservation means development as much as it does protection of the environment.

Collaboration with Copenhagen Zoo

Our Company s collaboration with Copenhagen Zoo continues to develop very satisfactorily. The objective of this cooperation is to provide our Group with the necessary expertise in not

The Biodiversity Department and Research Office facilities completed during 2011 at Lada Estate.

Her Royal Highness Princess Benedikte of Denmark, assisted by Pak Mochtar PLH. Bupati from Pangkalan Bun officially inaugurating the new housing complex at Lada Estate on 3 September 2011.

only setting up but also running and operating a Biodiversity Department. During 2011, the Biodiversity Department became operational and was officially inaugurated by Her Royal Highness Princess Benedikte of Denmark on 3 September 2011. *(See more on pages 78-82).*

As at 31 December 2011, a total of 9,863 hectares have been planted of which 7,602 hectares are now in harvest. Overall palm vigour and growth is developing satisfactorily, with the investment now providing employment for 1,366 people, most of whom were previously unemployed. Our Group s total area planted with oil palms (Malaysia and Indonesia) has therefore now reached 45,658 hectares compared to 10 years ago when the figure was 23,348 Ha.

I am pleased to report to shareholders that all infrastructural investments in Indonesia are progressing as planned on both properties. More than 150 modern living quarters for our staff and workers have now been completed. Moreover, during the year under review, our Group has built and opened a modern hospital (the first of its kind in the region), a kindergarten, a cr che, executive quarters as well as a modern Field Office, a Fertilizer Store and a Tractor Pool, all of which are now operational.

Corporate Social Responsibility (CSR)

CSR Policy

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

A detailed report on our CSR activities is accounted for in a separate section of this annual report. *(See more on pages 46-87).*

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 continued to be made in 2011. *(See more on page 75).*

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

United Plantations and the Roundtable on Sustainable Palm Oil

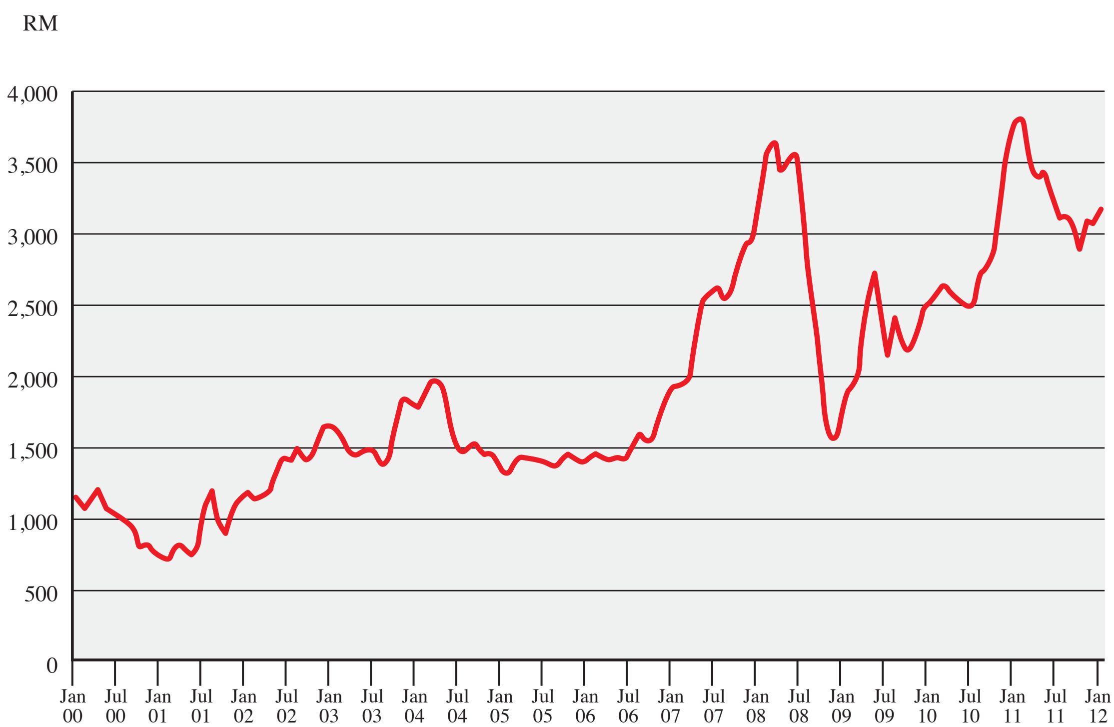
The tireless efforts undertaken by the Company over the past many decades in terms of its leadership within the segment of sustainable agricultural production continues to be recognized around the world, especially since United Plantations on 26 August 2008 became the world s very first certified producer of sustainable palm oil in accordance with the Principles and Criteria of the Roundtable on Sustainable Palm Oil (RSPO). As per our plans, the RSPO certification audit will commence on our newly established properties in Indonesia during the later part of 2012. Today these criteria on sustainability are beyond doubt not only the world s strictest for any agricultural crop but also remain the most credible. *(See more on pages 42-44).*

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 2011 to maintain the highest possible welfare standards for our workforce. *(see more pages on 64-67).*

A well equiped modern Health Care Centre at Lada Estate, signifying our commitment to employees and their dependants.

PALM OIL PRICES FROM JANUARY 2000 TO JANUARY 2012



Global Issues, Challenges and Managing Growth

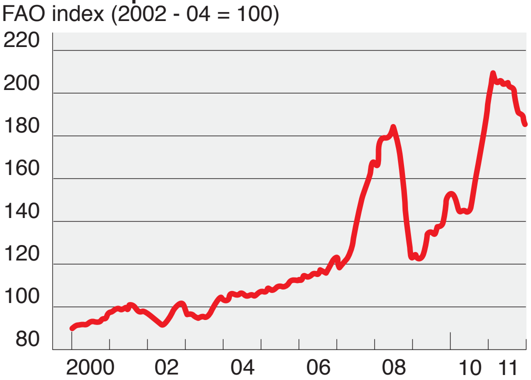
The World s population continues to grow at a staggering rate, increasing by approximately 82 million people per year, equal to the total German population of today. During the course of 2012, the world s population is expected to reach 7.1 billion.

This trend is expected to continue into the future and by 2050 the Food and Agriculture Organization (FAO) has predicted the world population will reach 9.3 billion compared to 7.03 billion today.

Food production, in general, is therefore expected to come under increasing pressure, especially when considering the fact that there are close to 1 billion people today who fall under the United Nations category of being chronically under-nourished.

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

Global food prices
FAO index (2002 - 04 = 100)

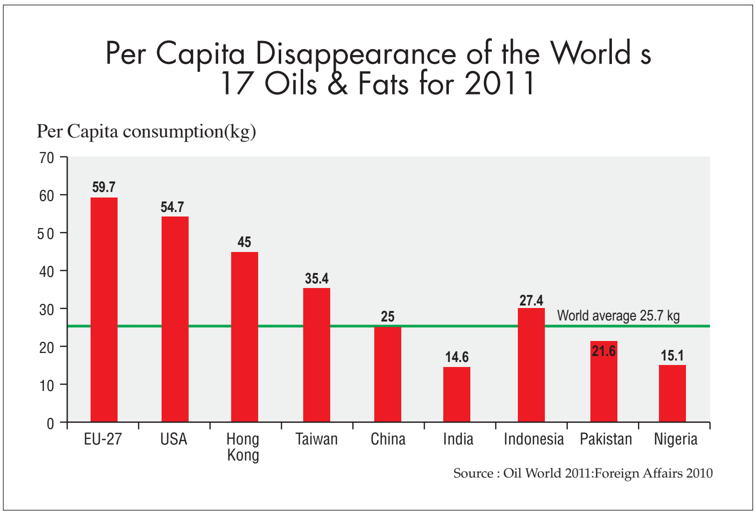


In this context, one cannot ignore palm oil s growing importance and its increasingly dominant role as a means of providing the world s poorest people with a cheap yet healthy source of nutrients and calories. During 2011, world palm produce (CPO + PKO) accounted for about 69% of the net exports of the world s 17 Oils & Fats. It is worth recognizing that world palm oil and palm kernel oil production reached 55.8 million tonnes during 2011 representing 31% of the total world s production of the 17 Oils & Fats.

17 Oils & Fats : World Production in Million Tonnes

Grand Total	2002 Jan Dec	2003 Jan Dec	2004 Jan Dec	2005 Jan Dec	2006 Jan Dec	2007 Jan Dec	2008 Jan Dec	2009 Jan Dec	2010 Jan Dec	2011 Jan Dec
Production	120.75	125.68	132.16	140.91	149.83	153.90	159.62	164.00	170.90	179.10

Source : ISTA Mielke GmbH



The table illustrates per capita disappearance of Oils & Fats for certain countries for the year 2011

Happy children at the Kindergarten at Division 3, Jendarata Estate. We make continuous improvement to maintain the highest possible welfare standards for our employees and their school going children.

Factors to watch in 2012

World Economy

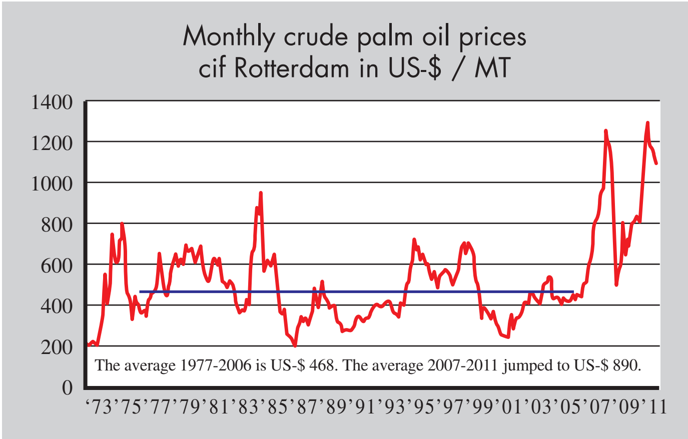
Nearly $4^{1}/2$ years have passed since the world experienced what has become the worst financial crisis since the mid 1930s.

The world economy has now started its slow recovery and with that we have seen demand improving. But it is still too early to proclaim that the world economy is out of the woods as the crisis is far from over for many sectors: certain European Union countries like Greece, Italy and Spain whose Governments are currently marred with high unemployment rates and soaring debts.

Nevertheless, the situation for vegetable oil producers has been more favourable, particularly during the second half of 2011, as worldwide demand surpassed most experts expectations thus causing the price complex for the world s vegetable oils to rise dramatically from a level of –RM2,500 per tonne of CPO a year ago to –RM3,400 per tonne of CPO now. Uneven rainfall in large parts of the corn and soybean belt in Latin America has exacerbated the situation. In this context, we must appreciate that today s technological age provides an endless stream of news resulting in high and low prices happening more quickly and often more drastically.

Whilst we, over the last number of years have experienced a significant price appreciation on our produced raw materials which has resulted in good results for the Group it is, nevertheless, important to remain focused on our core values and to appreciate that the last few years appreciation of crude palm oil prices is well beyond the historical price trend.

Indeed, the 5 year crude palm oil price average from 2007-2011 was USD890/MT in Rotterdam compared with USD441 in the preceding 5 years (2002-2006). In this connection, it is important for shareholders to acknowledge that the crude palm oil price during 2010 and 2011 averaged USD1,013 in contrast to the 30 year average of USD468 from 1977-2006.



Monthly Prices from March 1973 until December 2011

This price escalation has been due to the combined consequences of the following:

a) Higher demand for food, primarily in Asia (above all in China and India) as a result of the economic development within this region raising hundreds of millions out of poverty and into a middle class.

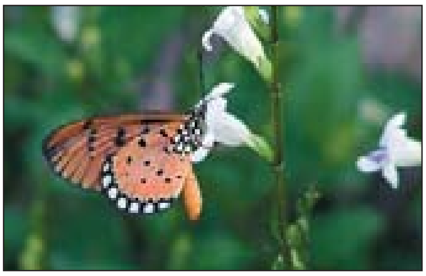
b) Further expansion of the oleochemical sector with rising requirements and use of soaps, shampoos, surfactants, cosmetics etc.

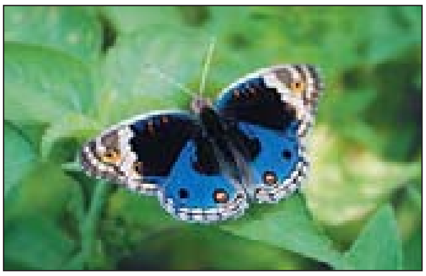
c) Rapidly increasing consumption of oils & fats in the biofuels industry, primarily biodiesel, but also for generation of electricity and heating following Western and North American Governments mandatory biofuels policies in the desire to help mitigate global warming.

As such, our Group believes that the five main price determining factors during 2012 will depend on the developments of the following areas, namely:

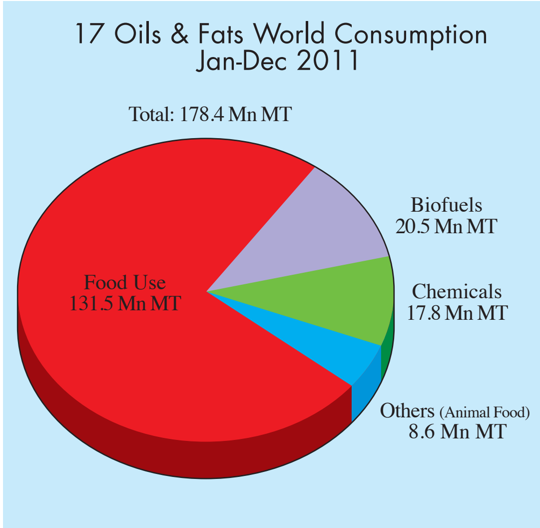
i) Biofuel usage

The world biofuel sector has during 2011 emerged as the second most important user of oils and fats after the food industry, taking up a significant 20.5 million MT or 11% of the total consumption of oils and fats.





Butterflies are portrayed as the essence of nature, indicators of rich biodiversity, healthy environment and a healthy ecosystem.



The introduction of biofuels to replace fossil fuels has therefore been the primary reason why the annual growth of the 17 Oils & Fats virtually doubled to almost 6 million MT per year from the preceding decade. The above, coupled with the US Administration s domestic policy of promoting biofuels, primarily corn based bio-ethanol, to curb the USA s reliance on Middle Eastern fossil fuels which has had a significant influence on vegetable oil output as there has been a continuous fight for acreages in the US between grain and soybean farmers. As mentioned last year, the US Environmental Protection Agency (EPA) continues to allow the percentage of ethanol in gasoline for cars to rise as high as 15% up from 10%, a couple of years ago. Ethanol production today consumes between 35-40% of America s corn crop and the 2007 Energy Bill mandated that the US must steadily increase biofuel use from the current 14 billion to 36 billion gallons by 2022. In addition to this, the Argentinean and Indonesian duty structures make it viable for biodiesel producers to operate profitably, resulting in increased production and export from these countries. Any downward revision of the previously fixed biofuel targets by the European Union or the US Administration as well as changes in duty structures that would hurt biodiesel manufacturers would therefore have a detrimental and unavoidable effect on prices.

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

ii) Cellulosic Ethanol

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

iii) Indonesian Government Policy on Export taxes

Government policy is often used to enhance the competitive position of local industries through both tariff and non-tariff barriers. During 2011, Indonesia introduced differential export taxes on value added products which is threatening the downstream sector of Malaysia and other countries as the move is securing large margins for domestic downstream producers in Indonesia whilst causing adverse effects for others. In short, Indonesian downstream producers have the capability of sourcing cheap raw materials below world market prices, then converting the raw materials into finished products and selling the finished products at world market prices.

The, Malaysian Government is working reportedly on plans to assist the downstream sector. However, no decision has been taken. We are following this move closely and trying to mitigate the negative impacts on our refinery business in the best manner possible.

iv) Malaysian and Indonesian Palm Oil Output in 2012

A fourth factor which will have a strong influence on the vegetable oil price complex during 2012 will depend on the supply structure. With palm produce s (CPO+PKO) growing dominance now accounting for close to 69% of all net exports of vegetable oils worldwide, one must appreciate that any shortfall or increase in the supply of palm oil will have a corresponding impact on the total supply of the 17 Oils & Fats and thereby also prices. In this respect, we must now monitor the nation-wide recovery of the pronounced biological yield decline experienced by Malaysian palm oil producers in 2010 and 2011. This should see production recovering in 2012 throughout Malaysia as well as Indonesia, compounded by large tracks of immature palms that will come into bearing during 2012 in Indonesia. Such a situation would very likely apply a downward pressure on prices from the current highs if weather patterns around the world normalize.

v) Labour Shortages

The Malaysian plantation sector continues more than ever to be highly dependent on guest workers from foreign shores such as Indonesia, India, Bangladesh and Nepal. Without these industrious employees who today account for 76% of the total workforce distribution within the Malaysian Palm Oil Plantation Sector, the industry would come to a grinding halt.

If left unaddressed, the chronic labour shortages within the plantation industry will have detrimental effects for many oil palm, rubber, cocoa and coconut plantations throughout Malaysia during 2012.

Whilst every avenue is being pursued to mitigate this within United Plantations by reinforcing our Human Resource Department, we continue to depend heavily on guest workers from Indonesia, Bangladesh and the Southern part of India. Any impediments to the recruitment of these guest workers will not be to the benefit of our Industry, let alone Malaysia. Of crucial importance that needs emphasis is that the Malaysian palm oil industry contributed a massive RM80.3 billion in net export earnings last year.

Prospects & Outlook

In accordance with its replanting policy, United Plantations plans to replant a large area of its old oil palm stands in Malaysia during 2012. More areas in its Indonesian operations will however come into maturity during 2012 and is expected to compensate somewhat for the crop loss from the replanted areas in Malaysia and as such the total production for the Group for 2012 is expected to be slightly better than 2011.

In view of the above, and with the current prices of palm oil and palm kernels prevailing in the market, the Board of Directors expects that the results for 2012 whilst lower than 2011 will still be favourable and higher than that achieved in 2010.

Acknowledgement

In closing, I would like to applaud Management for the various concerted efforts made during the last many years which resulted in our Company being awarded the Best CSR practice in Malaysia on 29 October 2011 and on 21 December 2011, the National Excellent Occupational Safety and Health Award 2011 (Agricultural Category), which were most gratifying.

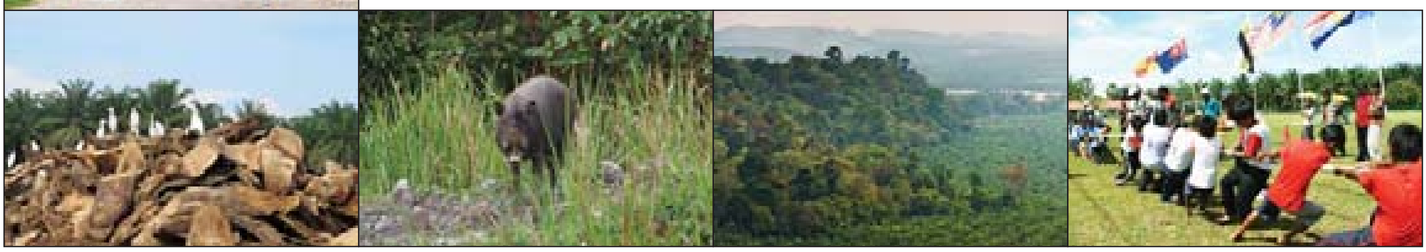
Finally, I would like to take this opportunity to place on record my appreciation of the commitment, understanding and wise counsel I have received from the Directors and the Executive Directors, at all times. On behalf of the Board of Directors, I would also like to place on record my sincere appreciation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

TAN SRI DATUK DR. JOHARI BIN MAT
CHAIRMAN

Estates Director's Bungalow at Ulu Bernam with a beautiful landscape.

Corporate Social Responsibility (CSR)

Contents



Corporate Social Responsibility

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

A vital part of UP's CSR Policy is our commitment to the Principles and Criteria of The Roundtable on Sustainable Palm Oil (RSPO). For generations, UP has focused on maintaining 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 and indicates our commitment to being a leader in economic, environmental and social sustainability.

CSR Policy

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

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

Employees

- We hire educate and train our employees on the basis of our mutual needs and respect in a safe, healthy, open and honest working environment.

- We aim to be recognised as the Employer of Choice through our core values.

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.

Environment

We strive towards being recognized as the leader in sustainable agricultural practices, respecting the balance between economy and ecology.

We are committed to safeguarding the environment by reducing our carbon footprint through continuous improvement of our performance.

Corporate Social Responsibility Award

Two years ago, United Plantations was presented with the award as the best operated plantation in Malaysia. On 30 October 2011, the Company was presented with the award for the best CSR practice in the country. The award is based on the companies' contribution to and the positive impact on employees, environment and local communities as a whole.

The award was presented at a premier event at the Malaysia International Commodity Conference and Showcase (MICCOS). The conference is held every second year and is the largest of its kind in the country.

The Deputy Prime Minister of Malaysia Tan Sri Dato' Haji Muhyiddin Haji Mohd Yassin and the Minister of Plantations Industries & Commodities of Malaysia, Tan Sri Bernard Giluk Dompok presented the award.

