ANNUAL REPORT
2012

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:
For the evacuation of fresh fruit bunches (FFB), the buffalo assisted method, amongst others, is used successfully, especially where the ground is too soft for heavy vehicles.

Corporate Information

Country of Incorporation	Malaysia
Board of Directors	Ybhg. Tan Sri Datuk Dr. Johari bin Mat (Chairman, Independent, Non-Executive) Ybhg. Dato' Carl Bek-Nielsen (Chief Executive Director) Mr. Ho Dua Tiam (Executive) Mr. G.Peter Selvarajah (Independent, Non-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) Mr. Loh Hang Pai (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 Securites Berhad (Bursa Malaysia) Website : www.bursamalaysia.com Denmark NASDAQ OMX Copenhagen A/S Website : www.nasdaqomxnordic.com

Executive Committee and Senior Management

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

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

Loh Hang Pai
Executive Director (Estates)

Ho Dua Tiam
Inspector General, Estates & Special Adviser

Senior Executive Staff

Finance & Corporate

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

Ng Eng Ho
Group Financial Controller

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

Dewi Anita Suyatman
Sr Manager, Legal & Corp Affairs
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

Edward Rajkumar Daniels
President Director,
PT SSS1

C. Mohan Das
Group Manager,
Jendarata Estate

Geoffrey Cooper
Group Manager,
UIE

Nek Wahid bin Nek Harun
Sr Manager,
Sungei Erong Estates

Naslah bin Jajuli
Sr Manager,
Ulu Basir Estate

Muhammad Ratha
Sr Manager, Estate 1
UIE

D.Amrik Singh
General Manager,
PT SSS

Ridzuan Bin Md. Isa
Manager,
Ulu Bernam Estate

Azhar bin Yazid
Manager,
Lima Blas Estate

Chantharavarnam Sathiam
Manager,
Sungei Chawang Estate

Jason Joseph
Manager,
Changkat Mentri Estate

Kumaresan Subramani
Manager,
Kuala Bernam Estate

Siva Subramaniam Ragavan
Manager,
Seri Pelangi Estate

Thilaganathan Karunagaran
Manager,
Sungei Bernam Estate

Research

Dr. Xaviar Arulandoo
Director of Research

Ho Shui Hing
Research Controller

Musa bin Bilal
Sr Manager, Plant Breeding

Lim Chin Ching
Research Manager(Biotechnology)

Vijiandran Juva Rajah
Research Manager

Engineering

P. Seker
Group Engineer,
Ulu Bernam

Vincent Wiiliams
Vice President, Engineering,
PT SSS1

Ir P. Rajasegaran
Group Engineer,
Jendarata / Unitata

Ir V. Renganathan
Sr Resident Engineer,
UIE

Lim Chin Yen
Sr Resident Engineer,
Lima Blas

K.T. Somasegaran
Sr Resident Engineer,
Ulu Basir

G. Padmanathan
Resident Engineer,
Seri Pelangi

Palm Oil Refining and Others

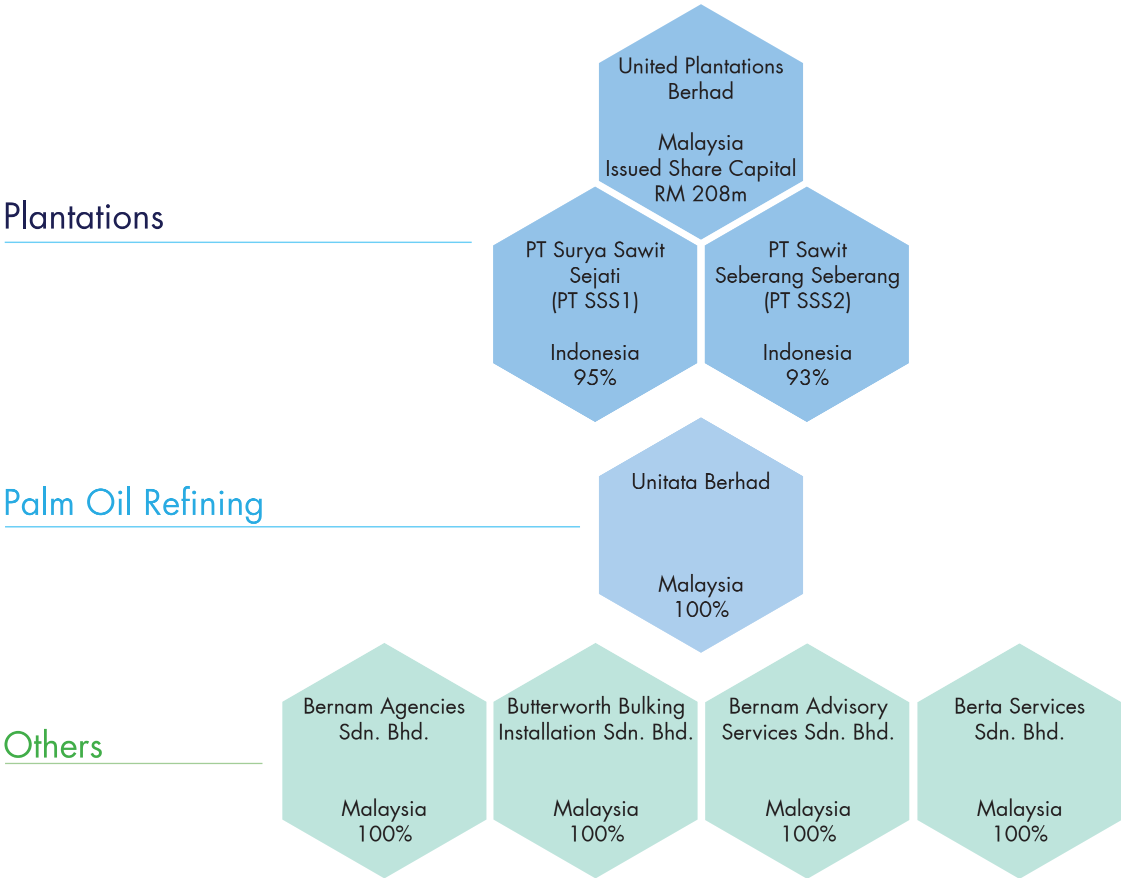
Dr. C.T. Premakumari Nair
Chief Research & Quality Controller,
Unitata Berhad