List of Awards and Recognitions since 2003

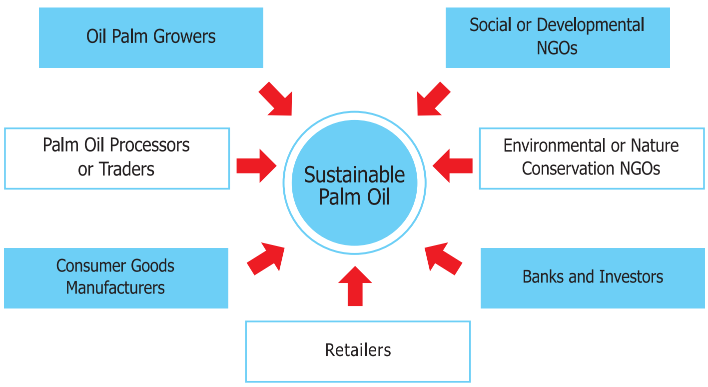
2003	• KPMG Shareholder Value Award • Best Commercial Nursery Award 2003 to Research Department from MPOB
2004	• Winner of the highest OER in the Northern Peninsular Region Award 2004 by MPOB to Jendarata Engineering Department. • Winner of MPOB's Milling Certificate of Competency – 96% - UIE (M) Sdn. Bhd. • Proforest (U.K.) Sustainable Palm Oil Production Certification 2004 – Awarded to Jendarata and Up-River Estates • The Malaysian Government's Award - Winner of the National Most Caring Plantation Employer Award 2004 to United Plantations Berhad (Jendarata Estate) by the Ministry of Human Resources, Malaysia. • Winner of the National Occupational Safety and Health Award 2004 to Jendarata Estate by the Ministry of Human Resources, Malaysia.
2005	• Winner of the Palm Oil Mill Industry Practices and Innovation Award 2003 to Ulu Bernam Engineering Department by MPOB.
2006	• Award for Second Prize Winner in the 2004 Corporate Governance Survey to United Plantations Berhad from Minority Shareholders Watchdog Group (MSWG). • MPOB Award for the highest Oil Extraction Rate (OER) in 2005 to Seri Pelangi Palm Oil Mill.
2007	• Certificate of Excellence Award for Occupational Safety and Health in the Agriculture Category 2006. • Prime Minister's Hibiscus Award 2006/2007 for Notable Achievement in Environmental Performance to United Plantations Berhad.
2008	• Joint winner (with Shell Malaysia) for the Malaysian Business Corporate Social Responsibility (CSR) Award 2007 for Environmental Performance. • RSPO Certification – United Plantations Berhad being awarded the world's first certified producer of sustainable palm oil by RSPO. • Special Award to United Plantations Berhad in the Corporate Governance survey 2008 conducted by MSWG in collaboration with the Nottingham University Business School. • MPOB Award for the highest OER in Peninsular Malaysia and the 2nd highest in Malaysia 2007 to Jendarata Palm Oil Mill.
2009	• Winner of the Best Managed Estate to Jendarata Estate by MICCOS. • KPMG Shareholder Value Award 2008 for 2nd Place Winner under the Agriculture and Fisheries Sector to United Plantations Berhad.
2010	• KPMG Shareholder Value Award for Winner and Sectorial Winner under the Agriculture and Fisheries Sector.
2011	• Winner of the Commodity Industry Award 2011 (Corporate Social Responsibility Category) to Jendarata Estate by MICCOS. • Winner of the National Excellent Occupational Safety and Health Award 2011 (Agricultural Category) to United Plantations Berhad by the Ministry of Human Resources, Malaysia.

UP and The RSPO

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

Established under the Article 60 of the Swiss Civil Code on 8 April 2004, the not-for-profit association embraces today more than 600 ordinary members, 100 affiliates from palm oil and 97 supply chain associates, producers and processors, trading houses, consumer goods manufacturers, retailers, banks and investors to nature conservation NGOs and social or development NGOs. UP is a member since 2004.

Players in the Sustainable Palm Oil Supply Chain



Palm oil is today the most used vegetable oil in the world, contributing to more than 31% of the global production of vegetable oils. Palm oil is versatile and has numerous uses. It is found in food products, soaps, detergents, cosmetics, plastics and over the last number of years also in biofuel production.

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

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

NGOs and Palm Oil

Palm oil producers worldwide, continue to be exposed to much criticism by predominantly Western Non-Governmental Organizations (NGOs). Their accusations take the form of generalized views that disregard the positive 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.

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 the authorities as their actions only help to portray a very negative perception of the industry to the outside world. However, it is important to stress that these 'black sheep' do not constitute the industry as a whole; it is therefore wrong to paint the entire palm oil industry with the same brush.

Environmental and social awareness is absolutely essential and UP will continue to engage itself with the ongoing debate by both supporting and promoting the essentials of sustainable development through the RSPO.

Principles and Criteria

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

Source: www.rspo.org

RSPO
Roundtable on Sustainable Palm Oil

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

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

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

Migros Criteria

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.

First RSPO Certificate

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.

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

Since UP received the world's first RSPO certification, many other companies have managed to become certified and as of 2011, more than 30 companies have obtained certification.

Global Volume Of Certified Palm Oil

The total volume of certified sustainable palm oil globally in 2011 was 5,573,202 MT. The total volume of certified sustainable palm kernels was 1,296,488 MT. The total production area providing the above mentioned quantities was 1,130,969 Ha.

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 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.

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 segregated certified quantity available is approximately 160,000 MT of palm oil and 40,000 MT of palm kernels.

Indonesian Certification Development

The Indonesian Government has during 2011 established a mandatory certification scheme, namely the Indonesian Sustainable Palm Oil Principles & Criteria (ISPO) to ensure that all producers within a few years will have to live up to certain standards when operating in Indonesia. Being mandatory, producers in Indonesia will have to comply with the ISPO criteria and cannot hide behind the voluntary RSPO scheme as members only.

As per our plans, the RSPO certification audit will commence on our newly established properties in Indonesia during the later part of 2012.

The new automated filling and packing line at Unitata refinery.

Unitata gets RSPO Supply Chain Certification

In 2008, Unitata was the first Company to ship refined RSPO certified segregated palm oil to customer worldwide. Since then the RSPO supply chain certification scheme has been established.

The RSPO cooperates with the traceability service provider, UTZ, in certifying downstream manufacturers to handle RSPO certified palm oil and palm kernel oil in the refining processes.

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

Unitata received its Supply Chain Certification in December 2010 and is now officially able to handle and deliver first class Sustainably Certified and Segregated Palm Oil and Palm Kernel Oil solutions to customers worldwide.

UTZ CERTIFIED Good inside ™

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

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

Unitata Refining Complex which was commissioned in 1974, was the first inland Palm Oil refinery in Malaysia, received its RSPO Supply Chain Certification in December 2010.

GreenPalm

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

It is possible to process and ship sustainable palm oil and palm kernel oil separately. However, less than 15% of the global palm oil and palm kernel oil is currently certified as sustainable palm oil by RSPO, the physical segregation of this sustainable oil adds cost at every stage.

The GreenPalm programme bypasses the physical supply chain completely as:

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

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

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

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

By making or selling products which are covered by the GreenPalm programme, food manufacturers and retailers can reward palm producers for working in a sustainable and responsible way, and tell their customers that they have done so. UP was the first Company to sell GreenPalm certificates after being RSPO certified in August 2008.

Today, UP sells part of its sustainable palm oil and palm kernels via the GreenPalm trading platform. As a policy UP reinvests a large part of the additional premiums from GreenPalm certificates back into CSR activities.

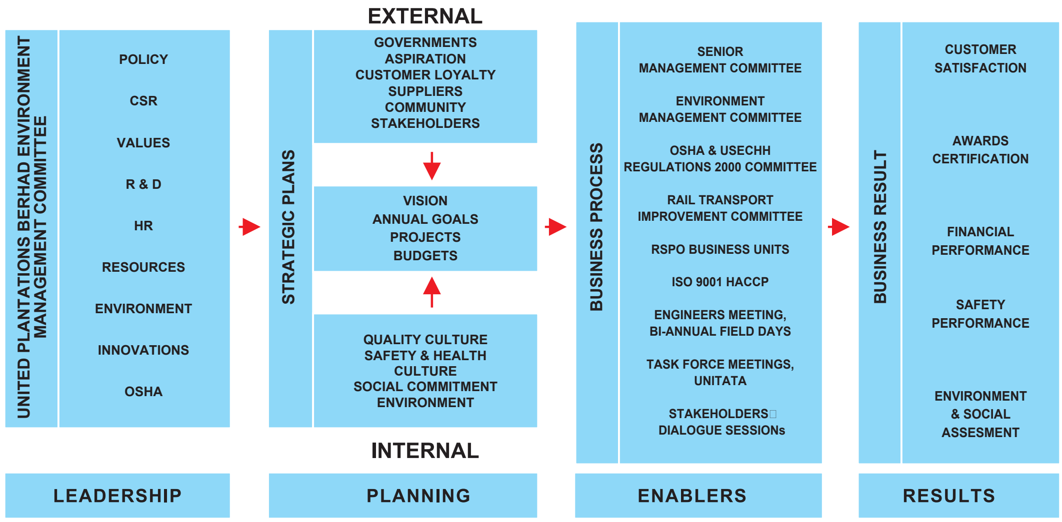
Mr. Torben Friis Lange and Mr. Chan of the AAK Group officially inaugurating the new Filling Plant at Unitata on 4 July 2011.

Tall palm harvesting is a highly skilled manual operation. Shortage of harvesters is a major concern for the industry.

Operations and Environment Management System

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

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



Operations & Environment Management System (OEMS)

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

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

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

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

Code Of Conduct and Business Ethics

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

Standard of Conduct

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

Obeying the Law

UP Group, 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.

Employees

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

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

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

Consumers

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

Shareholders

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

Business Partners

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

Community Involvement

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

The Environment

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

Competition

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

Business Integrity

UP does not give or receive whether directly or indirectly bribes or other improper advantages for business or financial gain. Similarly such unhealthy practices by its 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 Company Secretary who reside on the plantation, practise an "open door policy", factors which have been of great benefit towards encouraging whistle blowing for generations.

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

Members of our Company's Auxillary Police Force at Runtu Estate, Pangkalan Bun, Indonesia.

Employees

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

Rights of Employees

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

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

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

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

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

The esprit de'corp that exists in the UP culture is a vital part of our working environment.

Presentation of retirement gifts at the farewell dinner for two executives of UP, Mr. Ganasan Sellamuthu and Mr. Ganasen Seethambaram who retired on 31 December 2011.

Unitata rewarding and recognizing its long serving employees for their loyalty, commitment and dedication.

Sexual Harassment Policy

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

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

Gender Committee

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

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

Our lady employees dressed in purple and green in support of International Women's Day.

Occupational Safety And Health Policy

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

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

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

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

Treating palms against rhinoceros beetle attacks via a tractor facilitated operation.

Occupational Safety and Health

Award

On 22 December 2011, only two months after being presented with the Malaysian Award for the best CSR practice in Malaysia – United Plantations was presented with the National Excellent Occupational Safety and Health Award 2011 (Agricultural Category).

The award was presented by the Deputy Minister of Human Resources, Malaysia, Senator Dato' Maznah Mazlan. The winner was selected by the Malaysian Working Environment Authority based on amongst others, the following criteria: implementations of safety and health measures, employee participation, safety control, safe handling of chemicals and continuous improvement of safety and health standards.

Estate Group Hospitals

The Company operates two well-equipped estate group hospitals 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 and Safety Committee meetings are held in accordance with Department of Safety & Health (DOSH) regulations.

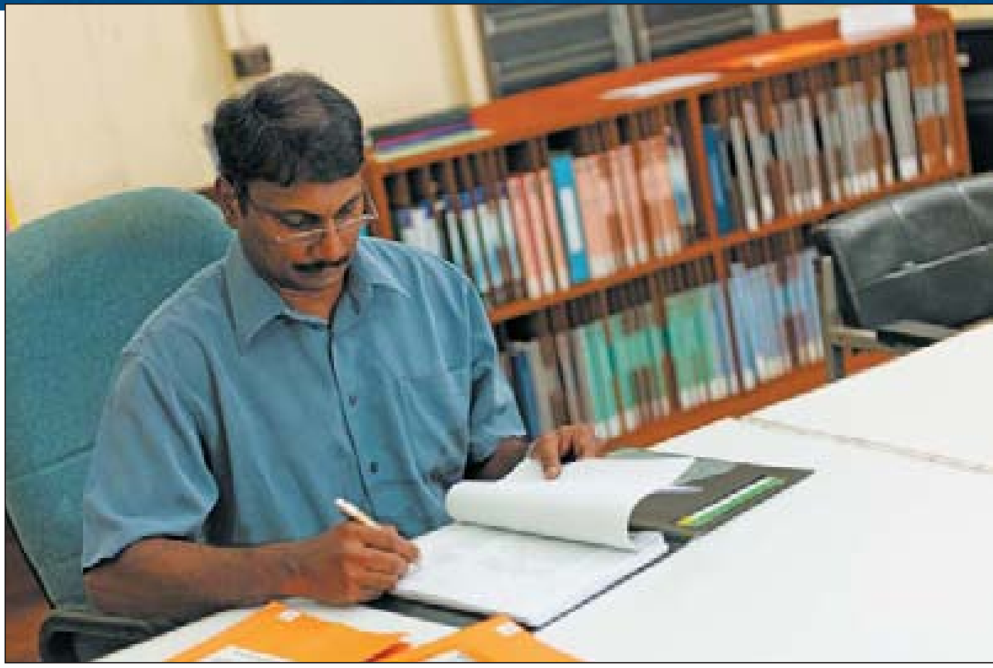
Safety operating procedures and system checks for all processes and equipment are in place and product quality standards are stringently maintained in a responsible manner.

CHRA

Chemical Health Risk 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

Dr. Tan Kim Soon, the Company's Visiting Medical Officer, examining one of our employees during his daily visits.



Mr. Mohan Das, Group Manager, Jendarata Estate going through the work program for the next day.

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 the operation of a 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, analyze 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.

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.

Pesticide spraying personnel are required to use Personal Protective Equipment (PPE). Regular briefings are given on the proper use of PPE.

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 issue as sustainable development cannot be achieved without engagement with stakeholders.

Grievance Procedure for Stakeholder Issues

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

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

Procedures for Our New Expansion

When studying possibilities of further expansion in Indonesia (Phase 2 expansion) great care is taken to ensure that existing legal, environmental and social requirements are met in connection with the new areas. Preference is given to areas clearly identified as "degraded", where the vegetation is bush and grassland and cannot support significant biodiversity.

For all potential developments, the proper legal status of the areas considered are checked. Only areas with undisputable status will be considered for future expansion.

New Planting Procedures

UP will continue to follow the principle and criteria of the RSPO including the New Planting Procedures (NPP) which both impose a rigorous process, subject to review by an independent third party certifying body and posted for public comments on the RSPO website.

High Conservation Value Surveys

As a member of 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 assessments (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.

This is in line with the company's policy to maintain and manage the ecological integrity of the landscape in which UP operates its palm oil plantations, as well as to provide necessary habitat for endangered and critically endangered species that are found in or adjacent to UP's properties.

UP has a policy of "zero tolerance" to the killing of endangered and protected species, herein also

Land ownership documentation and community mapping is a key aspect of establishing plantations in Indonesia.

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 as well as animals - will be retrenched 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.

Land Disputes in Indonesia

In Indonesia land disputes are inevitable and part of managing plantations in the country. To minimize 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, and 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.

Land ownership documentation being properly checked by our officers in Indonesia.

Beneficial plants are part of the Company's intergrated pest management.

Minimising Pesticide Usage

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.

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

According to FAO:

Integrated Pest Management, 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.

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.

United Plantations Palm Oil (Malaysian Operations)				Soybean	Sunflower	Rapeseed
	2009	2010	2011			
Pesticide / Herbicide (kg per tonne oil)	0.46	0.59*	0.59*	29	28	3.73

** Due to the fall in production during 2010 / 2011 the pesticide/herbicides usage figure has increased compared with 2009.*

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

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

Establishing Beneficial Flowering Plants

To-date a total of 138,114 beneficial broadleaf flowering plants have been planted in our plantations encouraging parasite and predator activities which is a vital part of our IPM programme. This represents a five-fold increase in the number of beneficial plants planted over the last 5 years which is set to further rise in the coming years.

Cassia cobanensis	-	*40,309 planted*
Tunera Subulata	-	*70,537 planted*
Antignon leptosus	-	*9,171 planted*
Carambola sp	-	*6,382 planted*
Others	-	*11,715 planted*

Encouraging predator activity through establishing flowering plants.

Surveillance and Monitoring of Pest Outbreaks

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

Use of Biological Pesticides and Pheromones

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

Barn Owls

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

Barn Owl Boxes - 1,632 boxes over 27,759ha (17ha coverage per box).

Mowing of Harvesters' Paths

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

Use of Safer Class 3 & 4 Pesticides Where Ever Possible

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

Sycanus dichotomus predating on a caterpillar pest of Pueraria Javanica. Sycanus is a beneficial insect predator of several leaf eating caterpillars of oil palm, keeping them under control.

Monocrotophos

Monocrotophos is a Class 1B insecticide which is permitted in Malaysia for trunk injection of palms effected by bagworm. Foliar application usage was disapproved by the Malaysian Government in 1996. Efforts to source and evaluate alternatives for the Class 1B insecticide, monocrotophos, have been ongoing since 2006 and are still being pursued together with several multinational chemical companies, amongst others Bayer, BASF and Syngenta. So far we have not been able to meet our internal goals of phasing out monocrotophos as the 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.

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* (see box below) 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 Roundtable on Sustainable Palm Oil's Principles & Criteria.

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 138,114 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.

UP - CABI Collaborative Project on Bagworm Control

Since the 1980s the Southern Perak region where UP is situated has been prone to bagworm and nettle caterpillar outbreaks. In recent years tens of thousands of hectares of oil palm plantings in the region have suffered from bagworm infestation. However, with our 5-Step Integrated Pest Management Programme, UP has managed to keep these pests under control whilst minimizing the use of insecticides.

In its further commitment to sustainable practices, UP has entered into a collaborative project on bagworm control with the Centre for Agricultural Biosciences International (CABI) on 18 October 2011.

Since its inception in 1910 CABI has a long and distinguished history in agricultural research with core competencies in the field of biological pest control. The CABI Southeast Asia team will collaborate with United Plantations Research Department personnel to explore the efficacy of various bio-control agents such as predators and other entomopathogens to control bagworm populations.

The objective of the study is to develop an effective strategy to manage bagworm pests in oil palm through the mass rearing and release of predators complemented with the application of entomopathogens in affected fields. The eventual benefit of this endeavour will be sustainable bagworm control requiring minimal intervention with chemical insecticides.

Dr Loke Wai Hong, Regional Director, CABI SEA with Dato' Carl Bek-Nielsen, Executive Director (Corporate Affairs), at the launching of the collaborative project.

Extensive bagworm infestation in properties neighbouring UP.

Calibration for Pesticide Application Equipment

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

Chemical Health Risk Assessment (CHRA)

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

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

Input	Per tonne oil basis					
	Oil Palm*			Soybean**	Sunflower**	Rapeseed**
	2009	2010	2011			
Fertiliser nutrients						
Nitrogen (N-kg)	16	18	16	315	96	99
Phosphate (P_2O_5-kg)	7	5	7	77	72	42
Potash (K_2O-kg)	32	32	33	NA	NA	NA
Magnesium (MgO-kg)	4	3	4	NA	NA	NA
Pesticides/Herbicides (kg)	0.46	0.59	0.59	29	28	3.73
Energy (GJ)	0.40	0.49	0.42	2.9	0.2	0.7

* includes palm oil + palm kernel oil (UP, 2009-2011-Malaysian Operations)

** Data from FAO, 1996-Pesticide data for rapeseed updated in 2011.

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

A hydraulic excavator chipping the trunks of the old stand, in line with our zero-burn policy.

Community

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

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

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 2011 to maintain the highest possible welfare standards for our workforce.

Contributions to Society and the Local Community

Today, our Group has eight Primary Schools and six Kindergartens on its properties which are maintained by the company, providing education for more than 427 children ranging from the age of 5 to 12 years.

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

In addition, 63 scholarships were granted to children of our employees during 2011, thereby enabling these students to pursue their tertiary studies.

Official opening of the new Jendarata Division 1 Tamil Kindergarten by Dato' Carl Bek-Nielsen.

Beautifully designed modern houses for employees at Lima Blas Estate completed during 2011, in line with the Company's goal to provide its employees with the best housing facilities.

The Ho Dua Tiam Community Hall built for employees at Sungei Bernam Estate to facilitate private, special and religious functions.

Official Inauguration of the newly built guest workers' quarters at UIE, by Dato' Sh. Yahya bin Sh. Mohamed, Director General of Labour Department, West Malaysia, on 2 December 2011.

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 2011 in line with the Company's goal to provide its employees with the best housing facilities within the Industry.

The construction of additional 20 houses are currently in progress and will be completed before the middle of 2012.

Upgrading of our guest workers living quarters which our Company embarked on 2010 is progressing well with the first two apartment blocks reaching completion during 2011. These will provide the finest living facilities in our industry and provide a living area of 220m^2 per unit encompassing 3 bedrooms, kitchen, 2 bathrooms and a large hall and patio. More than 20 additional terrace apartment blocks are being built which combined, will provide the housing needs of more than 450 employees during 2012.

Hindu Temple Consecration

On 5 February 2012, the Company participated in the consecration ceremony of the 38 year old Hindu Temple at Sungei Bernam.

New Mosque

Construction of a new mosque at Sungai Erong and Sungei Chawang Estates commenced in 2011 and will be completed by the third quarter of 2012. This beautiful mosque will help to meet the growing needs and requirements for our Muslim population on these two estates.

Guest workers' housing facilities at UIE.

Annual benevolent payments as well as other compassionate and educational payments made by the Group to workers amounted to RM830,920 during 2011.

The Company is more and more dependant on guest workers because of urban migration of local workers.

It should be noted that we have 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.

Social and Environmental Commitments of United Plantations Berhad

	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM	Grand Total RM
Hospital & Medicine For Employees	1,127,991	1,294,552	1,282,014	1,629,885	1,751,450	7,085,892
Retirement Benevolent Fund	271,000	247,000	189,000	209,000	259,000	1,175,000**
Educational Welfare, Scholarships & Other	103,843	122,960	165,430	182,917	327,153	902,303**
Bus Subsidy for School Children	272,643	291,007	272,429	252,154	244,767	1,333,000**
External Donations	118,013	155,011	153,923	100,948	121,119	649,014
New Infrastructure-Road, TNB and Water-supply for domestic use	1,677,481	1,879,311	1,480,963	1,321,092	715,825	7,074,672
Employee Housing	2,531,894	1,319,728	3,232,642	11,136,883	16,277,018	34,498,165
Infrastructure Projects, Building Community Hall, Places of Worship	99,698	476,655	423,150	353,054	1,929,078	3,281,635
Provision of Social Amenities	N/A	N/A	8,395,000	7,824,000	9,660,000	25,879,000
Environmental friendly Operational activities	6,100,000	7,087,000	7,700,000	8,496,000	8,411,000	37,794,000
Environmental friendly projects (Biogas, Biomass-others)	N/A	N/A	N/A	12,600,000	2,373,000	14,973,000
Biodiversity & Conservation (Forest reserve, Endangered tree species projects, Colaboration with Copenhagen Zoo)	3,900,000	5,600,000	475,000	550,000	1,481,066	12,006,066
TOTAL	16,202,563	18,473,224	23,769,551	44,655,933	43,550,476	146,651,747

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

Number of Employees within the Group - Year 2008 to Current

	29 Feb 2008	28 Feb 2009	28 Feb 2010	28 Feb 2011	29 Feb 2012
UP Bhd	5,795	5,613	5,397	5,463	5,489
Unitata Bhd	482	467	399	308*	267
Bernam Agencies Sdn Bhd	3	3	-	-	-
Butterworth Bulking Installation Sdn Bhd	16	15	18	17	17
PT SSS1, Indonesia	1,023	1,227	1,142	1,084	994
PT SSS2, Indonesia	-	-	222	188	140
Total	7,319	7,325	7,178	7,060	6,907

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

Vacancies / Shortages in the Group's Plantations and Mills As Per Job Categories, as at 29 February 2012

Job Categories	Existing Workforce			Vacancies/ Shortage	Total No. of Workers Required
	Local	Foreign	Total		
Oil Palm Harvesters	22	1,684	1,706	-33	1,739
Field Workers	285	1,246	1,531	-22	1,553
General Workers	626	871	1,497	-25	1,522
Skilled Workers	83	62	145	+1	144
Coconut Huskers	-	217	217	-2	219
Total	1,016	4,080	5,096	-81	5,177

Bethany Home

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

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

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

UP is proud to sponsor the students and facilities at Bethany Home. Currently the centre has 155 students (children and adults) of all races and religions. A special donation was extended to two students, one of whom won a silver and a bronze medal in the BOCCE games at the special Olympic World Games in Athens, Greece in June 2011.

Sporting Activities

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

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

An Annual badminton tournament is held at Jendarata Badminton Court, which is open to all employees of UP and Unitata.

A friendly match between our UP football team and the Malaysian Women's National football team at Jenderata Estate on 8 October 2011.

Smallholders' Field Day

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

Plasma Schemes/Outgrower Schemes

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

UP's Commitment to Plasma Projects

The Indonesian Governments objective is to ensure the establishment of Plasma Projects equivalent to 20% of a Company's planted area. UP is pursuing the Governments Plasma objective and further areas will be developed for this purpose in 2012.

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

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

One of the Plasma Schemes near Lada Estate which is designed to assist smallholders and alleviate poverty.

Marketplace

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

Quality Policy

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

Our Quality Philosophy Includes:-

- **U**pholding the name and reputation of 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.

High quality cooking oil produced at our Unitata Refinery, ready for consumer use.

Environment

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

Our Environmental Policy

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

Our Objectives:

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

A rhinoceros hornbill found around Jendarata Estate.

Photosynthesis - The Pillar of our Existence

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

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

The morning rays that gleam through the canopy signals the dawn of another tranquil day at the plantation.

Deforestation – How to balance Development & Conservation

Globally, according to the Food & Agricultural Organization (FAO), 13 million hectares of forests are cleared every year. Between 1990 to 2011 almost 300 million hectares of forests were cleared and converted into other uses such as commercial ranching, agriculture, town expansion as well as infrastructural projects amongst others.

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

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

Indeed, things should be put in perspective and acknowledgement given to the fact that the worldwide area under mature oil palms from 1990 to 2011 increased by 9.17 million hectares thus accounting for only 3% of the total area of 300 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.

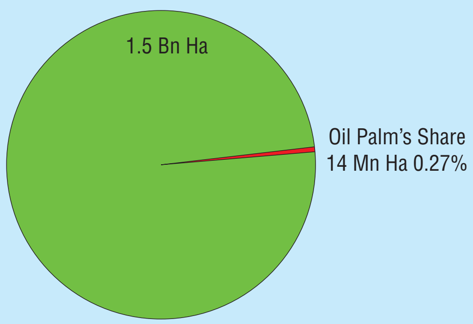
Global Population

Herein, one must recognize that the world's growing population has now reached 7.1 billion people and 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 its toll. This very much also includes the pressure on the world's finite land banks.

As can be seen in Table 1, the total global land bank area is today estimated to be 13.011 billion hectares. Of these 4.884 billion hectares or 37.5% is currently under agricultural land, of which, 1.527 billion hectares or 31.3% is designated as land with permanent agricultural crops leaving the remaining 68.7% or 3.357 billion hectares of agricultural land under the category of permanent meadows and pastures.

Global Land with permanent agricultural crops



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

Source: FAO

Mature oil palms' share of the world agricultural land (permanent crop, meadows and pastures included) as of 31 December 2011 was 13.44 million hectares or equal to 0.27% of the area. In spite of this the oil palm (which produces palm oil and palm kernel oil) accounted for about 31% of the world's total 17 oils and fats in 2011.

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

Forests being cut down by loggers in Kalimantan for their valuable timber.

Land available for our Phase 2 expansion in Kalimantan predominantly comprises grassland such as this in Natai Kerbau area.

United Plantations' Carbon Footprint Initiatives

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

Life Cycle Assessment (LCA)

In 2006, following the completion of the world's first panel reviewed Life Cycle Assessment (LCA) study on the "cradle to grave" production of 1 tonne 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 in accordance with the ISO 14040 and 14044 International Standards on palm oil was finalized in 2008 and subsequently underwent a critical panel review. Update to this LCA was carried out by 2.0 - LCA Consultants from Aalborg, Denmark from February 2011 to May 2011. The updated LCA provided management with a comprehensive 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 within our Group. Our company continues to remain at the very forefront in terms of implementing Clean Development Mechanisms (CDM) within the Plantation Industry in accordance with the Kyoto Protocol, whose objective is to reduce GHG emissions in industrialized countries by at least 5% below the 1990 levels in the commitment period 2008-2012.

Emissions Reduction

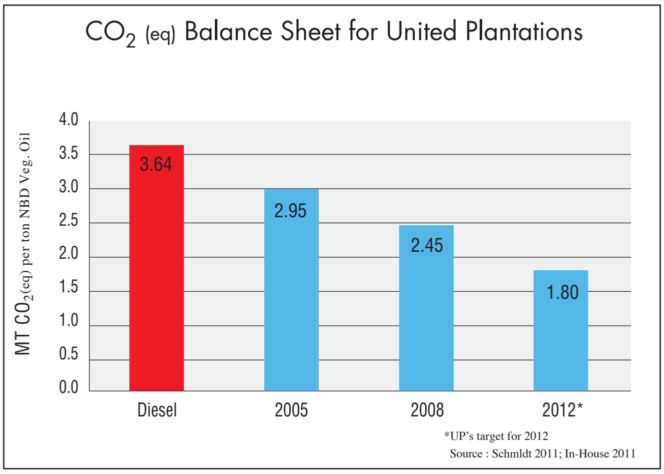
Since then significant investments have been made in promoting green energy starting with the Biomass Reciprocating Boiler cum Power Plant and constructing three Biogas Plants. These projects combined have since helped to significantly reduce our emissions of CO_2 by 70% and CH_4 by 80% at the respective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

Clean Development Mechanisms (CDM)

Today, United Plantations, has a total of 4 CDM projects which have been registered under the UNFCCC. Combined, these projects will help to reduce 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 ton of refined palm oil produced by 35% by 2012 when compared to pre-2005 levels.

Indonesia's Biogas Plant

To further reaffirm our commitment towards reducing our GHG emissions, the construction of a Biogas Plant, the first of its kind in Central Kalimantan has commenced at our Company's Palm Oil Mill in Indonesia. This is expected to be commissioned by or before February 2013. This upon completion will be our Group's fourth Biogas Plant.



Carbon Footprint

Biomass reciprocating boiler, one of our CDM projects.

Our third Biogas Plant operational at UIE, surrounded by a well laid out nursery.

1979:
The UP/Humboldt effluent plant at Ulu Bernam Palm Oil Mill. The Chief Engineer, Mr. H.K. Jorgensen, beside the rotary drying kiln built in the estate workshop. The plant was successfully commissioned and converts palm oil effluent into a granulated commercial product.

Early 2012:
Mr. H.K Jorgensen and his wife Mrs Carrie Jorgensen on their recent return visit to Jendarata Estate with Dato' Carl Bek-Nielsen, Mr Rajasegaran and together with some of his engineering colleagues, whom he used to work with during his time at UP more than 33 years ago.

The EXCO and Managers of our Indonesian operations having a discussion with Dr. Carl Traeholt of Copenhagen Zoo on the various projects carried out by our Biodiversity Division.

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 5,000 hectares of land for conservation purposes representing approximately 10% of our total planted area in order to encourage biodiversity and wildlife on our estates. In Indonesia UP has set aside approximately 35% of its land consession 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 and who have established a series of collaborations and partnerships. One such partner is Copenhagen Zoo (CPH Zoo).

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

When UP in 2006, took over the properties in Indonesia consisting of 15,500 Ha of land (PT SSS1), about 7,930 Ha was heavily logged secondary forest and the rest grass and bush land. The High Conservation Value Assessment,

Dr. Carl Traeholt of Copenhagen Zoo, together with Pak Muhammad Silmi, Assistant Manager Biodiversity Division surveying the rehabilitation of conservation areas in our Kalimantan Estates.

Storm's Stork seen on Runtu Estate, PT SSS1. The world population is less than 500 individual and is classified as endangered on the IUCN Red List of Threatened Species.

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

Today, the company has set aside 35% of its Indonesian land bank as conservation areas which is in line with our commitment towards merging economic development with conservation measures.

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

Biodiversity Division - progress and challenges

Building up the infrastructure

When UP and Copenhagen Zoo (CPHZOO) signed the MOU at setting up a Biodiversity Division (BioD) at PT SSS, UP effectively also acknowledged the need to integrate and

A king cobra approximately 5 meters in length, seen here eating a monitor lizard.

The Leopard cats (Prionailurus Bengalensis) are found in our Kalimantan Estates.

mainstream environmental concerns into the company's standard operational practices. Immediately after agreeing to an operational and procurement budget, job terms of references and descriptions were developed for all positions in the planned new division. Job vacancies were announced in Indonesia's NGO network, University networks and through organizational and personal contacts, and by January 2011 we had received 30 applications for the division's four senior positions (manager, forester, zoologist and GIS officer). After a screening process, shortlisted candidates were interviewed in UP's Jakarta office at the end of January 2011, however, only one candidate met the requirements and was recruited as the division's zoologist. The recruitment process was completed by June, 2011, when suitable candidates for the positions of forester, GIS officer and part time manager were identified. The Division consisted of:

- Mr. Bjorn Dahlen (BSc anthropology; MSc geography), Division manager

- Mr. Muhammad Silmi (MSc biology), Assistant manager

- Mr. Sakti Anggara (BSc geography - GIS), GIS officer

- Ms. Ummi Farikhah (Diploma forestry), Forestry officer

Subsequently, two rangers Pak Mislan and Pak Rudy joined the team.

Procurement of the Division's key operational equipment, such as 4 wheel drives vehicles, Davis weather stations, computers, camera traps and precision instruments for water quality testing took place concurrently with the recruitment process. Whereas, the procurement office at PT SSS made, the purchases of vehicles and motorbikes, a large part of the technical equipment (e.g. weather stations, camera traps, water quality instruments) was procured from the USA and EU.

In March 2011 the first brick for a new BioD office was laid as part of the PT SSS Research office. The BioD office was officially opened in September, 2011, when the BioD made a short presentation to Her Royal Highness Princess Benedikte of Denmark, UP's senior management, Copenhagen Zoo's vice-director and other prominent guests at the new auditorium. The completion of the BioD'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 at PT SSS.

Biodiversity Division in operation

With the fundamental operational infrastructure in place, June 2011 effectively became the BioD's first month of operation. Immediately after the Division manager's arrival, the BioD held its first planning session where a list of goals, priorities and activities were developed following the Logical Framework Approach. The BioD listed all existing environmental, mapping and social challenges and made proposals on how to address and overcome

Pak Muhammad Silmi, with one of the 1,200 rengas seedlings (Gluta rengas) that have been planted in field 86 wetland of Lada Estate's division 2.

Cuttings of the "waru tree" (Hibiscus tilliaceus) were collected from swamp conservation area in Lada Estate and propagated for rehabilitation purposes at the Tree Nursery.

these. Subsequently, the BioD identified nine key *outputs* supported by more than 120 *activity* areas and hundreds of activities. In itself, it is an impossible task for the new BioD, however, with proper integration and support from the existing management group all tasks will be carried out in due time. Some of the focal areas that the BioD gave highest priority were:

Biodiversity and baseline information

- Baseline biodiversity surveys for important conservation areas (e.g. Glady's Conservation Area, Runtu E)
- Determine presence of orangutan - and other endangered species - in any of the conservation areas of Lada, Runtu and Umpang Estates
- Development of a water quality sampling procedure
- Establish baseline of illegal activities within the company's conservation areas (e.g. logging, hunting, plantation development)

GIS and mapping

- Develop accurate up-to-date legal map layers for all PT SSS (e.g. location permit, community land, land status etc)
- Develop accurate up-to-date map layers for conservation and environment (e.g. habitat type, streams, environmental laws, RSPO regulations etc)
- Develop accurate up-to-date map layers for plantation operation (e.g. roads, canals, housing, divisions etc)
- Mainstream the use of accurate up-to-date maps in PT SSS

Forestry and rehabilitation

- Identify all areas in need of rehabilitation
- Describe priority habitat and identify, procure and propagate plant species needed for rehabilitation
- Setup nursery for native tree species
- Begin rehabilitation process of priority areas

Communication and mainstreaming

- Integration of Biodiversity Division into PT SSS' operational team
- Develop communication procedures with the rest of PT SSS
- Development of monthly biodiversity newsletter
- Promoting integrated planning and mainstreaming of environmental concerns in PT SSS

A majority of the biodiversity, GIS and rehabilitation activities are unfolding or already completed. With encouraging help and support from Lada Estate's Division 1 manager the BioD setup a tree nursery in conjunction with the palm nursery located at Lada Estate's new field office. Subsequently, the BioD collected more than 5,000 seeds and cuttings from PT SSS' conservation areas and propagated these at the nursery. In addition, several species unavailable in nature due to natural flowering cycles *(e.g. Jelutung)* were purchased from local nurseries. Concurrently, a rehabilitation plan was developed with the Lada Estate’s Division 2 manager, who has lend significant positive support the rehabilitation process at Field 86. The combined effort lead to reaching a milestone in December, 2011, when the first 500 seedlings of *rengas*, *pulai*, *jelutung* and *durian* were planted in Field 86 wetland of Lada Estate's Division 2. To ensure sufficient supply of seedlings for rehabilitation processes, collection and propagation of native tree seeds continues. Some species, such as the revered and endangered Bornean ironwood *Ulin (Eusideroxylon zwageri)*, are exceptionally slow growing and difficult to propagate, however, the BioD has collected more than 200 seeds of the species and is propagating these successfully. To date, the nursery stocks several thousands of seedlings representing more than 15 different native tree species.

Preliminary surveys using camera traps and ground transects confirmed the existence of seven primate species in Glady's Conservation Area, Runtu and Umpang Estates (Orangutan, *Pongo pygmaeus*, Proboscis monkey, *Nasalis larvatus*, Silvered langur, *Trachypithecus cristatus*, Maroon langur, *Presbytis rubicunda*, Bornean gibbon, *Hylobates muelleri*, Pig-tailed macaque, *Macaca nemestrina*, Long-tailed macaque, *Macaca fasicularis*) along with charismatic species such as Malayan sun bear *(Ursus malayanus)*, sambar deer *(Cervus unicolour)* and leopard cats *(Prionailurus bengalensis)*. Unfortunately, the BioD also recorded recurrent illegal encroachment by local communities with guns and chain saws. Whereas the trespassers were informed about the illegalities of their activities and requested to leave, others kept replacing them soon afterwards. Such scenarios remain common throughout Indonesia and with that all of PT SSS' conservation areas, which indicates that a major and critical community development task lies ahead for the PT SSS management group.

Future challenges and commitments

The first year in action has seen remarkable progress in developing the necessary infrastructure to ensure the BioD's full operation. With the infrastructure in place, UP has provided an early and ideal platform for the BioD to commence operation. The next step is to make the BioD operation contribute effectively to the overall Company goals.

Some of the BioD's initial activities, however, exposed critical weaknesses in integrated planning processes, mapping and community development. The BioD and the management group improved the communication platform to facilitate optimal integration and effect of the new Division's activities within the system, which has helped address and improve operational weaknesses by focusing on the root of the problems. Whereas communication has improved significantly, proper integration of the BioD into standard management and operational processes is not yet in place. The transition from employing largely reactive management measures to proactive planning remains a key challenge for the future.

For this to take place, it is important that the rest of the management group perceives the role of the BioD in a realistic context i.e. as a unit that contributes positively to improving the outcome of the Company's operations. The BioD will continue to provide quality environmental and GIS information that is based on national and international laws, RSPO P&Cs and ecological integrity of the property, so that PT SSS' management group can make informed and better decisions.

Integrating environmental concerns into standard operation practices is more far reaching than developing a BioD. It entails a new way of thinking and introduces a new definition of good agricultural practices. Whilst yield constituted the most important measurable parameter of success in the past, proper social and labour standards soon became included in the success criteria. This necessitated a review of the business model, where profit expectations were reset to accommodate the cost of incorporating such new standards into the operation. Similarly, integrating environmental concerns into the business model requires an understanding that future agricultural operations must consider environmental integrity. Ultimately, the formation of the BioD 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.

The BioD is well equipped to meet most of the challenges for the immediate future. Understandably, the integration process of the new BioD into the existing system required extra effort and time. For the immediate future one of the key challenges for the BioD is to continue to work towards full integration within the system. At the same time, it is critical that the existing system ensures that there is an enabling corporate environment that is receptive to integrating the BioD adequately, and thereby ensuring optimal operational outcome. With sustained commitment from all parties, I am confident that successful integration and mainstreaming of environmental concerns will take place, and that UP will be well equipped and well prepared for the future agricultural landscape.

The Kingham-Cooper Tree Species Reserve

The Endangered Tree Species Reserve at UIE continues to progress with a further 1,000 diverse trees planted at the Lagoon Reserve, the Park areas surrounding the Head Office, and the Biogas Plant during 2011.

Since early 2008 to date, a total of 9,500 trees from across 200 diverse tree species and over 50 Family groups have been established. This will indeed become a valuable source of seeds for our own nursery cultivation and tree plantings within the Estates, and will enable our planting executives within the Group to gain a wider understanding of local tree species, adding to efforts of conservation of endangered tree species from Tropical Asian region, which can be further established along river reserves, other uncultivated areas such as hill slopes and parklands, with the objective of creating a true bio-diversity of tree species for the future.