Kerk Choon Keng
Group Manager, Commerce
Unitata Berhad

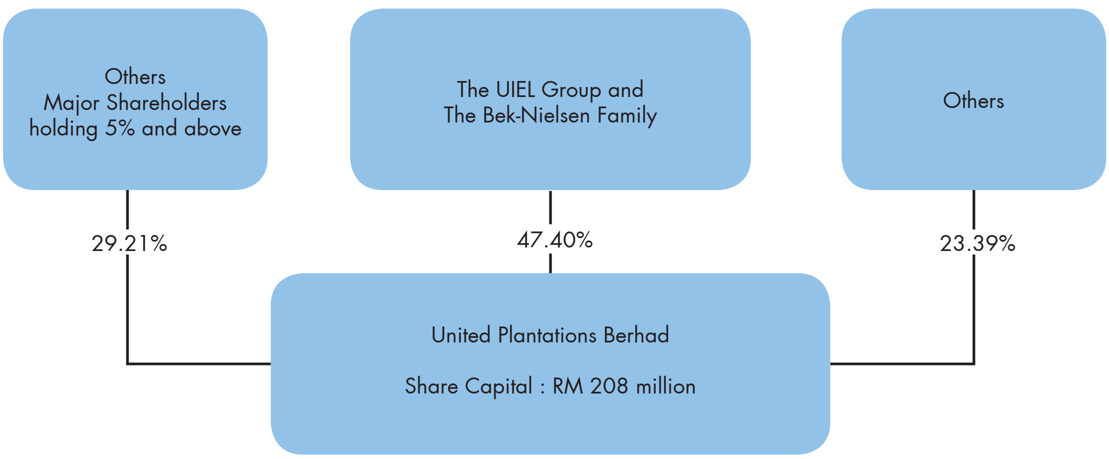
Jughdev Singh Dhillon
Sr Plant Manager,
Unitata Berhad

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

Group as at 19 March 2013



General Shareholding Structure
Group as at 19 March 2013

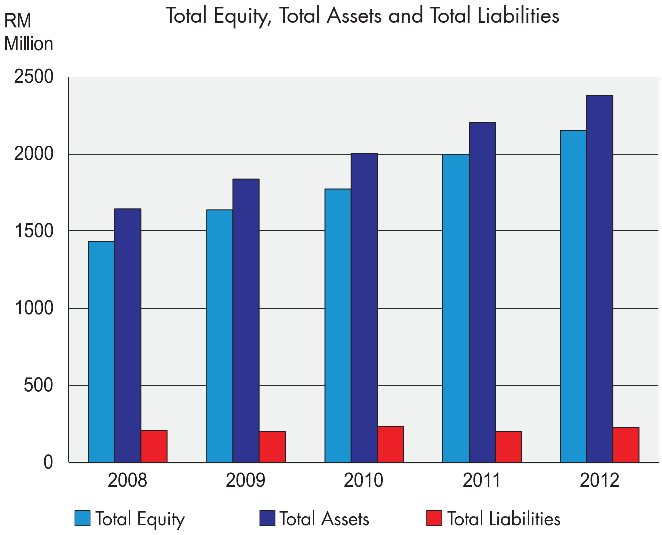


Financial Highlights

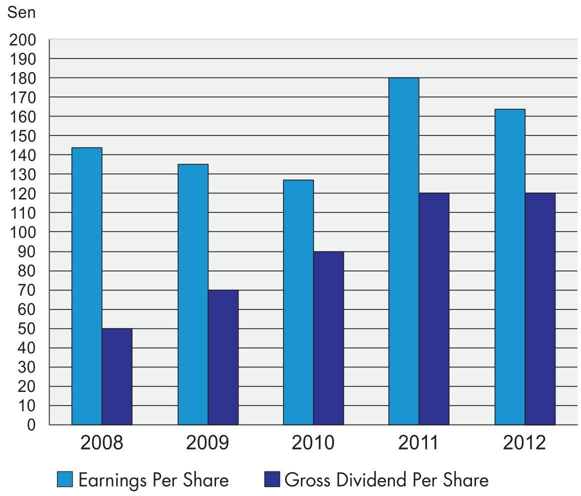
	2012	2011	2010	2009	2008
Profit After Tax (RM Million)	342	374	264	281	300
Earnings Per Share (Sen)	165	180	127	135	144
Gross Dividend Per Share (Sen) *	125	120	90	70	50
Total Equity (RM Million)	2,151	1,996	1,772	1,638	1,434
Non-Controlling Interests (RM Million)	0.42	0.21	0.51	0.13	0.62
Total Assets (RM Million)	2,371	2,201	2,006	1,837	1,645
Total Liabilities (RM Million)	220	204	234	199	211
Year-End Closing Share Price (RM)	25.00	19.00	17.10	13.64	10.30

* Including proposed Final Dividend

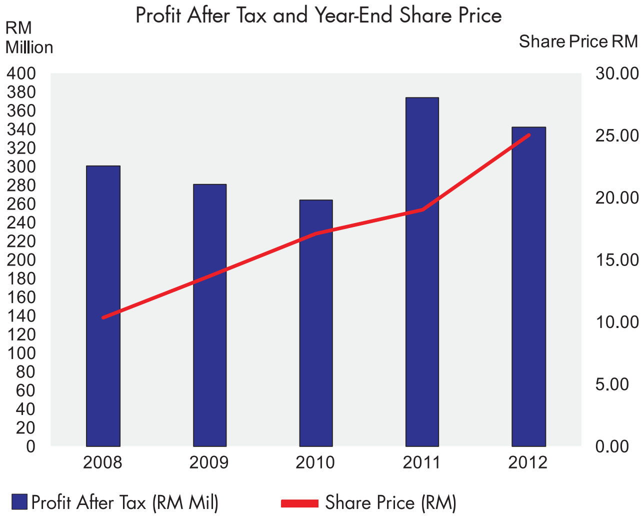
Total Equity, Total Assets and Total Liabilities



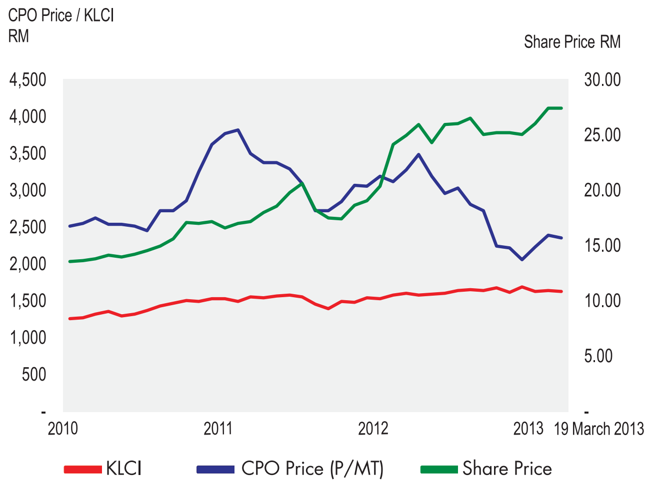
Earnings Per Share and Gross Dividend Per Share



Profit After Tax and Year-End Share Price



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



Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 92nd Ordinary Annual General Meeting of the Company will be held at Jendarata Estate, 36009 Teluk Intan, Perak Darul Ridzuan, Malaysia on 11 May 2013 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 2012 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 55% gross per share less 25% Malaysian Income Tax for the year ended 31 December 2012.	2
3.	To approve Directors' fees for 2012.	3
4.	To re-elect as Director Ybhg. Tan Sri Datuk Dr. Johari bin Mat who retires by rotation pursuant to Article 92 of the Company's Articles of Association.	4
5.	To re-elect as Director Ybhg. Dato' Carl Bek-Nielsen who retires by rotation pursuant to Article 92 of the Company's Articles of Association.	5
6.	To re-elect as Director Mr. Loh Hang Pai who retires pursuant to Article 84 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, 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."	7
8.	To re-appoint Messrs. Ernst & Young as auditors of the Company for the year 2013 and to authorize the Directors to fix their remuneration.	8

Notice Of Annual General Meeting

		Ordinary Resolutions
	As Special Business	
	To consider and if thought fit , to pass the following resolutions:	
	(i) Proposed Continuation in Office as Independent Non- Executive Directors	
9.	"That Ybhg. Tan Sri Datuk Dr. Johari bin Mat having served as Independent Non- Executive Director for a cumulative term of more than 9 years, continue to act as Independent Non-Executive Director of the Company."	9
10.	"That Mr. Ahmad Riza Basir having served as Independent Non- Executive Director for a cumulative term of more than 9 years, continue to act as Independent Non-Executive Director of the Company."	10
11	"That Y. Hormat Dato' Jeremy Derek Campbell Diamond having served as Independent Non-Executive Director for a cumulative term of more than 9 years, continue to act as Independent Non-Executive Director of the Company."	11
	(ii) Proposed Renewal of Authority for Purchase of Own Shares	
12	Proposed Renewal of Authority for Purchase of Own Shares	12

"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 2012 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:

Notice Of Annual General Meeting

(i) the conclusion of the next Annual General Meeting of the Company ("AGM") in 2014 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."

Special Resolutions

(iii) Proposed Amendments to the Articles of Association of the Company

13. "That the existing Article 122 be amended as follows: 13

Existing Article 122

The Company in General Meeting may declare a dividend to be paid to the Members according to their rights and interests in the profits and may fix the time for payment.

New Article 122

The Company in General Meeting may declare a dividend to be paid to the Members according to their rights and interests in the profits and may fix the time for payment. Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the last registered address of the Member or person entitled thereto or by direct transfer or such other mode of electronic means (subject to the provision of the Act, the Central Depositories Act and the Rules, the Listing Requirements and/or other regulatory authorities) to the bank account of the member whose name appears in the Record of Depositors. Every such cheque or warrant or payment by direct transfer shall be made payable to the order of the person to whom it is sent or to such person as the holder or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant or payment by such electronic means shall be a good discharge to the Company, notwithstanding any discrepancy given by the member in the details of the bank account. Every such cheque or warrant or electronic transfer or remittance shall be sent at the risk of the person entitled to the money thereby represented."

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 16 May 2013 to 20 May 2013 both days inclusive to determine shareholders' entitlement to the dividend payment. The final dividend and a special dividend, if approved will be paid on 5 June 2013 to the shareholders whose names appear in the Register of Members, Branch Register and Record of Depositors (ROD) on 15 May 2013.

The last trading day to be eligible for this dividend on Bursa Malaysia and the NASDAQ OMX Copenhagen A/S will be 10 May 2013.

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 15 May 2013 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 2013

Notice Of Annual General Meeting

Notes

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to vote in his stead other than an exempt authorized nominee who may appoint multiple proxies in respect of each Omnibus account held. A proxy need not be a member of the Company. If you wish to appoint as your proxy someone other than the Chairman or Vice Chairman of the meeting, cross out the words The Chairman or Vice Chairman of the meeting and write on the lines the full name and address of your proxy.