The Tree Reserves have also attracted a wider range of birds and small mammals due to shelter and fruits produced from the trees.

The Kingham-Cooper Trees Species Reserve at UIE has about 9,500 trees planted todate. Seedlings are propagated for rehabilitation purpose at the Jungle Tree nursery at UIE.

Production and Level of Utilisation of Oil Palm Biomass Residues in UP in Year 2011 (Dry Matter Basis-Malaysian Operations)

Biomass	Quantity Produced (tonnes)	Quantity Utilised (tonnes)	% Utilisation	Method of Utilisation
Trunks and fronds at replanting	107,801	107,801	100	Mulch
Pruned fronds	315,013	315,013	100	Mulch
Spent male flowers	30,290	30,290	100	Organic matter recycled on land
Fibre	63,968	63,968	100	Fuel & mulch in nursery
Shell	38,971	38,515	99	Fuel and mulch for polybag seedlings
POME	27,455	21,610	79	Biogas generation, nutrient source and base for organic fertiliser production
EFB	78,184	74,275	95	Mulch and Fuel
Total	661,682	651,472	-	-
Level of utilisation = 98%				

In 2011, a total of 661,682 tonnes of biomass residues were generated through the field and mill operations of the company. Of these, 651,472 tonnes or 98% of the total were effectively utilised with most of the residues recycled as organic matter back to the land as organic mulch in the fields and nursery or as fuel source, thereby enriching our soils and displacing the use of fossil fuels whilst adding value to these biomass.

Fertiliser Equivalent and Monetary Value of Oil Palm Biomass Residues Recycled on Land in UP in 2011 - Malaysian Operations

Biomass Residues	Method of Utilisation	Quantity Utilised on Dry Basis (tonnes)	Fertiliser Equivalent (tonnes)			
			Urea	Rock Phosphate	Muriate of Potash	Kieserite
Trunks & fronds at replanting	Mulch	107,801	1,348	453	1,734	826
Pruned fronds	Mulch	315,013	7,101	2,310	6,006	3,932
Spent male flowers	Organic matter	30,290	975	645	1,792	930
EFB	Mulch	63,956	1,112	469	3,091	711
Digested POME	Irrigation	21,610	752	475	1,181	864
Total (tonnes)		538,670	11,288	4,352	13,804	7,263
Monetary value (RM)			15,012,331	1,645,229	18,774,448	3,973,038
Total monetary value RM 39,405,046						

With a strong focus on sustainability, the recycling of field and mill biomass residues back to the oil palm land remains a cornerstone of UP's practices. Besides enhancing the soil's physical, chemical and biological properties, their application also has a favourable impact on oil palm yield. In 2011, the total organic matter recycled on land in UP amounted to 538,670 tonnes, with a carbon content of 215,468 tonnes. At this rate we are recycling 17 tonnes of organic matter or 7.3 tonnes of carbon per hectare, thereby helping to replenish the soil carbon status.

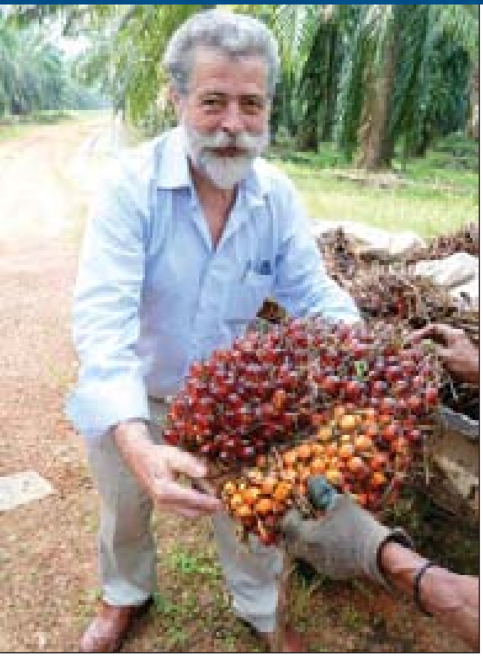
Upon mineralization, the organic residues release substantial quantities of previously locked plant nutrients to the soil which is available for palm uptake. The fertiliser equivalent of the material recycled on land is of the order of 36,707 tonnes of NPKMg fertiliser worth a substantial RM39.41 million in terms of current fertiliser prices in 2011.

Isokinetic Monitoring of Gaseous Emissions from the Palm Oil Mills

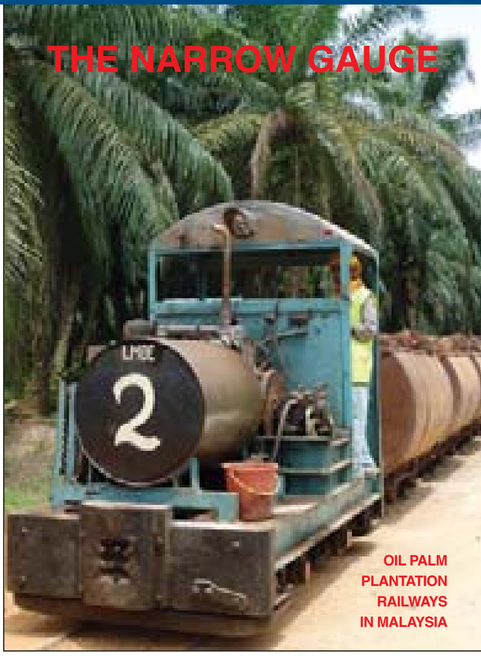
Monitoring of flue gas emissions by certified assessors were conducted throughout 2011. The average dust concentration in the flue gases of all six palm oil mills in UP, Malaysian Operations are as tabulated. Readings for the past year were well within the Department of Environment's allowable limit of 0.4 g/Nm^3 as per the Environment Quality Act, 1978.

Palm Oil Mill	Average Dust Concentration (g/Nm^3)
Jendarata Stack 5	0.173
Ulu Bernam Boiler 2 & 3	0.290
Seri Pelangi Stack 1 Stack 2	0.224
UIE Stack 2 - (Boiler 1 & 2)	0.236
Ulu Basir Stack 1	0.325
Lima Blas Boiler 1 & 2	0.253

The Lagoon with our Jungle Tree Species reserve and the Biogas Plant in the background at UIE. Our fourth biogas plant is being established on our Indonesian property which is a testimony to our commitment to reducing our Carbon Footprint.



Mr Norman Drake,
Railway enthusiast.



Plantation Railway System on United Plantations

Mr. Norman Drake, a railway enthusiast from Perth, Western Australia, visited United Plantations a few times in order to see our railway system in operations. The result of his visits was a special article on United Plantations railway system featured in the special 215th issue of the "Narrow Gauge Magazine", published by the Narrow Gauge Railway Society (NGRS).

When asked why a Malaysian railway system had been selected to be featured in the edition, published to coincide with the society's 60th AGM, Mr. Alan Burgess, Chairman of the Society said "The fact that United Plantations' narrow gauge railway systems are in daily constant use and have become an indispensable part of the Company's operation, fully illustrates the benefits of using narrow gauge railways".

Comments by Mr. Norman Drake:

"Have you ever embarked on a project, the results of which turn out far better than you could ever imagined? This is what happened to me when I made a trip to Malaysia in July 2009. I flew to view the extensive network of light railways on just one company's huge oil palm plantations. Before I start giving the wonderful details about what I saw, I must write a few words to explain how I came to visit these vast 70cm gauge networks. About 12 years ago on one of my business trips to the UK, I was as usual flying Malaysian Airlines and their in-flight magazine 'Going Places' was an article about the agricultural produce that Malaysia exported to the world. Accompanying the article was a montage picture made up of illustrations of all the crops mentioned. One small section showed lots of palm trees with a narrow gauge line running along one side of a gravel road. Very interesting I thought , but unfortunately that was at a time in my business life when it was not possible to find the time to investigate further; however one day I promised myself, I would get around to it! Then a few years later, at the 2004 NGRS' AGM at Toddington in Gloucestershire, we were extolled by Dr. Peter Lee (the Society's Honorary Librarian for over 50 years, who sadly died in 2010) "……do research no matter how little". Once again I promised myself when I could I would, but it was to be another five years before I did!

So in 2009 as my business commitments started to wind down, I felt it was time to do that research and find out more about the narrow gauge rail line which I had seen in the magazine articles. Firstly checking my 25 year collection of 'The Narrow Gauge' I could find no mention there. I also checked the Industrial Railway Society's website which list all the contents of their publication the 'Industrial Railway Record' and could find no mention there of plantations railways. With the power of the Internet being so vastly improved over the years it was much easier to carry out some more 'Desktop Research' with my wonderfully *helpful friend 'Google' and its assistant 'Google Earth'. What 'new found' friends they are for people like me. I 'Googled' Palm Plantations Railways and up came a whole lot of stuff, mostly not relevant, however one entry was a company-United Plantations Berhad (UP).*

Their website showed a photo of one of their small locomotives pulling a string of wagons along a palm fringed road, very similar to the one in the magazine photo. Further reading and research got me quite excited and I felt there was a story there, just waiting to be told.

And what a good story it was, as I discovered later during my tours of the plantations, witnessing the sheer scale, distance, capacity and efficiency of the rail systems and the skill and expertise in the engineering workshops. Watching the FFB being cut, transported and processed in just a few hours, ensuring maximum yield of top quality palm oil was impressive. The processing mills burning their own waste, so providing power and steam to run the mill itself- in what is nearly a perpetual motion system is amazing.

Thank you.

Yours sincerely, Norman Drake."

On behalf of United Plantations we thank Mr. Norman Drake for taking his time to document United Plantations light railway system in their impressive article published by NGRS. For further details of the Narrow Gauge Railways' please contact: www.aamarketing@btconnect.com

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 and business ethics are practiced throughout the Group to ensure long-term economic sustainability and protect the interests of all stakeholders. This Statement is produced by the Board pursuant to para 15.25 of the Bursa Malaysia's Main Market Listing Requirements. Its purpose is to show how the Board has applied the principles set out in Part 1 and the extent to which it has complied with the best practices set out in Part II and where it has not complied with them it has stated the reasons for the non-compliance.

Board Of Directors

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

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

Your Board consists of nine (9) directors, three (3) of whom are executives who have an intimate knowledge of the business. Amongst the remaining six (6) non-executive directors, four (4) of them are independent, thus fulfilling the requirement under Rule 15.02 of the Bursa Malaysia's Main Market Listing Requirements which states that one-third of the Board's size must be independent. The Board is satisfied that the size has fulfilled its requirements adequately. A statutory declaration is made to Bursa Malaysia by all our independent directors in their individual capacity to the effect that they are independent in compliance with the Main Market Listing Requirements.

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

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

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

The Board has established position descriptions for the role of the Senior Executive Director/Inspector General Estates, the Vice Chairman/Executive Director (Corporate Affairs) and the Executive Director (Finance & Marketing) who have specific management responsibilities for the day to day running of the business. The Company has included a Group Philosophy Statement in the inside cover of the Annual Report and it has clearly described its objectives in the statement on Environment Quality Management to which the Board is deeply committed.

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

Board Responsibilities

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

i) Formulating a strategic plan for the Group;

ii) Reviewing and approving annual budgets and carrying out periodic reviews of actual performance;

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

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

Tan Sri Datuk Dr Yusof Basiron , CEO of the Malaysian Palm Oil Council, headed the Malaysian delegation together with Dato' Carl Bek-Nielsen, Dato' Salman Ahmad, Ms. Belvinder Kaur Sron, Datu Vasco Sabat Singkang and Mr. Brian Dale to meet the Australia Senate Committee on Community Affairs and presented our case against the unjustifiable and misguided Truth in Labelling-Palm Oil Bill 2010.

The Board of Directors voting during the proceedings at the 90th Annual General Meeting held on 25 June 2011.

v) Succession planning, including appointing, training and fixing the remuneration/fees;

vi) Developing and implementing an investor relations programme / shareholder communications policy for the Company; and

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

Supply of Information

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

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

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

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

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

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

Relevant training programmes, seminars and conferences attended by Directors during the financial year ended 31 December 2011 were:

1. Bursa Malaysia's Annual Palm & Lauric Oils Conference & Exhibition: Price Outlook 2011/2012 (POC2011).
2. Bursa Malaysia's Governance Program on "Assessing The Risk and Control Environment".
3. Securities Commission - Bursa Malaysia Corporate Governance Week.
4. PIPOC 2011 (Palm Oil Congress).
5. Update on amendments to Bursa Malaysia Main Market Listing Requirements and Corporate Governance Blueprint.
6. Tax Updates, Planning & Compliance in Indonesia.

Board Meetings

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

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

1. Matters arising from the previous minutes of the Board and Committees of the Board
2. Monthly, Quarterly and Yearly Financial Statements and financial forecasts/projections
3. Matters relating to the business namely finance, land matters staff & labour, succession planning, budgets, production, marketing and others
4. New Investments
5. Subsidiary Companies
6. General

A cultural dance performance at the inauguration of our Lada Estate Facilities.

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

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

Nomination Committee

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

The members of the Nomination Committee are as follows:-

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

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

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

The Committee held one meeting in respect of the year ended 31 December 2011 for the purpose of making an assessment of the directors and for considering directors who are due to retire at the A.G.M. Under Article 92 of the Company's Memorandum and Articles of Association at the A.G.M. one-third of the directors shall retire from office and are eligible to seek re-election.

Pursuant to Section 129(2) of the Companies Act 1965, directors who are over the age of 70 years shall retire at every A.G.M. and may offer themselves for re-appointment to hold office until the next A.G.M.

The performance of those directors who are subject to re-appointment and re-election at the A.G.M. will be assessed by the Nomination Committee whereupon recommendations are made to the Board for decision on the tabling of the proposed re-appointment or re-election of the director concerned for shareholders' approval at the A.G.M.

The committee also reviewed the required mix of skills and qualities that non-executive directors should bring to the Board. At this meeting an assessment on the effectiveness of the Board and the Committees, and the contributions of each individual director were deliberated. The Committee reached the conclusion that the Board Committees and the directors in their individual capacity supported the current needs of the Board.

Audit Committee

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

Executive Committee

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

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

The Executive Committee met three (3) times during the year 2011, and the minutes thereof were included in the Board files for information and deliberation by the Board.

Remuneration Committee And Directors Remuneration

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

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

No meetings were held during the year as none of the service contracts of the Executive Directors were due for review. It is the Committee's usual practice to draw information on the Company's remuneration policy from management to assist them with their duties. Executive directors do not participate in the deliberations of the Remuneration Committee.

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

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

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

	Fees (RM)	Basic Salary (RM)	Additional Remuneration (RM)	Other Benefits (RM)	Meeting Attendance Allowance (RM)	Total (RM)
Non-Executive Directors	475,000	-	-	-	69,000	544,000
Executive Directors	195,000	369,600	2,573,750	467,513	21,000	3,626,863
Total	670,000	369,600	2,573,750	467,513	90,000	4,170,863

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

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

Shareholders

Communications and Investor Relations

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

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

Besides the above, the Board believes that the Company's Annual Report is a vital source of essential information for shareholders and investors

and other stakeholders. The Company strives to provide a high level of reporting and transparency as an added value for users.

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

The Annual General Meeting is an excellent forum for dialogue with all shareholders for which due notice is given. The shareholders are given the opportunity to vote on the regular 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 Notice of A.G.M. is sent along with a Proxy Form to all shareholders. Items relating to special business in the agenda, if any, are supported with detailed explanatory notes in a Circular to Shareholders sent along with this Report. There are sufficient notes in the Proxy Forms to guide shareholders for the completion of the Proxy Forms.

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

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

Accountability And Audit

Financial Reporting

The Board in compliance with 15.26(a) 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.

Shareholders voting on a resolution at the 2011 AGM.

Internal Control

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

Relationship with the Auditors

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

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

Statement of Compliance with the Best Practices of the Code

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

Palm Oil Extraction Rates (OER) and Average FFB Yields

	2011	2010
OER (%)		
Malaysia - combine	20.35	20.45
UP - Malaysian Operation	21.73	21.46
UP - Indonesian Operation	23.80	21.23
FFB Yield (MT/Ha)		
Malaysia - combine	19.69	18.03
UP - Malaysian Operation	25.16	24.61
UP - Indonesian Operation	16.22	14.98

Malaysian CPO Production 2011

CPO production in 2011, increased by 11.3% to reach a record high of 18.91 million tonnes. The increase in production was mainly due to the recovery in the fresh fruit bunch (FFB) yield after experiencing two years of declining yield in 2009 and 2010. Improved weather conditions as well as more areas coming into peak production has also contributed to the increased production.

Source : econ.mpob.gov.my

Statement On Directors' Responsibility As At 31 December 2011

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 2011 the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgement 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.

A well maintained Oil Station at the Ulu Bernam palm oil mill depiting our Company's culture of cleanliness and high levels of hygiene in its manufacturing of food product.

Statement On Internal Control

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

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

Internal Control And Risk Management

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

Other Key Elements Of Internal Control

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

- Defined management structure of the Group and clear delegation of authority to committees of the Board and management where authority levels have been clearly established;
- Established operating policies and procedures with respect to key operational areas are continuously reviewed and updated by management to reflect changing risk profile;
- Comprehensive financial and operational reports, including key performance indicators are reviewed against prescribed budgets and parameters by management and executive directors on a monthly basis;
- Regular meetings are held between the executive directors and management to deliberate on Group strategies and policies, operational and financial performance and other key issues;
- An annual budgetary process whereby each operating entity submits a budget and business plan to Group management for consolidation, review and approval, which is then tabled to the Board for deliberation;
- An internal audit function that is outsourced to an independent professional firm which reports directly to the Audit Committee. In addition, the Group also has a group internal audit department to complement the reviews by the independent professional firm. Based on a risk-based audit plan, the internal audit function performs periodic reviews of critical business processes to identify any significant risks, assess the effectiveness and adequacy of the system of internal control and where necessary, recommend possible improvements; and

- The Audit Committee, on behalf of the Board, receives reports from both the internal and external auditors and regularly reviews and holds discussions with management on the actions taken on identified internal control issues. The role of the Audit Committee is further elaborated in the Audit Committee Report on pages 94 to 96.

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

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

Economic Outlook 2012
GDP Growth

Global economic recovery is expected to slow down in 2012 largely due to the on going European sovereign debt crisis. The spill over from the sovereign debt crisis will affect growth in both advanced and emerging economies to varying degrees.

Amidst a more challenging external environment in 2012, the Malaysian economy is projected to experience a steady pace of growth of 4-5% in 2012.

World Economy : Key Economic Indicators

Country	Real GDP Growth (%)		Inflation (%)	
	2010	2011[e]	2010	2011[e]
World Growth	5.2	3.8	-	-
World Trade	12.7	6.9	-	-
Advanced Economies				
United Stated	3.0	1.7	1.6	3.1
Japan	4.4	-0.7	-1.0	-0.3
Euro	1.9	1.4	1.6	2.7
United Kingdom	2.1	0.8	3.3	4.5
Emerging Asia	9.5	7.9	-	-
Asian NIEs[1]	8.4	4.0	2.3	3.5
Korea	6.2	3.6	2.9	4.0
Chinese Taipei	10.7	4.0	1.0	1.4
Singapore	14.8	4.9	2.8	5.2
Hong Kong SAR[2]	7.0	5.0	2.3	5.3
The People's Republic of China	10.4	9.2	3.3	5.4
ASEAN-4	7.0	4.3	3.9	4.5
Malaysia	7.2	5.1	1.7	3.2
Thailand	7.8	0.1	3.3	3.8
Indonesia	6.2	6.5	5.1	5.4
Philippines	7.6	3.7	4.1	4.8
India[3]	10.4	7.3	9.6	9.5

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

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

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

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

1) Objectives

The primary objectives of the Committee are :

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

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

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

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

2) Terms of Reference

a) Composition

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

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

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

b) Authority

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

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

c) Scope and Function

The scope and functions of the Committee shall be to :

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

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

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

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

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

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

(d) Review and approve the internal audit plan;

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

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

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

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

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

(j) Review interim financial information;

(k) Review accounting policies to determine suitability; and

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

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

d) Frequency of Meetings and Attendance

The Committee shall meet at least four times a year.

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

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

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

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

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

3) Meetings

The Committee held five (5) meetings in the year 2011 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 Director	No. of meetings Attended	Held
Y. Hormat Dato' Jeremy Derek Campbell Diamond	5	5
Mr. G. Peter Selvarajah	5	5
Mr. Ahmad Riza Basir	5	5

4) Activities

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

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

b) Reviewed all related party transactions;

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

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

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

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

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

h) Considered the appointment of external auditors for the Group for the year 2012 and recommended to the Board for its approval.

Economic Outlook 2012– Malaysia

Consumer Prices

Headline inflation, as measured by the annual percentage change in the Consumer Price Index (CPI), is expected to moderate in 2012, averaging between 2.5% - 3%. The lower inflation projection reflects a moderation in global commodity prices and weaker global growth outlook. In the absence of significant adjustments to administered prices, domestic inflation would remain contained.