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

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

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

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

6. For shares listed on the Bursa Malaysia, only a depositor whose name appears on the Record of Depositors as at 6 May 2013 shall be entitled to attend the said meeting or appoint a proxy or proxies to attend and/ or vote on his/her behalf.

Notes On The Special Business

For Resolutions 9 - 11 Proposed Continuation In Office As Independent Non-Executive Director
The Nomination Committee has assessed the independence of the Directors who have served as Independent Non-Executive Director of the Company for a cumulative term of more than 9 years and recommend them to continue to act as Independent Non-Executive Directors of the Company.

Notice Of Annual General Meeting

Ybhg. Tan Sri Datuk Dr. Johari bin Mat

His vast experience and diversified background has contributed significantly to the performance monitoring and enhancement of good corporate governance. In his capacity as Chairman of the Company for the past 10 years, he has provided leadership, independent views, objective assessments and opinions. He has been with the Company for more than 11 years and is familiar with the Company's business operations.

Mr. Ahmad Riza Basir

A lawyer by training, his experience, expertise and independent judgment has contributed to the effective discharging of his duties. He has devoted sufficient time and attention to his obligations for informed and balance decision making as an Independent Non-Executive Director. He has been with the Company for more than 12 years and is familiar with the Company's business operations.

Y. Hormat Dato' Jeremy Derek Campbell Diamond

A planter by profession, his vast knowledge acquired during his tenure within the plantation industry has enabled him to provide the Board with a diverse set of experience and expertise. His role as Chairman of the Audit Committee is one that he has discharged with due care and diligence. He has carried out his duties as an Independent Non-Executive Director in the best interest of the Company. He has been with the Company for more than 11 years and is familiar with the Company's business operations.

For Resolution 12 - Please refer to explanatory information in the Circular to Shareholders dated 18 April 2013.

For Resolution 13 - The amendments are in line with the new Main Market Listing Requirements of Bursa Malaysia that took effect on 3 September 2012.

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 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 4 Board Meetings held during the year ended 31 December 2012.

Dato' Carl Bek-Nielsen
Vice Chairman
Chief Executive Director (CED)
Non-Independent

Dato' Carl Bek-Nielsen, Vice Chairman, born in 1973, is a Danish citizen with a Permanent Resident status in Malaysia. He has been appointed the Chief Executive Director of United Plantations Berhad on 1 January 2013.

Graduated with a B.Sc. degree in Agricultural Science from the Royal Veterinary and Agriculture University of Denmark in 1997.

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, he returned to resume his career as a Corporate Affairs Officer with the Company in 1998. He was first appointed director of the Company on 1 January 2000 and was promoted to the position of Executive Director (Corporate Affairs) on 1 March 2000. He was 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. He is also a Board Member of Aarhus Karlshamn AB (AAK) and Melker Schorling AB respectively, both of which are public listed companies 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 Note 26 to the Financial Statements.

He attended all 4 Board Meetings held during the year ended 31 December 2012.

Ho Dua Tiam

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

Mr. Ho Dua Tiam, born in 1943, a Malaysian, is the Inspector General, Estates and Special Adviser of United Plantations Berhad.

After completing his study at the Serdang Agricultural College, he started his career with United Plantations Berhad in 1964 as a Cadet Planter. He served the Company in various positions before his appointment as Senior Executive Director on 21 June 2003. He retired from his position as Senior Executive Director (CEO) and will continue as Inspector General, Estates and Special Adviser of UP Berhad from 1 January 2013.

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 4 Board Meetings held during the year ended 31 December 2012.

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 3 out of 4 Board Meetings held during the year ended 31 December 2012.

Ahmad Riza Basir
Independent
Non-Executive Director

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

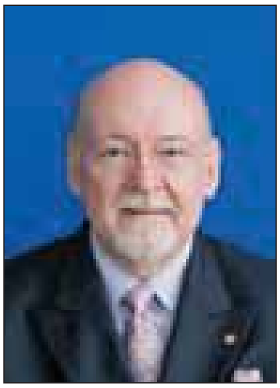
He graduated with a Bachelor of Arts in Law (Hons.) from the University of Hertfordshire, United Kingdom and Barrister-At-Law (Lincoln's Inn), London in 1984 and was called to the Malaysian Bar in 1986.

He 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 is also a member of the Board of Directors of several other private limited companies in Malaysia.

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 subsidiary Companies.

He attended three 3 out of 4 Board Meetings held during the year ended 31 December 2012.



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 4 Board Meetings held during the year ended 31 December 2012.

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 Chief Executive Director and is a Board representative of the Company's two major shareholders, UIEL and Maximum Vista Sdn. Bhd. He is deemed interested in various related party transactions between UP Group and certain companies carried out in the ordinary course of business as disclosed in Note 26 to the Financial Statements.

He attended all 4 Board Meetings held during the year ended 31 December 2012.

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 all 4 Board Meetings held during the year ended 31 December 2012.

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 Note 26 to the Financial Statements.

He attended all four (4) Board Meetings held during the year ended 31 December 2012.

Loh Hang Pai
Executive Director
Non- Independent

Mr. Loh Hang Pai, born in 1948, a Malaysian, is the Executive Director (Estates) of United Plantations Berhad.

After completing his study at the Serdang Agricultural College, he started his career with United Plantations Berhad on 24 January 1973 as an Assistant Manager. He served the Company in various positions and was promoted to the position of Estates Director on 1 January 2006, a position he held until his appointment to the Board as Executive Director (Estates) on 1 January 2013.

He is not on the Board 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.

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

Farewell Dinner for our two senior executives, Mr. R. Nadarajan, Group Financial Advisor and Mr. N. Sundian, Senior General Manager, PT SSS1 who retired from the Company on 31 December 2012, after 35 and 26 years of service respectively.

Recipients of the Company's 25 Years Long Service Award, are seen here with the Chairman and the Executive Directors at the Company's Dinner held on 14 July 2012. UP supports the principles of valuing its staff and puts much consideration in acknowledging the fact that the most important resources in any organization are its' employees.

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 2012.

Financial Review of Operations

- The Group's revenue during 2012 decreased by 15.4% compared to 2011, reaching RM1,183,389,000. This was mainly attributable to the decline in the Group's overall selling price of Crude Palm Oil (CPO) and the significant decline in Palm Kernel (PK) prices which not only impacted the plantation revenues but more pronouncedly the turnover at the Refinery.

- The Group's profit before tax decreased by 7.6% from RM491,541,000 in 2011 to RM454,239,000 in 2012.

- The Group's profit after tax for 2012 fell by 8.3% to RM342,551,000 from RM373,586,000 in 2011.

Dividends

- Dividends declared and proposed for the year ended 31 December 2012 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	0.55
Total Dividends	1.25

A field planted with the latest high yielding material from the Research Department.

Plantation Operations

- CPO production during 2012 reached 161,407 MT (Malaysia) and 35,182 MT (Indonesia) totalling 196,589 MT of CPO for the Group compared to 190,155 MT CPO in 2011. The 3.4% increase in the Group's overall production, equal to 6,434 MT of CPO was primarily a function of the 42% increase in production equal to 10,435 MT CPO arising from our Indonesian estates, which cushioned the 2.4% fall in production, equal to 4,000 MT of CPO on our Malaysian Estates due to the large replanting programme currently underway.

	Metric Tonnes CPO		
	2011	2012	Change
Malaysia	165,408	161,407	(2.42%)
Indonesia	24,747	35,182	42.17%
Total UP Group	190,155	196,589	3.38%

In addition to this, production on most of our Malaysian estates suffered a pronounced setback during the first 6 months of the year as a consequence of the extremely high rainfall in the fourth quarter of 2011 and the first quarter of 2012 resulting in extensive flooding on most estates.

UP Indonesia's production accounted for 17.9% of our Group's CPO production in 2012 compared to 13% in 2011 which is a gratifying development.

- A total of 2,538 hectares of oil palms were replanted on our Malaysian properties during 2012 compared to 1,767 hectares in 2011. 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 2013. This is absolutely necessary if we are to further improve on the age profile of our established plantations.

An aerial view of the Ulu Bernam Palm Oil Mill complex and a satellite housing scheme with the Bernam River in the foreground.

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

As of 31 December 2012 our Group's areas planted up with oil palms can be summarized as follows:

In Hectares	2011	2012
UP Malaysia		
Mature Area	29,832	28,680
Immature Area	5,963	7,133
Total Area under Oil Palm	35,795	35,813
UP Indonesia		
Mature Area	7,601	9,129
Immature Area	2,262	686
Total Area under Oil Palm	9,863	9,815
Grand Total for Group	45,658	45,628
Oil Palms between 4-5 years from planting	9,361	9,971
Total Group Area having come into Maturity	6,705	2,868

As indicated in the table above, our Group's total area planted with oil palms (Malaysia and Indonesia) has therefore now reached 45,628 hectares compared to 23,348 hectares 11 years ago.

From the given table one can note that the total immature area in relation to the total area under oil palms in 2012 now stands at 17% compared to 18% in 2011. The total immature area on our Malaysian estates is now 19.9% compared to 16.6% in 2011.

Exceptionally high rainfall during the months of October to December 2012, resulted in heavy flooding in most parts of our estates.

	2011	2012
Malaysian Average Yield (Tonnes)	5.47	5.48
Indonesian Average Yield (Tonnes)	3.84	4.27

- Our Group's average yield increased only marginally from 5.06 MT CPO/Ha in 2011 to 5.21 MT CPO/Ha in 2012.

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

  1) A 6.5% increase (from 9,361 Ha in 2011 to 9,971 Ha in 2012) in the area under oil palms falling within the age category of 4-5 years from planting which inherently has a much lower yield profile vis-à-vis the age bracket between 6–18 years. This age bracket of palms now constitutes 26% of the total mature hectarage under oil palms at 37,809 Ha. A total of 1,576 Ha of oil palms came into scout harvesting in Indonesia during 2012 representing 17.26% of the total mature hectarage on our Indonesian properties as of 31 December 2012.

     Nevertheless, in spite of this the average yield on our Indonesian estates rose from 3.84 MT CPO/Ha in 2011 to 4.27 MT CPO/Ha in 2012 equal to an 11% increase. This helped to push up the UP Group's average yield from 5.06MT CPO/Ha to 5.21 MT CPO/Ha.

Weevils are natural pollinators of oil palm and have significantly contributed to the economic development of the industry.

  2) The lag effects of the extreme rains received during the fourth quarter of 2011 and the first quarter of 2012 adversely impacted the yields on our Malaysian properties through poorer pollination coupled with higher field losses which impacted production during the first 6 months of 2012.

	2010	2011	2012
Malaysian National yield of CPO/Hectare	3.69	4.01	4.00
UP Group average yield in tonnes CPO/Hectare	5.04*	5.06*	5.21*
UP Group average yield in tonnes FFB/Hectare	23.87*	23.02*	23.40*
UP Group average Oil Extraction Rates (OER) in %	21.44*	21.97*	22.27*
UP Group average Kernel Extraction Rates (KER) in %	5.48*	5.36*	5.33*

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

Heaps of young MATAG coconuts awaiting collection from the buyers.