Source : Bank Negara Malaysia

Additional Disclosures

Pursuant to the listing requirements of Bursa Malaysia Securities Berhad, additional disclosures by the Group for the year ended 31 December 2011 are as follows :-

1) Utilization of proceeds raised from Corporate Proposals

   There were no issue of shares during the financial year.

2) Share Buy-Backs

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

3) Options, Warrants and Convertible Securities

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

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

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

5) Sanctions and/or Penalties

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

6) Non-audit fees paid to External Auditors

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

	RM
Tax services	78,700

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 377,366 was incurred by the Group in the financial year for its outsourced internal audit and in-house internal audit department.

UP Share Prices

Year	2011	2010	2009	2008	2007
Highest Price Per Share (RM)	21.16	17.70	14.00	14.60	14.80
Lowest Price Per Share (RM)	16.00	13.32	9.70	7.85	9.00

The price of United Plantations shares on Bursa Malaysia Securities Berhad reached a high of RM21.16 and recorded a low of RM16.00 per share for the year ended 31st December 2011. Compared with the corresponding prices achieved in 2007, this represented an increase of 42.97% and 77.78% respectively.

UNITED PLANTATIONS BERHAD
(Company No. 240-A)

Financial Statements
For the year ended 31 December 2011

Contents

Harvesting of optimum ripe bunches ensures maximum OER.

Report Of The Directors For The Year Ended 31 December 2011

The Directors have pleasure in submitting for your consideration their 91st annual report together with the audited financial statements of the Company and of the Group for the year ended 31 December 2011.

Principal Activities

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

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

The subsidiary companies are primarily engaged in the following activities:

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

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

(c) Handling and storage of vegetable oils 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	373,586	346,232
Attributable to:		
Equity holders of the Company	373,951	346,232
Minority Interests	(365)	-
Total	373,586	346,232

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:

Malaysia	Hectares
UIE estates	10,370
Jendarata	6,380
Kuala Bernam	830
Sungei Bernam	2,292
Ulu Bernam	3,194
Changkat Mentri	2,549
Ulu Basir	3,987
Sungei Erong	3,663
Sungei Chawang	3,286
Seri Pelangi	1,422
Lima Blas	2,889
Sub-total	40,862
Indonesia	
PT Surya Sawit Sejati (planted area)	8,939
PT Sawit Seberang Seberang (planted area)	924
Sub-total	9,863
Total	50,725

Report Of The Directors For The Year Ended 31 December 2011

A statement, which is included in the annual report, contains an analysis of the area of the individual crops. The planting and replanting programmes completed during 2011 were as follows:

1,736 hectares of oil palm replanted with oil palm in Malaysia
148 hectares of coconut replanted with coconut in Malaysia
107 hectares newly planted with oil palm in Indonesia

Dividends

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

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

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

c) A final dividend of 20% less 25% tax amounting to RM31,220,140 in respect of the previous financial year was paid on 26 July 2011.

d) A special dividend of 35% less 25% tax amounting to RM54,635,245 in respect of the previous financial year was paid on 26 July 2011.

e) An interim dividend of 25% less 25% tax amounting to RM39,025,175 in respect of the current financial year was paid on 21 December 2011.

f) A special dividend of 15% less 25% tax amounting to RM23,415,105 in respect of the current financial year was paid on 21 December 2011.

At the forthcoming Annual General Meeting, a final dividend of 30% less 25% tax amounting to RM46,830,210 and a special dividend of 50% less 25% tax amounting to RM78,050,350 in respect of the year ended 31 December 2011 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 2012.

Directors

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

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

Report Of The Directors For The Year Ended 31 December 2011

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

	Number of Shares of RM1.00 each				
The Company:	1 January 2011	Bought	Sold	31 December 2011	% of Issued Share Capital
Ybhg. Tan Sri Datuk Dr. Johari bin Mat					
- held directly	110,000	-	-	110,000	0.05
- deemed interested	10,000	-	-	10,000	-
Mr. Ho Dua Tiam					
- held directly	707,400	-	-	707,400	0.34
Mr. G. Peter Selvarajah					
- held directly	88,120	2,000	-	90,120	0.04
Ybhg. Dato' Carl Bek-Nielsen					
- held directly	2,061,556	53,000	-	2,114,556	1.02
- deemed interested	95,975,610	27,000	40	96,002,570*1	46.13
Mr. Ahmad Riza Basir					
- held directly	70,500	-	-	70,500	0.03
- deemed interested	2,641,440	-	-	2,641,440	1.27
Y. Hormat Dato' Jeremy Derek Campbell Diamond					
- held directly	14,000	-	-	14,000	0.01
- deemed interested	225,000	30,000	-	255,000	0.12
Mr. Martin Bek-Nielsen					
- held directly	521,412	25,501	-	546,913*2	0.26
- deemed interested	95,935,117	1,000	40	95,936,077	46.09
Mr. Brian Bech Nielsen					
- deemed interested	5,000	-	-	5,000	-

Report Of The Directors For The Year Ended 31 December 2011

Notes:

*1 Dato' Carl Bek-Nielsen

8,478,132 shares	-	Deemed interested in the shares registered in the name of United International Enterprises Limited
87,446,600 shares	-	Deemed interested in the shares registered in the name of Maximum Vista Sdn. Bhd.
10,345 shares	-	Deemed interested in the shares registered in the name of International Plantations Services Limited Ref. 10
67,493 shares	-	Deemed interested through immediate family members
96,002,570 shares		

*2 Mr. Martin Bek-Nielsen

8,478,132 shares	-	Deemed interested in the shares registered in the name of United International Enterprises Limited
87,446,600 shares	-	Deemed interested in the shares registered in the name of Maximum Vista Sdn. Bhd.
10,345 shares	-	Deemed interested in the shares registered in the name of International Plantations Services Limited Ref. 10
1,000 shares	-	Deemed interested through immediate family member
95,936,077 shares		

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

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

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

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

Report Of The Directors For The Year Ended 31 December 2011

Other Statutory Information

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

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

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

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

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

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

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

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

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

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

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

(f) In the opinion of the Directors:

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

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

Report Of The Directors For The Year Ended 31 December 2011

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 23 March 2012.

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

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

Income Statements
For The Year Ended 31 December 2011

		Group		Company	
		2011	2010	2011	2010
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	4	1,398,386	969,163	667,907	505,328
Other income		10,579	23,920	3,774	10,514
		1,408,965	993,083	671,681	515,842
Changes in finished goods		39,064	6,184	(6,457)	16,417
Raw materials and consumables used		(657,457)	(424,463)	(17,865)	(19,148)
Amortisation of biological assets		(24,094)	(20,206)	(16,948)	(17,928)
Depreciation of property, plant and equipment		(35,768)	(27,138)	(19,888)	(19,143)
Amortisation of land use rights		(429)	(300)	-	-
Staff costs		(133,457)	(107,461)	(105,172)	(92,442)
Other expenses		(122,838)	(81,207)	(63,123)	(53,034)
Profit from operations	5	473,986	338,492	442,228	330,564
Finance costs	6	(27)	(17)	(24)	(15)
Investment and interest income	7	17,582	10,985	20,737	10,306
Profit before taxation		491,541	349,460	462,941	340,855
Taxation	8	(117,955)	(84,753)	(116,709)	(85,723)
Net profit for the year		373,586	264,707	346,232	255,132
Attributable to:					
Equity holders of the Company		373,951	264,307	346,232	255,132
Minority interests		(365)	400	-	-
		373,586	264,707	346,232	255,132
Earnings per share (sen)	9	180	127		

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

Statements Of Comprehensive Income
For The Year Ended 31 December 2011

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Net profit for the year	373,586	264,707	346,232	255,132
Foreign Currency Translation	(197)	314	-	-
Net loss on available for sale financial asset	(1,075)	(339)	(1,075)	(339)
Other comprehensive loss for the year, net tax of RM: Nil	(1,272)	(25)	(1,075)	(339)
Total comprehensive income for the year	372,314	264,682	345,157	254,793
Total comprehensive income attributable to:				
Equity holders of the Company	372,612	264,302	345,157	254,793
Minority interests	(298)	380	-	-
	372,314	264,682	345,157	254,793

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

Statement Of Financial Position

As At 31 December 2011

Group

	Note	2011 RM'000	2010 RM'000
Assets			
Non-Current Assets			
Biological assets	10(a)	377,947	355,266
Property, plant and equipment	10(b)	902,084	874,153
Land use rights	10(c)	31,763	30,794
Associated company	12	50	50
Available for sale financial assets	13	6,446	7,521
Derivatives	29(g)	1,315	2,029
		1,319,605	1,269,813
Current Assets			
Inventories	14	181,145	140,220
Trade receivables	15	74,179	39,451
Other receivables, deposits and prepayments	16	41,151	51,568
Tax recoverable		132	361
Amount due from associated company	12	6	6
Available for sale financial assets	13	-	5,000
Deposits with licensed banks	17	569,188	489,024
Cash and bank balances		13,608	8,922
Derivatives	29(g)	1,255	1,795
		880,664	736,347
Total Assets		2,200,269	2,006,160
Equity and Liabilities			
Equity attributable to equity holders of the Company			
Share capital	18	208,134	208,134
Reserves	19	1,788,252	1,563,935
		1,996,386	1,772,069
Minority Interests		207	505
Total Equity		1,996,593	1,772,574
Non-Current Liabilities			
Deferred taxation	20	77,043	68,535
Retirement benefit obligations	21	11,889	7,433
		88,932	75,968
Current Liabilities			
Trade payables	22	22,998	22,679
Other payables and accruals	22	53,429	52,510
Taxation		35,251	23,901
Dividends payable		-	54,635
Bank borrowings	23	391	1,487
Retirement benefit obligations	21	2,273	1,917
Derivatives	29(g)	402	489
		114,744	157,618
Total Liabilities		203,676	233,586
Total Equity and Liabilities		2,200,269	2,006,160

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

Statement Of Financial Position

As At 31 December 2011

Company

	Note	2011 RM'000	2010 RM'000
Assets			
Non-Current Assets			
Biological assets	10(a)	212,455	197,057
Property, plant and equipment	10(b)	705,297	697,006
Subsidiary companies	11(a)	469,251	347,051
Associated company	12	50	50
Available for sale financial assets	13	6,446	7,521
		1,393,499	1,248,685
Current Assets			
Inventories	14	54,668	60,796
Trade receivables	15	4,222	103
Other receivables, deposits and prepayments	16	21,072	34,386
Amounts due from subsidiary companies	11(b)	42,647	94,568
Amount due from associated company	12	6	6
Available for sale financial assets	13	-	5,000
Deposits with licensed banks	17	530,077	448,815
Cash and bank balances		8,274	740
		660,966	644,414
Total Assets		2,054,465	1,893,099
Equity and Liabilities			
Equity attributable to equity holders of the Company			
Share capital	18	208,134	208,134
Reserves	19	1,688,019	1,491,157
Total Equity		1,896,153	1,699,291
Non-Current Liabilities			
Deferred taxation	20	76,000	66,600
Retirement benefit obligations	21	6,656	5,823
		82,656	72,423
Current Liabilities			
Trade payables	22	1,274	1,575
Other payables and accruals	22	38,277	37,115
Amounts due to subsidiary companies	11(c)	549	2,454
Taxation		33,553	23,901
Dividends payable		-	54,635
Retirement benefit obligations	21	2,003	1,705
		75,656	121,385
Total Liabilities		158,312	193,808
Total Equity and Liabilities		2,054,465	1,893,099

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

Consolidated Statement Of Changes In Equity

For The Year Ended 31 December 2011

Group	Note	Share capital (Note 18)	Available for sale reserve (Note 19)	Share premium (Note 19)	Capital reserve (Note 19)	Foreign currency translation reserve (Note 19)	Retained profits (Note 19)	Total	Minority interests	Total equity
		← Attributable to Equity Holders of the Company						→		
		← Non-distributable				→	Distributable			
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2010		208,134	-	181,920	21,798	(1,256)	1,227,549	1,638,145	125	1,638,270
Effects arising from adoption of FRS 139		-	2,307	-	-	-	-	2,307	-	2,307
		208,134	2,307	181,920	21,798	(1,256)	1,227,549	1,640,452	125	1,640,577
Total comprehensive income for the year		-	(339)	-	-	334	264,307	264,302	380	264,682
Dividends	24	-	-	-	-	-	(132,685)	(132,685)	-	(132,685)
At 31 December 2010		208,134	1,968	181,920	21,798	(922)	1,359,171	1,772,069	505	1,772,574
At 1 January 2011		208,134	1,968	181,920	21,798	(922)	1,359,171	1,772,069	505	1,772,574
Total comprehensive income for the year		-	(1,075)	-	-	(264)	373,951	372,612	(298)	372,314
Dividends	24	-	-	-	-	-	(148,295)	(148,295)	-	(148,295)
At 31 December 2011		208,134	893	181,920	21,798	(1,186)	1,584,827	1,996,386	207	1,996,593

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

Statement Of Changes In Equity
For The Year Ended 31 December 2011

Company

		← Non-distributable		→	Distributable	
	Note	Share capital (Note 18) RM'000	Available for sales reserve (Note 19) RM'000	Share premium (Note 19) RM'000	Retained profits (Note 19) RM'000	Total RM'000
At 1 January 2010		208,134	-	181,920	1,184,822	1,574,876
Effects arising from adoption of FRS 139		-	2,307	-	-	2,307
		208,134	2,307	181,920	1,184,822	1,577,183
Total comprehensive income for the year		-	(339)	-	255,132	254,793
Dividends	24	-	-	-	(132,685)	(132,685)
At 31 December 2010		208,134	1,968	181,920	1,307,269	1,699,291
At 1 January 2011		208,134	1,968	181,920	1,307,269	1,699,291
Total comprehensive income for the year		-	(1,075)	-	346,232	345,157
Dividends	24	-	-	-	(148,295)	(148,295)
At 31 December 2011		208,134	893	181,920	1,505,206	1,896,153

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

Cash Flow Statements
For The Year Ended 31 December 2011

		Group		Company	
	Note	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash Flows From Operating Activities					
Receipts from customers		1,350,744	952,431	650,874	508,675
Payments to suppliers		(673,266)	(413,790)	(18,166)	(19,267)
Payments of operating expenses		(201,161)	(187,695)	(141,754)	(166,410)
Payments of taxes		(97,868)	(87,578)	(97,657)	(87,307)
Other receipts		4,997	23,683	3,390	10,277
Net cash generated from operating activities		383,446	287,051	396,687	245,968
Cash Flows From Investing Activities					
Proceeds from sale of property, plant and equipment		492	544	426	497
Interest income		17,379	11,695	16,234	11,117
Proceeds from sale of investment		5,000	-	5,000	-
Dividend received from a subsidiary company		-	-	4,300	-
Pre-cropping expenditure incurred		(43,772)	(62,119)	(32,346)	(32,413)
Purchase of property, plant and equipment	(a)	(72,731)	(59,837)	(28,272)	(25,335)
Land use rights payment made		(911)	(804)	-	-
Subscription of Redeemable Cumulative Convertible Preference Shares ("RCCPS") issued by subsidiary companies	11(a)	-	-	(22,200)	(46,600)
Grant received from Government		-	1,073	-	1,073
Net cash used in investing activities		(94,543)	(109,448)	(56,858)	(91,661)

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

Cash Flow Statements
For The Year Ended 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Cash Flows From Financing Activities					
Interest paid		(27)	(17)	(24)	(15)
Dividends paid		(202,930)	(109,270)	(202,930)	(109,270)
Inter-company balances		-	-	(48,079)	22,090
Associated company balances		-	42	-	42
Net cash used in financing activities		(202,957)	(109,245)	(251,033)	(87,153)
Net increase in cash and cash equivalents		85,946	68,358	88,796	67,154
Cash and cash equivalents at the beginning of year		496,459	428,101	449,555	382,401
Cash and cash equivalents at end of year	(b)	582,405	496,459	538,351	449,555

(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 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Deposits with licensed banks	569,188	489,024	530,077	448,815
Cash and bank balances	13,608	8,922	8,274	740
Bank overdrafts	(391)	(1,487)	-	-
	582,405	496,459	538,351	449,555

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

Notes To The Financial Statements

1. Corporate Information

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

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

The number of employees at 31 December 2011 for the Group was 7,141 (2010: 6,995) and for the Company was 5,460 (2010: 5,386).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 23 March 2012.

2. Significant Accounting Policies

2.1 Basis of Preparation

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

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

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

2.2 Changes In Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2011, 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 2011.

Notes To The Financial Statements

Description	Effective for annual periods beginning on or after
FRS 1: First-time Adoption of Financial Reporting Standards	1 July 2010
Amendments to FRS 2: Share-based Payment	1 July 2010
FRS 3: Business Combinations	1 July 2010
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127: Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138: Intangible Assets	1 July 2010
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12: Service Concession Arrangements	1 July 2010
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17: Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132: Classification of Rights Issues	1 March 2010
IC Interpretation 18: Transfers of Assets from Customers	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 1: Limited Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
IC Interpretation 4: Determining Whether an Arrangement contains a Lease	1 January 2011
Improvements to FRS issued in 2010	1 January 2011

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

Revised FRS 3: Business Combinations and Amendments to FRS 127: Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in accounting for business combinations occurring after 1 July 2010. These changes impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

The revised FRS 3 continues to apply the acquisition method to business combinations but with some significant changes. All payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

The amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

Amendments to FRS 7: Improving Disclosures about Financial Instruments

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of the fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 29(h). The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 29(e).

Notes To The Financial Statements

2.3 Summary Of Significant Accounting Policies

(a) Subsidiary Companies And Basis Of Consolidation

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

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

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

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

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

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

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

(b) Associated Companies

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

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

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

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

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

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

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

(c) (i) Biological Assets

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

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

Notes To The Financial Statements

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

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

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

The cost of freehold land initially acquired is allocated between the land, buildings and biological assets elements in proportion to the relative fair values for the interests in the land element, buildings element and biological assets element. Freehold land has an unlimited useful life and therefore is not depreciated. Long term leasehold land is depreciated over the period of the lease which 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 installments over their estimated economic lives based upon the original cost or deemed cost on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life. The principal annual depreciation rates used are:

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

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

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

(iii) Land Use Rights

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

(d) Inventories

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

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

(e) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income 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.

(f) Foreign Currencies

(i) Functional and Presentation Currency

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

(ii) Foreign Currency Transactions

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

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

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

(iii) Foreign Operations

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

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

(g) Revenue Recognition

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

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

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

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

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

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

(h) Employee Benefits

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

(ii) Defined contribution plans

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

(iii) Defined benefit plans

The Company and certain subsidiary companies provide for retirement benefit for their eligible employees on unfunded, defined benefit plans in accordance with the terms of employment and practices. The Group's obligations under these plans are determined internally 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 has been recognised for retirement benefit payable to all eligible employees. Should an employee leave before attaining the retirement age, the provision made for the employee is written back. Actuarial gains or losses are recognised as income or expense immediately. Past service costs are recognised immediately.

(i) Borrowing Costs

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

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

(j) Impairment Of Non-Financial Assets

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

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

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

(k) Financial Assets

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

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

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

(i) Receivables

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

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

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

(ii) Available for sale financial assets

Available for sale financial assets are financial assets that are designated as available for sale or are not classified in any of the two preceding categories.

After initial recognition, available for sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available for sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available for sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

(iii) Marketable securities at fair value

Marketable securities are carried at market value, determined on an aggregate basis. Market value is determined based on quoted market price. Increases or decreases in the carrying amount of marketable securities are recognised in the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

(l) Impairment Of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised costs

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group’s and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

(ii) Available for sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available for sale financial assets are impaired.

If an available for sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available for sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available for sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(m) Cash And Cash Equivalent

Cash and cash equivalents represent cash and bank balances, fixed deposits and other short term highly liquid investments that are readily convertible into cash with insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

(n) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either 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.

(o) Equity Instruments

Ordinary shares are classified as equity. The transaction costs of an equity transaction, other than in the context of a business combination, are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided. Costs of issuing equity securities in connection with a business combination are included in the cost of acquisition. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(p) Financial Assets Or Financial Liabilities At Fair Value Through Profit Or Loss

Financial assets or financial liabilities held for trading are derivatives. The Group uses derivatives such as forward foreign exchange contracts and commodity futures contracts to hedge the Group's exposure to foreign currency and commodity price fluctuations.

Such derivatives are measured at fair value at each reporting date. The fair values of derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives are recognised in profit or loss.

The fair values of the forward foreign exchange contracts have been calculated using the rates quoted by the Group's bankers to terminate the contracts at the reporting date and the fair value of the commodity futures contracts are calculated using future market prices quoted by the Group's broker as at reporting date.

(q) Research And Development Costs

All general research and development costs are expensed as incurred.

(r) Operating Leases - The Group As Lessee

Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease.

(s) Government Grants

Grants that compensate the Group for replanting expenses incurred are credited against the pre-cropping expenditure and are amortised over the economic life of the crop.

Grants received as incentives by the Group are recognised as income in the periods the incentives are receivable where there is reasonable assurance that the grant will be received.

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 generating 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.

The Group during the current financial year has recognised impairment losses of RM5,310,000 for plant, machinery and equipment RM4,980,000 for buildings respectively. These impairments were made largely on the soap plant in view of the stiff competition from Indonesian producers who are enjoying substantial export tax advantages thus making products from this division uncompetitive.

(ii) Biological Assets

Biological assets comprise pre-cropping expenditure incurred from land clearing to the point of maturity. Such expenditure is capitalised and is amortised at maturity of the crop over the useful economic lives of the crop. Management estimates the useful economic lives of the Group's and the Company's oil palms and coconut palms to be 20 years and 30 years respectively.

(iii) Deferred Tax Assets

The unutilised reinvestment allowances are available indefinitely for offset against future taxable profits of a subsidiary company in which those items arose. Deferred tax assets have not been recognised in respect of these items by the management as they are not allowed to be used to offset taxable profits of other companies in the Group, and it is not foreseen that there would be taxable profits to utilise these allowances in the near future.

2.5 Standards Issued But Not Yet Effective

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7: Transfers of Financial Assets	1 January 2012
Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets	1 January 2012
FRS 124: Related Party Disclosures	1 January 2012
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 9: Financial Instruments	1 January 2013
FRS 10: Consolidated Financial Statements	1 January 2013
FRS 11: Joint Arrangements	1 January 2013
FRS 12: Disclosure of interests in Other Entities	1 January 2013
FRS 13: Fair Value Measurement	1 January 2013
FRS 119: Employee Benefits	1 January 2013
FRS 127: Separate Financial Statements	1 January 2013
FRS 128: Investment in Associate and Joint Ventures	1 January 2013
IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application, except as disclosed below. The Group is currently assesing the impact of adoption of these standards.

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

The amendments to FRS 101 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.

FRS 9 Financial Instruments

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The adoption of this first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities.

FRS 10 Consolidated Financial Statements

FRS 10 replaces the portion of FRS 127 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. FRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in FRS 127.

FRS 12 Disclosure of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 13 Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted.

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').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2013. 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 has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

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 2013.

Notes To The Financial Statements

3. Group Structure

The subsidiary companies are as follows:

Company	Country of incorporation	Percentage of equity held by the Group 2011 %	2010 %	Activity (see below)
Unitata Berhad	Malaysia	100	100	(a)
Butterworth Bulking Installation Sdn. Bhd.	Malaysia	100	100	(b)
Bernam Advisory Services Sdn. Bhd.	Malaysia	100	100	(c)
Berta Services Sdn. Bhd.	Malaysia	100	100	(c)
PT. Surya Sawit Sejati ("PT SSS1")	Indonesia	95	95	(d)
PT. Sawit Seberang Seberang ("PT SSS2")	Indonesia	93	93	(e)
Bernam Agencies Sdn. Bhd.	Malaysia	100	100	(f)
United International Enterprises (M) Sdn. Bhd.	Malaysia	100	100	Dormant
Kapal Bernam Sdn. Bhd.	Malaysia	100	100	Dormant
Scanlook Sdn. Bhd.	Malaysia	100	100	Dormant

All subsidiaries and associate are audited by Ernst & Young, Malaysia other than PT SSS1 and PT SSS2, which are audited by a member firm of Ernst & Young Global in Indonesia.

The subsidiary companies are primarily engaged in the following activities:

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

(b) Handling and storage of vegetables oils and molasses.

(c) Trading, marketing and investment holdings.

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

(e) Business of oil palm cultivation in Indonesia.

(f) Investment holding.

The associated company is as follows:

Company	Country of incorporation	Percentage of equity held by the Group 2011 %	2010 %
Bernam Bakery Sdn. Bhd.	Malaysia	30	30

The associated company is dormant and the financial statements of the associated company are coterminous with those of the Group.

4. Revenue

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Revenue consists of the following and excludes, in respect of the Group, intragroup transactions:				
Sales proceeds of produce stocks	635,649	441,469	667,907	505,328
Sales proceeds of finished goods	761,286	526,057	-	-
Rendering of services	1,451	1,637	-	-
	1,398,386	969,163	667,907	505,328

Notes To The Financial Statements

5. Profit From Operations

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit from operations is arrived at, after charging:				
Directors' remuneration				
- fees	781	781	670	670
- emoluments	3,411	3,315	3,411	3,315
- others	99	90	99	90
Auditors' remuneration				
- statutory audit : current year	306	252	207	172
- non-audit service	6	5	6	5
- statutory audit fee received by a member firm of EY Global	85	70	-	-
Write-down of inventories	1,211	978	180	727
Rental of premises	287	902	31	31
Rental of equipment	1,065	1,621	49	57
Impairment on plant, machinery and equipment	5,310	-	-	-
Impairment on buildings	4,980	-	-	-
Allowance for impairment for trade receivables	-	320	-	-
Property, plant and equipment written off	51	112	51	112
Unrealised foreign exchange loss	402	15,951	-	-
Realised foreign exchange loss	-	5	-	-
and crediting:				
Rental income	127	115	127	115
Reversal of write-down of inventories	260	1,031	-	-
Profit on disposal of property, plant and equipment	450	268	384	258
Coconut incentive from Government	-	291	-	291
Unrealised foreign exchange gain	5,132	3,000	-	-
Realised foreign exchange gain	6,593	11,119	-	-

Notes To The Financial Statements

Staff costs of the Group and of the Company incurred during the financial year consist of the following:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Wages and salaries	109,698	89,576	88,815	76,840
Social security cost	837	443	314	326
Pension costs				
- defined contribution plans	5,538	5,253	4,625	4,434
- defined benefit plans (Note 21)	5,320	1,953	1,536	1,314
Other staff related expenses	12,064	10,236	9,882	9,528
	133,457	107,461	105,172	92,442

Included in staff costs of the Group and of the Company are executive directors' emoluments amounting to RM3,411,000 (2010: RM3,315,000) .

In addition to contribution to the Employees Provident Fund, the Group also contributes to a defined contribution fund set up for certain eligible employees of the Group.

6. Finance Costs

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Finance costs consist of interest expenses on:				
- bank overdraft / bankers acceptances	27	17	24	15

Notes To The Financial Statements

7. Investment and Interest Income

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Dividend income from a subsidiary company	-	-	4,300	-
Interest received from a subsidiary company	-	-	513	420
Interest income from deposits with licensed banks	17,582	10,985	15,924	9,886
	17,582	10,985	20,737	10,306

8. Taxation

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current income tax:				
Income tax	110,705	79,281	108,700	78,900
Overprovision in prior years	(1,258)	(777)	(1,391)	(777)
	109,447	78,504	107,309	78,123
Deferred tax (Note 20):				
Relating to origination and reversal of temporary difference	8,508	6,249	9,400	7,600
Total income tax expense	117,955	84,753	116,709	85,723

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year. Deferred tax as at 31 December 2011 is computed based on the assumption that the domestic statutory tax rate will remain at 25% in subsequent years of assessment.

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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before taxation	491,541	349,460	462,941	340,855
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	122,885	87,365	115,735	85,214
Income not subject to tax	(269)	(59)	(1,343)	(59)
Expenses not deductible for tax purposes	6,497	6,388	5,200	3,658
Utilisation of current year reinvestment allowance and double deduction for research	(3,124)	(6,734)	(1,492)	(2,313)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(3,948)	-	-	-
Utilisation of previously unrecognised reinvestment allowances	(3,377)	(755)	-	-
Deferred tax assets not recognised	1,965	665	-	-
Overprovision of income tax in prior years	(1,258)	(777)	(1,391)	(777)
Effect of taxation on temporary differences excluded on initial recognition	(1,416)	(1,340)	-	-
Tax expense for the year	117,955	84,753	116,709	85,723

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 RM373,951,000 (2010: RM264,307,000) divided by the weighted number of ordinary shares of 208,134,266 (2010: 208,134,266) in issue during the year.

	Group	
	2011 sen	2010 sen
Basic earnings per share for:		
Profit for the year	180	127

Notes To The Financial Statements

10. (a) Biological Assets

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Pre-cropping expenditure				
Cost				
At 1 January	628,367	585,389	471,127	450,460
Additions	43,772	63,000	32,346	32,413
Written off	-	(10,673)	-	(10,673)
Receipt of grant from Government	-	(1,073)	-	(1,073)
Exchange differences	3,056	(8,276)	-	-
At 31 December	675,195	628,367	503,473	471,127
Accumulated amortisation and impairment losses				
At 1 January				
Accumulated amortisation	271,496	261,963	274,070	266,815
Accumulated impairment losses	1,605	1,605	-	-
	273,101	263,568	274,070	266,815
Amortisation for the year	24,094	20,206	16,948	17,928
Exchange differences	53	-	-	-
Written off	-	(10,673)	-	(10,673)
At 31 December	297,248	273,101	291,018	274,070
Analysed as :				
Accumulated amortisation	295,643	271,496	291,018	274,070
Accumulated impairment losses	1,605	1,605	-	-
	297,248	273,101	291,018	274,070
Net Book Value				
At 31 December	377,947	355,266	212,455	197,057

Included in the additions of the Group during the year are depreciation of property, plant and equipment of subsidiary companies, PT SSS1 and PT SSS2 totalling RM: Nil (2010: RM881,000).

Notes To The Financial Statements

10. (b) Property, Plant and Equipment

Group

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Capital work-in-progress* RM'000	Total RM'000
Cost						
At 1 January 2011	203,558	385,452	187,814	524,483	27,604	1,328,911
Additions	855	-	24,708	30,141	17,027	72,731
Disposals	-	-	(6)	(2,681)	-	(2,687)
Written off	-	-	-	(164)	-	(164)
Reclassifications	-	-	13,378	10,651	(24,029)	-
Exchange differences	-	-	102	1,200	159	1,461
At 31 December 2011	204,413	385,452	225,996	563,630	20,761	1,400,252
Accumulated depreciation and impairment losses						
At 1 January 2011						
Accumulated depreciation	-	37,922	117,909	287,441	-	443,272
Accumulated impairment losses	-	-	-	11,486	-	11,486
	-	37,922	117,909	298,927	-	454,758
Depreciation for the year	-	4,132	6,326	25,310	-	35,768
Impairment	-	-	4,980	5,310	-	10,290
Disposals	-	-	-	(2,645)	-	(2,645)
Written off	-	-	-	(113)	-	(113)
Exchange differences	-	-	6	104	-	110
At 31 December 2011	-	42,054	129,221	326,893	-	498,168

Notes To The Financial Statements

Group

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Capital work-in-progress* RM'000	Total RM'000
Analysed as						
Accumulated depreciation	-	42,054	124,241	310,097	-	476,392
Accumulated impairment losses	-	-	4,980	16,796	-	21,776
	-	42,054	129,221	326,893	-	498,168
Net Book Value						
At 31 December 2011	204,413	343,398	96,775	236,737	20,761	902,084
Cost						
At 1 January 2010						
As previously stated	203,558	-	171,274	410,918	105,556	891,306
Effects of adopting the amendments to FRS 117	-	385,452	-	-	-	385,452
As restated	203,558	385,452	171,274	410,918	105,556	1,276,758
Additions	-	-	10,149	29,427	20,261	59,837
Disposals	-	-	-	(3,332)	-	(3,332)
Written off	-	-	-	(493)	-	(493)
Reclassifications	-	-	6,518	88,299	(94,817)	-
Exchange differences	-	-	(127)	(336)	(3,396)	(3,859)
At 31 December 2010	203,558	385,452	187,814	524,483	27,604	1,328,911

Notes To The Financial Statements

Group

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Capital work-in-progress* RM'000	Total RM'000
Accumulated depreciation and impairment losses						
At 1 Janua ry 2010						
As previously stated						
Accumulated depreciation	-	-	112,543	272,559	-	385,102
Accumulated impairment losses	-	-	-	11,486	-	11,486
	-	-	112,543	284,045	-	396,588
Effects of adopting the amendments to FRS 117	-	33,790	-	-	-	33,790
As restated	-	33,790	112,543	284,045	-	430,378
Depreciation for the year	-	4,132	5,281	17,725	-	27,138
Depreciation capitalised during the year (Note 10(a))	-	-	101	780	-	881
Disposals	-	-	-	(3,056)	-	(3,056)
Written off	-	-	-	(381)	-	(381)
Exchange differences	-	-	(16)	(186)	-	(202)
At 31 December 2010	**-**	**37,922**	**117,909**	**298,927**	**-**	**454,758**
Analysed as						
Accumulated depreciation	-	37,922	117,909	287,441	-	443,272
Accumulated impairment losses	-	-	-	11,486	-	11,486
	-	37,922	117,909	298,927	-	454,758
Net Book Value						
At 31 December 2010	203,558	347,530	69,905	225,556	27,604	874,153

Notes To The Financial Statements

Group

*Capital work-in-progress of the Group mainly consists of construction of plants and buildings at the following locations:

	2011 RM'000	2010 RM'000
In the estates of the Company in Peninsular Malaysia	5,059	1,064
In Unitata Berhad	9,661	18,698
In PT SSS1, Central Kalimantan, Indonesia	6,041	7,842
	20,761	27,604

Notes To The Financial Statements

Company

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Capital work-in-progress* RM'000	Total RM'000
Cost						
At 1 January 2011	202,993	385,452	150,347	293,209	1,064	1,033,065
Additions	855	-	5,950	16,408	5,059	28,272
Disposals	-	-	(6)	(2,454)	-	(2,460)
Written off	-	-	-	(164)	-	(164)
Reclassifications	-	-	-	1,064	(1,064)	-
At 31 December 2011	203,848	385,452	156,291	308,063	5,059	1,058,713
Accumulated Depreciation						
At 1 January 2011	-	37,922	106,207	191,930	-	336,059
Depreciation for the year	-	4,132	4,881	10,875	-	19,888
Disposals	-	-	-	(2,418)	-	(2,418)
Written off	-	-	-	(113)	-	(113)
At 31 December 2011	-	42,054	111,088	200,274	-	353,416
Net Book Value						
At 31 December 2011	203,848	343,398	45,203	107,789	5,059	705,297

Notes To The Financial Statements

Company

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Capital work-in-progress* RM'000	Total RM'000
Cost						
At 1 January 2010						
As previously stated	202,993	-	144,008	272,907	5,986	625,894
Effects of adopting the amendments to FRS 117	-	385,452	-	-	-	385,452
As restated	202,993	385,452	144,008	272,907	5,986	1,011,346
Additions	-	-	6,339	17,932	1,064	25,335
Disposals	-	-	-	(3,123)	-	(3,123)
Written off	-	-	-	(493)	-	(493)
Reclassifications	-	-	-	5,986	(5,986)	-
At 31 December 2010	202,993	385,452	150,347	293,209	1,064	1,033,065
Accumulated Depreciation						
At 1 January 2010						
As previously stated	-	-	101,628	184,763	-	286,391
Effects of adopting the amendments to FRS 117	-	33,790	-	-	-	33,790
As restated	-	33,790	101,628	184,763	-	320,181
Depreciation for the year	-	4,132	4,579	10,432	-	19,143
Disposals	-	-	-	(2,884)	-	(2,884)
Written off	-	-	-	(381)	-	(381)
At 31 December 2010	-	37,922	106,207	191,930	-	336,059
Net Book Value						
At 31 December 2010	202,993	347,530	44,140	101,279	1,064	697,006

Notes To The Financial Statements

10. (c) Land Use Rights

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
At 1 January				
As previously stated	30,794	382,835	-	351,662
Effects of adopting the amendments to FRS 117	-	(351,662)	-	(351,662)
As Restated	30,794	31,173	-	-
Additions	911	804	-	-
Amortisation for the year	(429)	(300)	-	-
Exchange differences	487	(883)	-	-
At 31 December	31,763	30,794	-	-

11. Subsidiary Companies

(a) Investment in subsidiary companies

	Company 2011 RM'000	Company 2010 RM'000
Unquoted shares at cost	147,443	147,443
Less: Accumulated impairment losses	(2,992)	(2,992)
	144,451	144,451
Unquoted Remeemable Cumulative Convertable Preference Shares (RCCPS)	324,800	202,600
	469,251	347,051

During the year, the Company subscribed to a total of 122,200,000 (2010: 46,600,000) RCCPS issued by the following subsidiary companies:-

(i) 18,700,000 (2010: 43,300,000) issued by Bernam Advisory Services Sdn. Bhd.. These funds in turn were used to provide a loan to PT SSS1.

(ii) 3,500,000 (2010: 3,300,000) issued by Berta Services Sdn Bhd..These funds in turn were used to provide a loan to PT SSS2.

(iii) 100,000,000 (2010: Nil) issued by Unitata Bhd..The proceeds from the issue were used to settle the advances from the Company.

Notes To The Financial Statements

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 of the company available for distribution, a cumulative dividend at a rate as the Board of Directors and the holders of the RCCPS shall mutually agree 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 of the company, 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 holder for RM1.00 for every RCCPS held.

(d) The RCCPS are convertable at the option of the holder into ordinary shares on the basis of one ordinary share of RM 1.00 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 to the ordinary shareholders of the company.

(b) Amounts due from subsidiary companies

	Company	
	2011 RM'000	2010 RM'000
At 31 December	49,680	101,601
Less: Allowance for impairment	(7,033)	(7,033)
	42,647	94,568
Amount receivable within next 12 months	42,647	94,568
Amount receivable after next 12 months	-	-
Trade debts	40,221	12,151
Non-trade debts	2,426	82,417
	42,647	94,568

The amounts due from subsidiary companies are unsecured. The trade debts from a subsidiary company have fixed term of repayments and the overdue trade debts bear an average interest at approximately 3.11% (2010: 2.74%) per annum. All other amounts are repayable on demand and non-interest bearing.

(c) Amounts due to subsidiary companies

The amounts due to subsidiary companies are interest free, unsecured and repayable on demand.

Notes To The Financial Statements

12. Associated Company

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 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	
	2011 RM'000	2010 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)

The amount due from associated company is interest free, unsecured and repayable on demand.

Notes To The Financial Statements

13. Other Investments

	Group/ Company 2011 RM'000	Group/ Company 2010 RM'000
Available for sale financial assets		
- Current		
Negotiable instrument of deposit	-	5,000
Unquoted shares		
At cost	10,018	10,018
Accumulated impairment losses	(4,465)	(4,465)
Carrying amount	5,553	5,553
Effects arising from adoption of FRS 139	2,307	2,307
Fair value changes	(1,414)	(339)
	6,446	7,521

The negotiable instrument of deposit with interest of 2.45% (2010:2.45%) was redeemed during the year upon maturity.

Notes To The Financial Statements

14. Inventories

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At net realisable value				
Produce stocks	40,759	45,711	29,726	36,183
At carrying amount				
Estate stores (Note (a))	32,461	31,356	24,942	24,613
Raw materials	5,441	6,504	-	-
Work-in-progress	1,207	1,391	-	-
Finished goods (Note (b))	94,229	49,953	-	-
Consumables (Note (c))	7,048	5,305	-	-
	181,145	140,220	54,668	60,796
Note (a):				
Estate stores	32,692	30,376	25,173	24,664
Reversal of write-down/ (write-down) of inventories	(231)	980	(231)	(51)
	32,461	31,356	24,942	24,613
Note (b):				
Finished goods	94,229	50,213	-	-
Write-down of inventories	-	(260)	-	-
	94,229	49,953	-	-
Note (c):				
Consumables	8,393	6,650	-	-
Write-down of inventories	(1,345)	(1,345)	-	-
	7,048	5,305	-	-

Included in produce stocks of the Group and of the Company are unrealised profit amounting to RM28,692,000 and RM23,517,000, respectively (2010: Group and Company RM35,785,000 and RM29,837,000) arising from valuation of the inventories at net realisable value. As at 31 January 2012, all the produce stocks as at 31 December 2011 had been delivered to customers.

Notes To The Financial Statements

15. Trade Receivables

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Balance as at 31 December	74,244	40,055	4,222	103
Less: Allowance for impairment	(65)	(604)	-	-
	74,179	39,451	4,222	103

Included in trade receivables of the Group is an amount of RM58,691,000 (2010: RM19,990,000) being trade debts due from companies in which certain Directors have an interest. These debts are unsecured and overdue trade debts, if any, bear interest at prevailing market rate.

The average credit terms granted to the Group's customers are 10 to 60 days (2010: 10 to 60 days).

Except for the amount due from companies in which certain Directors have an interest, the Group has no other significant concentration of risk that may arise from exposures to a single debtor or to a group of debtors.