- The average selling price for Crude Palm Oil achieved during the year fell marginally from RM3,050/tonne in 2011 to RM3,017/tonne in 2012 for our Malaysian CPO, a decline of 1.08%. Nevertheless, our Group's average CPO price was still vastly higher than the Malaysian Palm Oil Board's average price of RM2,764/MT CPO, a result of the company's forward sales policy which in 2012 had a favourable impact. The average selling price for Palm Kernels recorded a significant decline of 26.94% to RM1,584/tonne in 2012 compared to RM2,168/tonne in 2011 for our Malaysian Palm Kernels.

- Our coconut production was 74,109,886 nuts, which recorded an increase of 3.27% compared to 71,762,749 nuts in 2011. This was a function of the coconut palms recovering in 2012 from the biological resting phase the year before. Average yields also increased from 24,771 nuts/hectare in 2011 to 26,080 nuts/hectare in 2012 corresponding to a 5.28% improvement year on year.

- In spite of implications pertaining to the Indonesian export duty structure which had wide implications on the export duty competitiveness of the Malaysian downstream sector during the first 10 months of 2012 where the downstream sector in Indonesia had access to cheaper materials vis-à-vis those in Malaysia, the business at our in-land refinery, Unitata Bhd, improved due to several initiatives taken by Management, both commercially and operationally.

- Unitata's profit after tax improved from RM13,031,628 in 2011 to a record high profit after tax of RM26,126,898 in 2012 which was a most gratifying development.

Cost of Production of Crude Palm Oil

- The cost of production (before depreciation and amortization) during 2012 rose by 11.3% from RM646/MT CPO to RM719/MT CPO for our Malaysian operations. This increase is of great concern and is a reflection of the alarming rise in labour costs experienced during 2011 and 2012, where the minimum wage factor was introduced by the Malaysian Government impacting our cost of production by well over RM10 million last year alone. Indeed, labour wages have risen very alarmingly by 40-45% for all harvesters and general field employees over the last two years. The Board of Directors join me in stating that this is a worrying and unsustainable trend and will only erode the Malaysian Palm Oil Industry's ability to compete against the other 16 competing oils and fats.

- Management is therefore 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

A driveway with the Unitata Refining Complex at the background.

Start right - a healthy oil palm seed carefully sown in the nursery, a first step in the journey to become a highly productive plant.

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

In this respect, I wish to report that during 2012 our Company managed to replant 2,538 hectares of aged and lower yielding oil palms with new superior planting material produced in-house at the UP Research & Development Centre.

All replantings carried out during 2012 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.

A well maintained pre-nursery filled with lush seedlings in preparation for the extensive replanting programme at UIE estates.

Harvested crop being transported quickly and efficiently by small trucks to our Lada Mill in Central Kalimantan.

Indonesia

Progress continues to be made with our Company's investment in Kalimantan which now produces 17.9% of our Group's CPO production.

Whilst the Board of Directors remain committed to its business in Indonesia, it also wishes to report that due to the difficulties experienced in Indonesia in obtaining the permission to embark on the second phase of expansion linked with prolonged delays and demands surrounding the issuance of these permits and combined with the significantly increased cost as well as the lower selling prices of CPO and PK due to the Indonesian export duty, it has been decided to consolidate the planted area in Indonesia of 9,815 hectares and not to proceed with the second phase of expansion. Further development will only take place when the planted areas are fully consolidated and if the investment climate improves.

Under the first phase, 9,815 hectares of oil palms have been planted and about 5,500 hectares of permanent conservation areas established. These conservation areas consist primarily of riparian reserves, peat swamps as well as heavily degraded secondary forests as a result of the intense logging activities carried out in the past 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.

An aerial view of Lada Estate in Central Kalimantan, with our established Palm Oil Mill equipped with a 180MT sterilizing capacity, surrounded by the office complex, housing and matured oil palms.

The Lada Mill FFB ramp which can hold up to 700MT of FFB at any one time.

Our Company's collaboration with Copenhagen Zoo continues to develop very satisfactorily with notable initiatives underway. The objective of this cooperation is to provide our Group with the necessary expertise in not only setting up but also running and operating a Biodiversity Department.

As at 31 December 2012, a total of 9,815 hectares have been planted of which 9,129 hectares are now in harvest. Overall palm vigour and growth is developing satisfactorily, with the investment now providing employment for 932 people, most of whom were previously unemployed.

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 with additional new terrace houses reaching completion in 2013.

Corporate Social Responsibility (CSR)

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 36-85)*

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 2012.
(see more on pages 72-73)

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 Bhd 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). 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 38-40)

In harmony with nature – a newly replanted field where residues from the previous planting were recycled, with a forest reserve in the background.

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 2012 to maintain the highest possible welfare standards for our workforce. (See more on pages 62 to 66)