Ageing analysis of trade receivables

The ageing analysis of the Group and the Company's trade receivables is as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Neither past due nor impaired	73,442	38,282	4,222	103
1 to 30 days past due not impaired	412	725	-	-
31 to 60 days past due not impaired	199	425	-	-
61 to 90 days past due not impaired	126	5	-	-
91 to 120 days past due not impaired	-	14	-	-
	737	1,169	-	-
Impaired	65	604	-	-
	74,244	40,055	4,222	103

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 89% (2010: 66%) 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 RM737,000 (2010: RM1,169,000) 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	
	2011 RM'000	2010 RM'000
Trade receivables		
- nominal amounts	65	604
Less: Allowance for impairment	(65)	(604)
	-	-

Movement in allowance accounts:

	Group 2011 RM'000	Group 2010 RM'000
At 1 January	604	1,299
Charge for the year (Note 5)	-	320
Written off	(539)	(1,015)
At 31 December	65	604

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

16. Other receivables, deposits and prepayments

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Other receivables	25,383	19,957	7,837	6,475
Deposits	13,671	28,494	12,248	27,484
Prepayments	2,097	3,117	987	427
	41,151	51,568	21,072	34,386

Included in other receivables of the Group and the Company is an amount of RM48,000 (2010: RM42,000) being receivables from a company in which certain Directors have interests. This amount is interest free, unsecured and repayable on demand.

Included in deposits of the Group and Company are amounts of RM21,856,000 (2010: RM29,218,000) and RM12,156,000 (2010: RM27,390,000) respectively being deposits placed with a broker for Bursa Malaysia Derivatives Berhad for Crude Palm Oil Futures.

Notes To The Financial Statements

17. Deposits With Licensed Banks

Included in deposits with licensed banks is an investment in an income trust fund in Malaysia which invested in highly liquid market, which is readily convertable to a known amount of cash and be subject to an insignificant risk of changes in value.

The weighted average interest rates during the financial year and the average maturity period of deposits as at 31 December 2011 are as follows:

	Weighted average interest rates		Average maturity period	
	2011 %	2010 %	2011 Days	2010 Days
Deposits with licensed banks	3.32	2.63	68	60

18. Share Capital

	Number of ordinary shares of RM1 each		Amount	
	2011 Unit'000	2010 Unit'000	2011 RM'000	2010 RM'000
Authorised	500,000	500,000	500,000	500,000
Issued and fully paid:				
At 1 January and 31 December	208,134	208,134	208,134	208,134

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Notes To The Financial Statements

19. Reserves

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Distributable				
Retained profits	1,584,827	1,359,171	1,505,206	1,307,269
Non-distributable				
Available for sale reserve	893	1,968	893	1,968
Share premium	181,920	181,920	181,920	181,920
Capital reserve	21,798	21,798	-	-
Foreign currency translation reserve	(1,186)	(922)	-	-
	203,425	204,764	182,813	183,888
Total	1,788,252	1,563,935	1,688,019	1,491,157

The nature and purpose of each category of reserve are as follows:

(a) Retained Profits

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2011 and 2010 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2011, the Company has sufficient credit in the 108 balance to pay frank dividends amounting to RM378,536,000 (2010: RM581,467,000) out of its retained earnings. If the balance of the retained earnings of RM1,126,670,000 (2010: RM725,802,000) were to be distributed as dividends, the Company may distribute such dividends under the single tier system.

Notes To The Financial Statements

(b) Available For Sale Reserve

The available for sale reserve represents the cumulative fair value changes, until the available for sale financial assets are disposed of or impaired.

(c) Capital Reserve

The capital reserve is in respect of bonus shares issued by subsidiary companies out of their post-acquistion reserves.

(d) Foreign Currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations.

20. Deferred taxation

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At 1 January	68,535	62,286	66,600	59,000
Recognised in profit or loss (Note 8)	8,508	6,249	9,400	7,600
At 31 December	77,043	68,535	76,000	66,600
Presented after appropriate offsetting as follows:				
Deferred tax assets	(7,762)	(13,417)	(4,060)	(3,700)
Deferred tax liabilities	84,805	81,952	80,060	70,300
	77,043	68,535	76,000	66,600

Notes To The Financial Statements

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Accelerated Capital Allowances RM'000	Others RM'000	Total RM'000
At 1 January 2011	81,066	886	81,952
Recognised in profit or loss	3,610	(757)	2,853
At 31 December 2011	84,676	129	84,805
At 1 January 2010	71,575	233	71,808
Recognised in profit or loss	9,491	653	10,144
At 31 December 2010	81,066	886	81,952

Deferred tax assets of the Group:

	Retirement Benefits Obligations RM'000	Unutilised Tax Losses And Reinvestment Allowances RM'000	Others RM'000	Total RM'000
At 1 January 2011	(2,338)	(9,133)	(1,946)	(13,417)
Recognised in profit or loss	413	5,774	(532)	5,655
At 31 December 2011	(1,925)	(3,359)	(2,478)	(7,762)
At 1 January 2010	(1,971)	(5,137)	(2,414)	(9,522)
Recognised in profit or loss	(367)	(3,996)	468	(3,895)
At 31 December 2010	(2,338)	(9,133)	(1,946)	(13,417)

Notes To The Financial Statements

Deferred tax liabilities of the Company:

	Accelerated Capital Allowances RM'000
At 1 January 2011	70,300
Recognised in profit or loss	9,760
At 31 December 2011	80,060
At 1 January 2010	62,344
Recognised in profit or loss	7,956
At 31 December 2010	70,300

Deferred tax assets of the Company:

	Retirement Benefits Obligations RM'000	Others RM'000	Total RM'000
At 1 January 2011	(1,882)	(1,818)	(3,700)
Recognised in profit or loss	(283)	(77)	(360)
At 31 December 2011	(2,165)	(1,895)	(4,060)
At 1 January 2010	(1,615)	(1,729)	(3,344)
Recognised in profit or loss	(267)	(89)	(356)
At 31 December 2010	(1,882)	(1,818)	(3,700)

Deferred tax assets (net) have not been recognised in respect of the following items:

	Group	
	2011 RM'000	2010 RM'000
Unutilised reinvestment allowances	3,391	10,836

The unutilised reinvestment allowances are available indefinitely for offsetting against future taxable profits of the subsidiary company in which those items arose, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

21. Retirement Benefit Obligations

The Company and certain subsidiary companies pay retirement benefits to their eligible employees in accordance with the terms of employment and practices. These plans are generally of the defined benefit type under which benefits are based on employees' years of service and at predetermined rates or average final remuneration, and are unfunded. During the current financial year, the subsidiaries in Indonesia provided employee benefits under the labour law No.13 based on the report of an independent firm of actuaries. Except for Indonesian subsidiaries, 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:

	2011 %	2010 %
Discount rate in determining the actuarial present value of the obligations	6.0 - 7.5	6.0
The average rate of increase in future earnings	4.0 - 10.0	4.0
Turnover of employees	10.0 - 20.0	20.0

Notes To The Financial Statements

The amounts recognised in the statements of financial position are determined as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Present value of unfunded defined benefit obligations	14,162	9,350	8,659	7,528
At 1 January	9,350	7,882	7,528	6,461
Provision during the year	5,320	1,953	1,536	1,314
Paid during the year	(508)	(485)	(405)	(247)
At 31 December	14,162	9,350	8,659	7,528
Analysed as:				
Current	2,273	1,917	2,003	1,705
Non-current:				
Later than 1 year but not later than 2 years	990	627	497	541
Later than 2 years but not later than 5 years	2,392	1,700	1,295	1,187
Later than 5 years	8,507	5,106	4,864	4,095
	11,889	7,433	6,656	5,823
	14,162	9,350	8,659	7,528

Notes To The Financial Statements

22. Trade Payables, Other Payables and Accruals

Trade Payables

Trade payables are non-interest bearing and the average credit terms granted to the Group range from 30 to 60 days (2010: 30 to 60 days).

Other Payables and Accruals

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Other Payables	20,397	18,506	9,542	10,865
Accruals	31,493	28,717	27,196	24,491
Advances from customers	1,539	5,287	1,539	1,759
	53,429	52,510	38,277	37,115

Included in other payables of the Group and the Company in 2010 is an amount of RM101,000 owing to a company in which certain Directors have an interest. This amount which is interest free, unsecured and repayable on demand had been settled in 2011.

23. Bank Borrowings

	Group	
	2011 RM'000	2010 RM'000
Bank overdraft - unsecured	391	1,487

The interest rate applicable to the bank borrowings for the year was 6.60% (2010: 7.25%) per annum.

Notes To The Financial Statements

24. Dividends

	Group/Company			
	Amount		Net Dividends Per Share	
	2011 RM'000	2010 RM'000	2011 Sen	2010 Sen
Final dividend paid in respect of previous financial year: - 20% less 25% tax (2010: 20% less 25% tax)	31,220	31,220	15.00	15.00
Special dividend paid in respect of previous financial year: - 35% less 25% tax (2010: 30% less 25% tax)	54,635	46,830	26.25	22.50
Interim dividend in respect of the current financial year: - 25% less 25% tax (2010: 20% less 25% tax)	39,025	31,220	18.75	15.00
Special dividend in respect of the current financial year: - 15% less 25% tax (2010: 15% less 25% tax)	23,415	23,415	11.25	11.25
	148,295	132,685	71.25	63.75

At the forthcoming Annual General Meeting, a final dividend of 30% less 25% tax amounting to RM46,830,210 and a special dividend of 50% less 25% tax amounting to RM78,050,350 in respect of the year ended 31 December 2011 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 2012.

Notes To The Financial Statements

25. Significant Inter-Company Transactions

	Company	
	2011 RM'000	2010 RM'000
Sale of raw materials to a subsidiary company	111,370	74,586
Sale of biomass and biogas steam to a subsidiary company	2,320	2,307
Interest charged to a subsidiary company	513	420

All transactions with the subsidiary companies are undertaken in the ordinary course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

26. Significant Related Party Transactions

(a) The Group entered into transactions with AarhusKarlshamn AB ("AAK"), a company incorporated in Sweden, and its subsidiary companies, and International Plantations Services Limited ("IPS"), a company incorporated in Bahamas. These companies are related to certain Directors of the Group, namely Ybhg. Dato' Carl Bek-Nielsen and Mr. Martin Bek-Nielsen by virtue of their mutual interests in AAK, IPS and the Group.

The Group also entered into transactions with Fima Palmbulk Services Sdn. Bhd. ("FPS") which is related to a Director of the Group, namely Mr. Ahmad Riza Basir by virtue of his indirect interest in FPS.

In addition, the Group also entered into transactions with Jerneh Insurance Berhad ("JIB"), which is deemed related to the Group by virtue of common directorship held by Mr. Ahmad Riza Basir in both JIB and the Group.

Notes To The Financial Statements

(a) 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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Sale of cocoa butter substitute to AAK	554,591	327,265	-	-
Storage and handling charges paid to FPS	39	665	-	-
Insurance premium paid to JIB	583	547	578	541
Service fees paid to IPS	156	156	156	156

The Directors are of the opinion that the above related party transactions are undertaken in the ordinary course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Amount outstanding at 31 December:				
Due from AAK	58,691	19,990	48	42
Due from/(to) IPS	21	(101)	21	(101)

(b) Compensation of key management personnel

The remuneration of key management during the year was as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Short-term employee benefits	3,401	3,291	3,401	3,291
Post employment benefits:				
Defined contribution plan	535	519	535	519
Defined benefit plan	-	10	-	10
	3,936	3,820	3,936	3,820

Notes To The Financial Statements

27. Segmental Information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:-

(a) The plantations segment carries on the business of oil palm and coconut cultivation and processing on its plantations in Peninsular Malaysia and Kalimantan, Indonesia. Under this segment, there is also an active Research Centre providing improved planting material for the Group's estates as well as for the Malaysian agricultural sector in general.

(b) The palm oil refining segment carries on the business of palm oil processing, manufacturing of edible oils, fats, soap products, cocoa butter substitute and trading in crude palm oil and palm oil products.

(c) The other segments consist of bulking facilities for 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 non-plantation subsidiary companies are all incidental to the main activity and in terms of revenue, profit contribution and assets employed they are insignificant except for Unitata Berhad. Inter-segment sales at fair market values have been eliminated. The principal activity of Unitata Berhad is palm oil refining and its ancillary activity.

The analysis of Group operations is as follows:

(i) Business segments

	Plantations		Palm Oil Refining		Other Segments		Elimination		Consolidated	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue And Expenses										
Revenue:										
External sales	635,649	441,469	761,286	526,057	1,451	1,637	-	-	1,398,386	969,163
Inter-segment sales	126,707	77,521	-	-	-	72	(126,707)	(77,593)	-	-
Total revenue	762,356	518,990	761,286	526,057	1,451	1,709	(126,707)	(77,593)	1,398,386	969,163
Results:										
Segment results/ operating profit/(loss)	454,688	337,694	13,444	16,531	5,854	(15,733)	-	-	473,986	338,492
Interest income	16,956	10,454	103	91	24,153	21,116	(23,630)	(20,676)	17,582	10,985
Interest expense	(23,141)	(20,271)	(516)	(422)	-	-	23,630	20,676	(27)	(17)
Income taxes	(117,442)	(84,383)	-	-	(513)	(370)	-	-	(117,955)	(84,753)
Net profit for the year									373,586	264,707

Notes To The Financial Statements

	Plantations		Palm Oil Refining		Other Segments		Elimination		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	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	1,869,756	1,727,889	289,821	230,751	34,196	34,949	-	-	2,193,773	1,993,589
Investment in an associated company	-	-	-	-	50	50	-	-	50	50
Other investments	-	-	-	-	6,446	12,521	-	-	6,446	12,521
Consolidated total assets									2,200,269	2,006,160
Segment liabilities	176,557	204,659	26,772	28,749	347	178	-	-	203,676	233,586
Consolidated total liabilities									203,676	233,586
Other Information										
Capital expenditure*	109,615	106,083	7,799	16,624	-	53	-	-	117,414	122,760
Depreciation	27,047	20,715	8,613	6,312	108	111	-	-	35,768	27,138
Amortisation	24,523	20,506	-	-	-	-	-	-	24,523	20,506
Other significant non-cash expenses:										
Write-down of inventories/ (Reversal of write-down)	1,211	(237)	(260)	184	-	-	-	-	951	(53)
Allowance for impairment on trade receivables	-	-	-	320	-	-	-	-	-	320
Net unrealised foreign exchange loss/(gain)	-	-	402	(3,000)	(5,132)	15,951	-	-	(4,730)	12,951

(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	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	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	732,456	574,119	88,998	13,666	291,932	221,695	207,439	115,237	77,561	44,446	1,398,386	969,163
Segment assets	1,809,338	1,717,786	341,975	283,466	11,744	-	33,664	-	3,548	4,908	2,200,269	2,006,160
Capital expenditure*	68,418	74,425	48,996	48,335	-	-	-	-	-	-	117,414	122,760

* Capital expenditure presented above consist of the following items as presented in the consolidated statement of financial position:

	Group 2011 RM'000	Group 2010 RM'000
Biological assets	43,772	63,000
Property, plant and equipment	72,731	59,837
Land use rights	911	804
Depreciation capitalised	-	(881)
	117,414	122,760

(ii) Information about a major customer

Revenue from one major customer amounts to RM554,591,000 (2010: RM327,265,000), arising from sales by the palm oil refining segment.

28. Capital Commitments

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Capital expenditure approved by the Directors but not contracted	99,302	85,895	71,430	55,310
Capital expenditure contracted but not provided for	23,946	24,441	9,060	8,635
	123,248	110,336	80,490	63,945

Notes To The Financial Statements

29. Financial Instruments

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its interest rate, liquidity, foreign exchange, commodity price and credit risks. The Group operates within clearly defined guidelines that are approved by the Board.

During the year, the Group entered into commodity futures contracts. Control and monitoring procedures include, amongst others, setting of trading limits and the manner and timing of management reporting. Such derivative trading is also under the close supervision of an executive director. These control procedures are periodically reviewed and enhanced where necessary in response to changes in market condition.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to short term fixed rate term deposits with licensed banks and negotiable papers issued by licensed banks. The Group does not hedge this exposure. The maturity periods are mixed such that the Group's cash flow requirements are met while yielding a reasonable return. The effective interest rates and the average maturity days are as disclosed in Notes 13 and 17.

The Group's bank borrowings are insignificant to hedge. The effective interest rate is disclosed in Note 23.

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 RM440,000 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 RM440,000 higher/lower. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market movements.

Notes To The Financial Statements

(c) Foreign Exchange Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily RM and Indonesian Rupiah ("IDR"). The foreign currencies in which these transactions are denominated are mainly US Dollars ("USD").

Approximately 52% (2010: 46%) of the Group's sales are denominated in foreign currencies whilst almost 55% (2010: 49%) 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 RM599,000 (2010: RM3,655,000) and RM474,000 (2010: RM77,000) 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 2011, the Group hedged 82% (2010: 65%) and 100% (2010: 26% of its foreign currency denominated sales and purchases respectively, for which firm commitments existed at the reporting date, extending to May 2012 (2010: March 2011).

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 2011:		
Ringgit Malaysia	299,468	299,468
At 31 December 2010:		
Ringgit Malaysia	272,282	272,282

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 2011:				
Forwards used to hedge				
receivables	USD	142,906	-	142,906
payables	USD	64,077	-	64,077
As at 31 December 2010:				
Forwards used to hedge				
receivables	USD	123,883	-	123,883
payables	USD	37,568	-	37,568

The net recognised loss as at 31 December 2011 on forward exchange contracts used to hedge receivables and payables as at 31 December 2011 amounted to RM402,000 (31 December 2010: net recognised gain RM1,795,000).

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 2011 RM'000 Profit net of tax
USD/RM	
- strengthened 3%	(1,103)
- weakened 3%	1,103
IDR/RM	
- strengthened 3%	8,722
- weakened 3%	(8,722)

(d) Credit Risk

Credit risk or the risk of counterparties defaulting is controlled by the application of credit approvals, limits and monthly monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Except for amount due from companies in which certain Directors have an interest, the Group does not have any significant exposure to any single customer or counter party related to any financial instrument (with the exception of fixed deposits). The average credit terms granted to the Group's customers are 10 to 60 days.

Credit risk of commodity futures contracts arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Company has a gain position. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market prices.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.

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			
	2011		2010	
	RM'000	% of total	RM'000	% of total
By segment:				
Plantations	5,645	7.61	103	0.26
Palm Oil Refining	68,246	92.00	38,829	98.42
Others	288	0.39	519	1.32
	74,179	100.00	39,451	100.00

At the reporting date, approximately 79% (2010: 51%) of the Group's trade receivables were due from a major customer of the palm oil refinery unit. This customer is also a related party as disclosed under Note 15.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 15. Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15.

(e) Liquidity Risk

The Group actively manages its cash flows by monthly forecasts of funding requirements. As part of its prudent liquidity management, the Group maintains sufficient levels of cash or cash equivalents, banking facilities of a reasonable level to meet its working capital requirements. As far as possible, the Group funds significant long term investments with internal funding to achieve overall cost effectiveness.

(f) Market Risk

Market risk is the potential change in value caused by movement in market prices. The contractual amounts stated under Note 29(g) provide only a measure of involvement in these types of transactions.

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 RM42,000 higher/lower, arising as a result of higher/lower fair value gains on held for trading/hedging commodity futures 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 futures contracts. As at the reporting date, the impact of changes in the commodity futures 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			
At 31 December 2011			
Non-hedging derivatives:			
Current			
Forward currency contracts	206,983	-	(402)
Commodity futures contracts	752,419	1,255	-
		1,255	(402)
Non-current			
Commodity futures contracts	172,348	1,315	-
Total derivatives		2,570	(402)
Group			
At 31 December 2010			
Non-hedging derivatives:			
Current			
Forward currency contracts	161,451	1,795	-
Commodity futures contracts	631,322	-	(489)
		1,795	(489)
Non-current			
Commodity futures contracts	49,239	2,029	-
Total derivatives		3,824	(489)

Notes To The Financial Statements

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 May 2012 (2010: March 2011) (Note 29(c)).

During the financial year, the Group recognised a gain of RM2,168,000 (2010: gain of RM3,335,000) 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 statement of financial position of the Group and of the Company as at the financial year end are represented as follows:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets				
At 31 December 2011				
Non-current unquoted shares (Note 13)	6,446	6,446	6,446	6,446
At 31 December 2010				
Non-current unquoted shares (Note 13)	7,521	7,521	7,521	7,521

(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, trade receivables, trade and other payables and amounts due to subsidiary companies approximate their fair values due to the short maturity;

Notes To The Financial Statements

(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 the rate currently available for investments of similiar 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:

(i) Level 1: quoted (unadjusted) prices in active market for identical assets or liabilities;

(ii) Level 2: techniques for which all inputs that have significant effect on the recorded fair value are observable, either directly or indirectly; and

(iii) Level 3: techniques that use inputs that have significant effect on the recorded fair value that are not based on observable market data.

As at 31 December 2011, the Group and the Company held the following financial instruments carried at fair value in the statement of financial position:

	31 December 2011 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	2,570	2,570	-	-
Forward currency contracts	(402)	(402)	-	-
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

Notes To The Financial Statements

During the year ended 31 December 2011, there were no transfer to or from Level 3.

As at 31 December 2010, the Group and the Company held the following financial instruments carried at fair value in the statement of financial position:

	31 December 2010 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	1,540	1,540	-	-
Forward currency contracts	1,795	1,795	-	-
Available for sale financial assets				
Unquoted shares	7,521	-	-	7,521
Negotiable instruments of deposits	5,000	-	-	5,000
Company				
Asset measured at fair value				
Available for sale financial assets				
Unquoted shares	7,521	-	-	7,521
Negotiable instruments of deposits	5,000	-	-	5,000

During the year ended 31 December 2010, there were no transfer to or from Level 3.