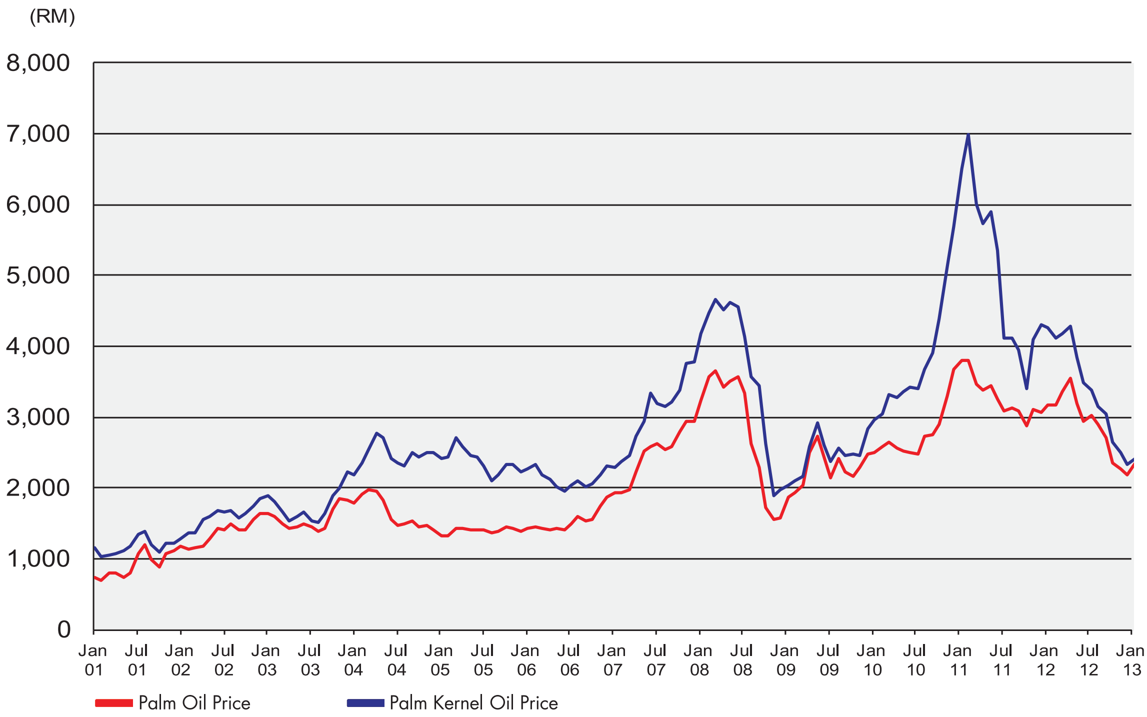
Population Growth and Food Demand

The World's population continues to grow at a staggering rate, increasing by approximately 80 million people per year, equal to the total German population today. During the course of 2013, the World's population is expected to reach 7.2 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 7.1 billion today.

Food production, in general, is therefore expected to come under increasing pressure, especially when considering the fact that there are about 850 million people today who fall under the United Nations category of being chronically under-nourished.

The newly completed housing facility at Taman Lindquist. Our Company's commitment towards providing and improving social amenities remains very much a hallmark within the Group.

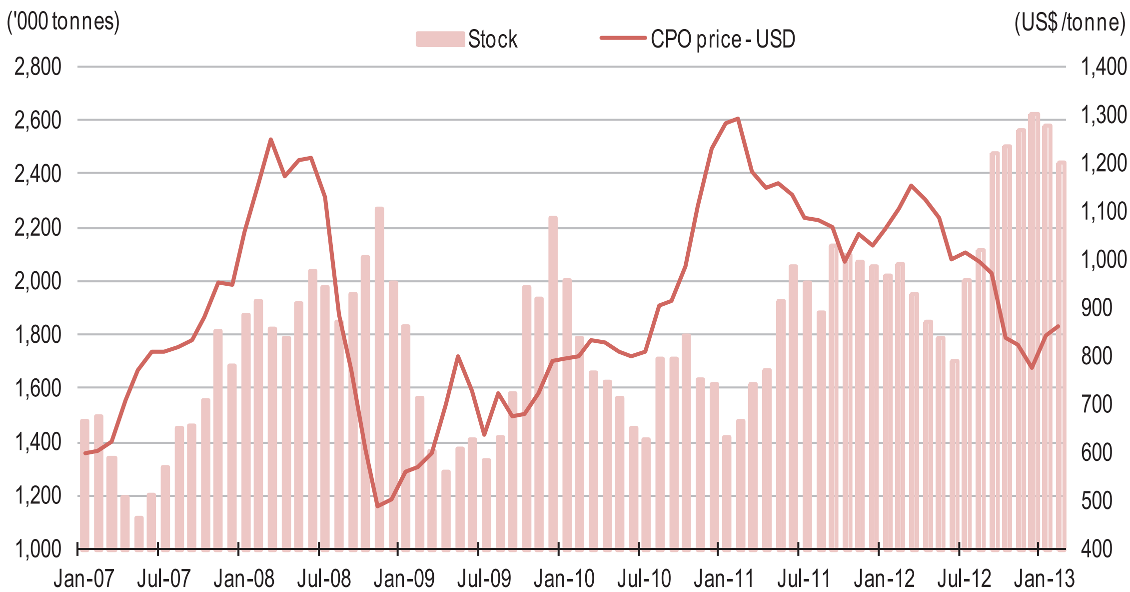
Palm Oil & Palm Kernel Oil Prices (RM) from January 2001 to January 2013



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% by 2050 in order to meet the growing demand of a World population expected to reach 9.3 billion by that time.

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. World palm oil and palm kernel oil production reached 59.2 million tonnes during 2012 representing 31.8% of the total world's production of the 17 Oils & Fats.