Reconciliation of fair value measurements of Level 3 financial instruments

The Group and the Company carry unquoted equity shares as available for sale financial instruments classified as Level 3 within the fair value hierarchy.

The reconciliation of the beginning and closing balances including movements is summarised below:

	Group and Company	
	2011 RM'000	2010 RM'000
1 January	12,521	10,553
Effects arising from adoption of FRS 139	-	2,307
Sales	(5,000)	-
Loss recognised in other comprehensive income	(1,075)	(339)
31 December	6,446	12,521

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 2011 and 31 December 2010.

There are no externally imposed capital requirements.

31. Supplementary Information

The breakdown of the retained profits of the Group and of the Company as at 31 December 2011 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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Total retained profits				
- realised	1,678,257	1,404,120	1,551,929	1,344,032
- unrealised	(40,123)	(27,890)	(46,723)	(36,763)
Total	1,638,134	1,376,230	1,505,206	1,307,269
Total share of accumulated loss from an associated company				
- realised	(51)	(51)	-	-
	1,638,083	1,376,179	1,505,206	1,307,269
Less: Consolidation adjustments	(53,256)	(17,008)	-	-
Total retained profits	1,584,827	1,359,171	1,505,206	1,307,269

Statement By Directors

Pursuant To Section 169(15) Of The Companies Act, 1965

We, TAN SRI DATUK DR. JOHARI BIN MAT and HO DUA TIAM, being two of the Directors of United Plantations Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 112 to 187 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 2011 and of the results and the cash flows of the Group and of the Company for the year then ended.

The information set out in Note 31 to the financial statements on page 187 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 23 March 2012.

TAN SRI DATUK
DR. JOHARI BIN MAT

HO DUA TIAM

Jendarata Estate
36009 Teluk Intan,
Perak Darul Ridzuan,
Malaysia

Statutory Declaration

Pursuant To Section 169(16) Of The Companies Act, 1965

I, A. GANAPATHY, the Officer primarily responsible for the financial management of United Plantations Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 112 to 187 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 23 March 2012.

A. GANAPATHY

Before me,

Koay Hean Beng, P.P.T.
Commissioner For Oaths,
Teluk Intan,
Perak Darul Ridzuan.

Independent Auditors' Report To The Members Of United Plantations Berhad

Report on the financial statements

We have audited the financial statements of United Plantations Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the income statements and statements of comprehensive income, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 112 to 187.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

Report On Other Legal And Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and auditors' reports of all subsidiaries of which we have not acted as auditors, which are indicated in Note 3 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other Matters

The supplementary information set out in Note 31 on page 187 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG
AF: 0039
Chartered Accountants

YAP SENG CHONG
No. 2190/12/13(J)
Chartered Accountant

Kuala Lumpur, Malaysia
23 March 2012

Shareholders Information As At 19 March 2012

Authorised Share Capital	:	RM500,000,000
Issued & Fully Paid-up Capital	:	RM208,134,266
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One Vote per ordinary share

Categories Of Shareholders As At 19 March 2012

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Issued Capital
Less than 100 shares	198	4.44	6,604	0.00
100 to 1,000 shares	1,917	43.03	1,501,787	0.72
1,001 to 10,000 shares	1,827	41.01	6,694,718	3.22
10,001 to 100,000 shares	408	9.16	12,021,713	5.78
100,001 to less than 5% of issued shares	99	2.22	60,206,188	28.93
5% and above of issued shares	6	0.14	127,703,256	61.36
Total	4,455	100.00	208,134,266	100.00

Substantial Shareholders As At 19 March 2012

Name of Shareholder	Direct Interest No. of Shares	% of Issued Capital	Deemed Interest No. of Shares	% of Issued Capital
1. Maximum Vista Sdn. Bhd. (MVSB)	87,446,600	42.01	-	-
2. Employees Provident Fund Board	27,191,498	13.06	-	-
3. Perbadanan Pembangunan Pertanian Negeri Perak (Perbadanan)	13,065,158	6.28	330,000 *(5)	0.16
4. United International Enterprises Limited (UIEL)	8,478,132	4.07	87,456,945 *(1)	42.02
5. United International Holdings Limited (UIH)	-	-	95,935,077 *(2)	46.09
6. The Dato' Bek-Nielsen Settlement (BNS)	-	-	95,935,077 *(2)	46.09
7. Ybhg. Dato' Carl Bek-Nielsen	2,114,556	1.02	96,002,570 *(3)	46.13
8. Mr. Martin Bek-Nielsen	546,913	0.26	95,937,077 *(4)	46.09
9. Aberdeen Asset Management PLC and its subsidiary	-	-	17,845,000 *(6)	8.57
Mitsubishi UFJ Financial Group, INC (MUFG)	-	-	17,845,000 *(6)	8.57

*Notes:
(1) Deemed interest by virtue of substantial shareholdings in MVSB and IPS Ltd.
(2) Deemed interest by virtue of substantial shareholdings in MVSB, UIEL and IPS Ltd.
(3) Deemed interest by virtue of substantial shareholdings in MVSB, UIEL, IPS Ltd and through immediate family members.
(4) Deemed interest by virtue of substantial shareholdings in MVSB, UIEL, IPS Ltd and through immediate family member.
(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.

Directors' Shareholdings As At 19 March 2012

Name of Director	Direct Interest No. of Shares	% of Issued Capital	Deemed Interest No. of Shares	% of Issued Capital
Ybhg. Tan Sri Datuk Dr. Johari Bin Mat	110,000	0.05	10,000	0.00
Mr. Ho Dua Tiam	707,400	0.34	-	-
Mr. G. Peter Selvarajah	90,120	0.04	-	-
Ybhg. Dato' Carl Bek-Nielsen	2,114,556	1.02	96,002,570	46.13
Mr. Ahmad Riza Basir	70,500	0.03	2,641,440	1.27
Y. Hormat Dato' Jeremy Derek Campbell Diamond	14,000	0.01	255,000	0.12
Mr. Martin Bek-Nielsen	546,913	0.26	95,937,077	46.09
Mr. Mohamad Nasir bin Ab. Latif	-	-	-	-
Mr. Brian Bech Nielsen	-	-	5,000	0.00

Shareholders Information As At 19 March 2012

Thirty (30) Largest Shareholders As At 19 March 2012			
Name of Shareholder		No. of Shares	% of Issued Capital
1.	Maximum Vista Sdn Bhd	86,891,100	41.75
2.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	24,326,498	11.69
3.	Perbadanan Pembangunan Pertanian Negeri Perak	13,065,158	6.28
4.	HSBC Nominees (Asing) Sdn Bhd BNP Paribas SECS SVS Lux For Aberdeen Global	9,268,100	4.45
5.	United International Enterprises Ltd	8,002,277	3.84
6.	Kumpulan Wang Persaraan (Diperbadankan)	4,255,700	2.04
7.	BHR Enterprise Sdn Bhd	2,422,440	1.16
8.	Valuecap Sdn Bhd	2,000,000	0.96
9.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	1,655,100	0.80
10.	HSBC Nominees (Asing) Sdn Bhd BNP Paribas SECS SVS Paris For Aberdeen Asian Smaller Companies Investment Trust PLC	1,502,600	0.72
11.	Employees Provident Fund Board	1,500,000	0.72
12.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Aberdeen)	1,365,000	0.66
13.	Amanahraya Trustees Berhad PB Growth Fund	1,181,600	0.57
14.	Scan Services Limited Ref. 39	1,057,340	0.51
15.	HSBC Nominees (Asing) Sdn Bhd Exempt An for BNP Paribas Securities Services (Singapore - SGD)	1,020,000	0.49
16.	Sydbank obo Sydbank Schweiz	990,185	0.48
17.	Ybhg. Dato' Carl Bek-Nielsen	972,216	0.47
18.	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	855,300	0.41
19.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund AM4N for Aberdeen Institutional Commingled Funds LLC	830,000	0.40
20.	KAF Nominees (Tempatan) Sdn. Bhd. Bernam Nominees (Tempatan) Sdn Bhd for United Plantations Berhad Education And Welfare Fund	816,000	0.39
21.	Jyske Bank obo J.E. Jensen, Alfarvad A/S	718,725	0.34
22.	Mr. Ho Dua Tiam	707,400	0.34
23.	Cartaban Nominees (Asing) Sdn Bhd State Street London Fund FSID for First State Asia Pacific Sustainability Fund	696,800	0.33
24.	BHLB Trustee Berhad Public Focus Select Fund	655,300	0.31
25.	Mr. E. Thrane	650,000	0.31
26.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	617,400	0.30
27.	HSBC Nominees (Asing) Sdn Bhd Exempt An for JPMorgan Chase Bank, National Association (Guernsey)	600,000	0.29
28.	HSBC Nominees (Asing) Sdn Bhd HSBC Sg For Selat Pte Ltd	557,568	0.27
29.	Maximum Vista Sdn Bhd	555,500	0.27
30.	Scan Services Limited Ref. 40	546,913	0.26
		170,282,220	81.81

Comparative Statistics - 10 Years

Year ended 31 December	2011 RM '000	2010 RM '000	2009 RM '000	2008 RM '000	2007 RM '000	2006 RM '000	2005 RM '000	2004 RM '000	2003 RM '000	2002 RM '000
Balance Sheet Analysis										
Issued Capital	208,134	208,134	208,134	208,134	208,134	208,134	208,134	208,134	208,134	151,510
Reserves	1,788,252	1,563,935	1,430,011	1,224,853	988,347	863,967	770,169	682,098	598,148	384,329
Minority Interests	207	505	125	619	672	304	-	-	-	-
Funds Employed	1,996,593	1,772,574	1,638,270	1,433,606	1,197,153	1,072,405	978,303	890,232	806,282	535,839
Biological Assets	377,947	355,266	321,821	241,345	196,499	184,723	182,644	191,620	194,653	154,601
Property, Plant and Equipment	902,084	874,153	846,380	744,175	724,354	705,737	685,550	686,185	571,952	209,376
Land Use Rights	31,763	30,794	31,173	25,105	25,665	22,464	-	-	-	-
Other Non-Current Assets	7,811	9,600	10,603	28,301	26,915	3,258	4,331	11,111	11,803	22,897
Current Assets	880,664	736,347	627,011	606,157	389,070	306,798	308,165	242,319	269,158	266,591
Total Assets	2,200,269	2,006,160	1,836,988	1,645,083	1,362,503	1,222,980	1,180,690	1,131,235	1,047,566	653,465
Less: Liabilities	203,676	233,586	198,718	211,477	165,350	150,575	202,387	241,003	241,284	117,626
Net Assets Employed	1,996,593	1,772,574	1,638,270	1,433,606	1,197,153	1,072,405	978,303	890,232	806,282	535,839
Other Data										
Profit Before Tax	491,541	349,460	372,797	397,818	232,985	199,569	181,637	160,661	131,974	71,566
Tax	117,955	84,753	91,913	98,259	53,597	49,561	48,609	31,754	37,563	21,063
Net Profit	373,586	264,707	280,884	299,559	179,388	150,008	133,028	128,907	94,411	50,503
Minority interests	365	(400)	591	-	13	-	-	-	-	-
Profit attributable to equity holders of the Company	373,951	264,307	281,475	299,559	179,401	150,008	133,028	128,907	94,411	50,503
Earnings Per Share (in sen)	180.00	127.00	134.95	143.93	86.19	72.07	63.91	61.93	49.10	33.33
Dividend Rate (Ordinary Share)										
- Interim and Final	120%	90%	70%	50%	40%	5%T.E. & 30%	30%	30%	30%	7.5%T.E. & 17.5%
Share Prices On The Bursa Malaysia Securities Berhad										
Highest	21.16	17.70	14.00	14.60	14.80	9.75	7.05	5.15	4.86	4.44
Lowest	16.00	13.32	9.70	7.85	9.00	7.00	4.90	4.30	4.00	3.58
Production - Malaysia										
Palm Oil - own - Tonnes	165,408	164,066	198,883	203,864	176,272	192,204	188,171	177,670	150,962	102,551
Palm Kernel - own - Tonnes	42,163	42,522	53,134	55,537	47,753	53,567	49,935	48,140	43,580	29,322
Coconuts - Nuts ('000)	71,763	83,331	75,541	83,626	87,049	74,035	81,749	76,978	76,129	63,838
FFB Yield per hectare - Tonnes	25.16	24.61	29.05	29.60	25.46	27.83	26.54	26.30	26.23	25.59
CPO Yield per hectare - Tonnes	5.47	5.28	6.31	6.38	5.45	5.90	5.65	5.52	5.30	5.29
Palm Oil extraction rate -%	21.73	21.46	21.73	21.54	21.41	21.21	21.30	20.99	20.20	20.68
Palm Kernel extraction rate -%	5.54	5.56	5.81	5.87	5.80	5.91	5.65	5.69	5.83	5.91
Coconuts Yield per hectare -Nuts	24,771	28,135	22,616	25,037	25,962	22,070	24,028	22,632	22,652	22,698
Cost Of Production - Malaysia**	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Palm Oil -Per Tonne	646	594	539	574	554	506	536	534	520	522
Palm Kernel -Per Tonne	161	145	120	121	130	110	115	115	119	135
Coconuts (in sen) -Per Nut	9	8	10	10	8	9	9	8	7	7
Average Sales Price										
Palm Oil -Per Tonne	3,050	2,408	2,242	2,368	1,840	1,468	1,420	1,512	1,477	1,351
Palm Kernel -Per Tonne	2,168	1,532	1,031	1,691	1,121	906	1,020	893	722	666
Coconuts (in sen) -Per Nut	65	45	47	38	32	34	29	25	22	22
Production -Indonesia										
Palm Oil - own -Tonnes	24,747	* 5,435	-	-	-	-	-	-	-	-
Palm Kernel - own -Tonnes	4,277	830	-	-	-	-	-	-	-	-
FFB Yield per hectare -Tonnes	16.22	14.98	-	-	-	-	-	-	-	-
CPO Yield per hectare -Tonnes	3.84	2.12	-	-	-	-	-	-	-	-
Palm Oil extraction rate -%	23.80	21.23	-	-	-	-	-	-	-	-
Palm Kernel extraction rate -%	4.14	3.24	-	-	-	-	-	-	-	-
Cost Of Production - Indonesia										
Palm Oil -Per Tonne	1,390	1,147	-	-	-	-	-	-	-	-
Palm Kernel -Per Tonne	92	146	-	-	-	-	-	-	-	-
Average Sales Price										
Palm Oil -Per Tonne	2,553	2,755	-	-	-	-	-	-	-	-
Palm Kernel -Per Tonne	1,247	2,000	-	-	-	-	-	-	-	-

* Production of CPO and PK commenced in July 2010. ** Cost of production figures do not include depreciation.

All Properties Of The Group

Properties	Tenure	Area In Hectares	Description	Age In Years	Net Tangible Asset Value RM '000
Jendarata Estate	Leasehold		Registered Office - 1,369 sq.m.	47	625
36009 Teluk Intan	Expiring on:		Research Station - 1,070 sq.m.	46	1,943
Perak Darul Ridzuan	15-01-2062	606.16	Oil Palm & Coconut Estate		89,117
	07-06-2104	623.77	Palm Oil Mill } 10,032 sq.m.	77	7,225
	07-06-2104	36.07	Biomass Plant }	6	2,572
	20-11-2067	997.06			
	22-08-2068	151.67			
	Yr to Yr	33.62			
	Freehold	3,931.25			
Kuala Bernam Estate	Freehold	830.11	Coconut Estate		12,194
Batu 18, Jalan Bagan Datoh					
36300 Sungai Sumun					
Perak Darul Ridzuan					
Sungei Bernam Estate	Leasehold		Coconut Estate		28,774
Sungai Ayer Tawar	Expiring on:		Copra Kiln - 1,022 sq.m.	37	
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		37,784
36500 Ulu Bernam	Expiring on:		Palm Oil Mill - 8,193 sq.m.	79	2,199
Perak Darul Ridzuan	Yr to Yr	95.31			
	Freehold	3,098.57			
Changkat Mentri Estate	Leasehold		Oil Palm Estate		24,040
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		47,048
36500 Ulu Bernam	Expiring on:		Palm Oil Mill - 6,352 sq.m.	22	609
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		40,733
36500 Ulu Bernam	Expiring on:				
Perak Darul Ridzuan	02-11-2064	53.90			
	31-03-2065	809.39			
	Yr to Yr	43.18			
	Freehold	2,756.53			
Sungei Chawang Estate	Freehold	3,280.69	Oil Palm Estate		24,971
36500 Ulu Bernam	Yr to Yr	5.50			
Perak Darul Ridzuan					
Seri Pelangi Estate	Leasehold		Oil Palm Estate		13,492
Batu 11 3/4	Expiring on:		Palm Oil Mill - 2,248 sq.m.	34	242
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		128,029
35800 Slim River			Palm Oil Mill - 8,210 sq.m.		1,172
UIE	Leasehold		Oil Palm Estate		344,364
Pantai Remis	Expiring on:		Palm Oil Mill - 6,148 sq.m.	20	2,755
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	37	28,740
Perak Darul Ridzuan			Cebes Plant }		
Bernam Bakery	Freehold	0.45	Bakery	27	14
36009 Teluk Intan					
Perak Darul Ridzuan					
Butterworth	Leasehold		Bulking & Storage		
Bulking Installation	Expiring on:		& Rigging Facilities	39	227
4536 Deep Water Wharf	31-08-2019	0.84			
12100 Butterworth					
PT Surya Sawit Sejati	Leasehold		Oil Palm Estate		200,158
Pangkalan Bun, Central	Expiring on:		Palm Oil Mill - 90,000 sq.m.		13,177
Kalimantan, Indonesia	24-09-2040	2,508.47			
	**	6,430.53			
PT Sawit Seberang Seberang	Leasehold		Oil Palm Estate		16,070
Pangkalan Bun, Central	Expiring on:				
Kalimantan, Indonesia	**	924.00			

Notes:
* Estate Includes Land, Pre-cropping Cost and Buildings ** awaiting issue of lease

Group's Plantation Properties As At 31 December 2011

	Jendarata Hect.	Kuala Bernam Hect.	Sungei Bernam Hect.	Ulu Bernam Hect.	Changkat Mentri Hect.	Ulu Basir Hect.	Sungei Erong Hect.	Sungei Chawang Hect.	Seri Pelangi Hect.	Lima Blas Hect.	UIE Hect.	PT Surya Sawit Sejati Hect.	PT Sawit Seberang Seberang Hect.	Total
OIL PALM:														
Mature	5,410			3,073	2,036	3,021	2,748	2,727	1,337	2,454	7,026	6,677	924	37,433
Immature-Planted 2008						192								192
Immature-Planted 2009	72			76	350	188	513	129		286	314	1,485		3,413
Immature-Planted 2010	365					262	145	96			1,239	670		2,777
Immature-Planted 2011	159					74	94	295			1,114	107		1,843
Sub-Total	6,006			3,149	2,386	3,737	3,500	3,247	1,337	2,740	9,693	8,939	924	45,658
COCONUT:														
Mature	25	759	2,047											2,831
Immature-Planted 2008														0
Immature-Planted 2009		17												17
Immature-Planted 2010		34	60											94
Immature-Planted 2011			148											148
Sub-Total	25	810	2,255											3,090
OTHER AREAS:														
Other Crops	5													5
Areas felled for buildings, roads, drains, air-strip, nurseries, toddy tapping areas, railway, etc.	344	20	37	45	163	250	163	39	85	149	677			1,972
TOTAL	6,380	830	2,292	3,194	2,549	3,987	3,663	3,286	1,422	2,889	10,370	8,939	924	50,725

Oil Palm		
Age in years	Hectares	% Under crop
4 - 5	9,361	21
6 - 8	4,641	10
9 - 18	9,649	21
19 and above	13,782	30
Mature	37,433	82
Immature	8,225	18
Total	45,658	100

Locations of Estates, Factories and Holdings in Peninsular Malaysia

Planted Area (Hectares) 31 December 2011

Estate	Oil Palm	Coconut	Other Crops	Total
UIE	9,693	-	-	9,693
Jendarata	6,006	25	5	6,036
Kuala Bernam	-	810	-	810
Sungei Bernam	-	2,255	-	2,255
Ulu Bernam	3,149	-	-	3,149
Changkat Mentri	2,386	-	-	2,386
Ulu Basir	3,737	-	-	3,737
Sungei Erong	3,500	-	-	3,500
Sungei Chawang	3,247	-	-	3,247
Seri Pelangi	1,337	-	-	1,337
Lima Blas	2,740	-	-	2,740
PT SSS1	8,939	-	-	8,939
PT SSS2	924	-	-	924
TOTAL (Hectares)	45,658	3,090	5	48,753

The Bernam river with United Plantations's Sungei Bernam Coconut Estate in the background and one of Malaysia's largest fishing village "Hutan Melintang" in the foreground.