Crude Palm Oil Prices in USD/tonne

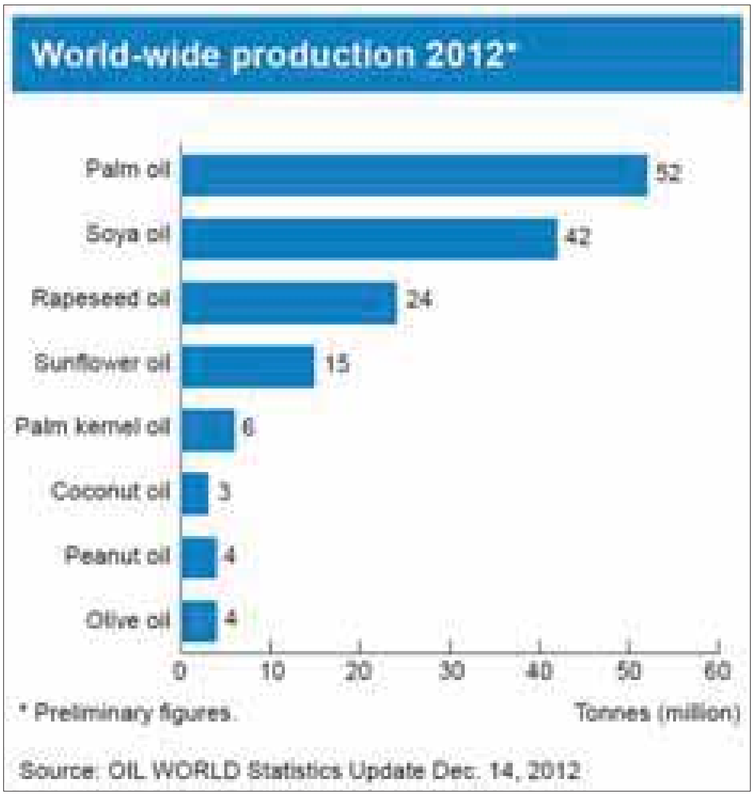


Monthly Prices from January 2007 until January 2013

17 Oils & Fats : World Production in Million Tonnes

Grand Total	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	2012 Jan Dec
Production	125.68	132.16	140.91	149.83	153.90	159.62	164.00	170.90	179.10	185.7

Source: ISTA Mielke GmbH



Joyful young scholars at our playschool at Division 3, Jendarata Estate.

Factors to watch in 2013

World Economy

Nearly 5½ 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 not to forget France are currently marred with high unemployment rates and soaring debts.

Nevertheless, the situation for vegetable oil producers has been more stable, as there is still a demand for vegetable oils both within the food, oleochemical but also the biofuel sector. We must nevertheless appreciate that today's technological age provides an endless stream of news resulting in a high degree of volatility within the price complex whenever signs of climatic adversities appear on the horizon.

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 2007-2012 was USD932/MT in Rotterdam compared with USD441 during 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.

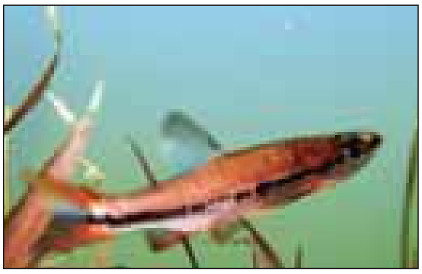
Prices have nevertheless fallen by over 25% from the USD1,050 (RM3,200) mark to USD750 (RM2,400) MT/CPO over the last 12 months with many analysts predicting a further slump in prices during the second half of 2013. As such, our Group believes that the four main price determining factors during 2013 will depend on the developments within the following areas, namely:

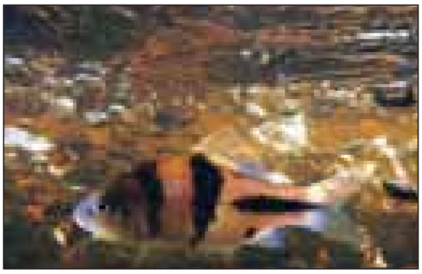
i) Biofuel usage and Cellulosic Ethanol

World biofuel production increased from 20.5 million MT in 2011 to 22.8 million MT in 2012, thus representing about 12.4% of the total 17 Oils & Fats consumption in 2012 which stood at 185.7 million MT.

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, 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. 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 the price complex of vegetable oils.

Of particular importance will be the outcome of the long drawn political debate concerning the environmental benefits or drawbacks of biofuel usage. In this connection, one must acknowledge the significance of the European Commission's decision in October 2012 to stop subsidizing



Fish, as do many aquatic life forms, serve as "sentinel species", are important indicators of water quality and ecosystem health.

food based biofuels from 2020 and instead support the production of second-generation biofuels based on non-food feedstocks. This will very likely undermine the biofuel sector and thwart demand, inevitably presurring prices lower. This is very concerning.

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, which has always been the company's policy.

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.

The ability to reach and extract abundant quantities of shale gas through a process known as fracking has boomed in the USA over the recent last 3-5 years creating hundreds of thousands of new jobs. This is causing a new energy revolution and will very likely intensify within the next 5-10 years providing significantly cheaper sources of energy. Prices of energy are therefore expected to come under pressure in tune with larger quantities of shale gas becoming available. This could also affect the overall economic feasibility of biodiesel/bioethanol by dampening the demand for vegetable oils and thus depressing the prices of vegetable oils and fats in the years ahead.

ii) Soybean Production in the US and South America

In 2012, the world vegetable oil prices were highly influenced by unfavorable weather in both South America and the US, hence, we enter 2013 with low soybean stocks. The palm oil stocks are comfortable and therefore soybean oil is trading in a historic high premium over palm oil. This premium is not only because of the different stock situation but also because of Chinese labeling and US biodiesel laws which are promoting soybean oil use. This soybean oil premium could continue during 2013. However, the South American soybean crop is expected to be at a record high and according to the USDA in 2013 US farmers are expected to plant the second largest acreage since year 2000.

Depending on the weather in 2013, supply looks comfortable both in regards to the South American soybean crop and to US planting intentions and therefore it could well put further pressure on vegetable oil prices in general.

iii) Malaysian and Indonesian Palm Oil Output in 2013

A third factor which will have a strong influence on the vegetable oil price complex during 2013 will depend on the supply structure. With palm products (CPO+PKO) growing dominance now accounting for between 65-70% 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 complex and thereby also prices. In this respect, we must closely monitor the nation-wide recovery from the pronounced biological yield decline experienced by Malaysian palm oil producers in 2011 and partly 2012. This should see production recovering in 2013 throughout Malaysia as well as Indonesia, compounded by large tracks of immature palms that will come into bearing during 2013 in Indonesia. Such a situation would very likely apply downward pressure on prices from the current levels if weather patterns around the world normalize.

iv) 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 over 80% 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 2013.

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 impediment to the recruitment of these guest workers will not be to the benefit of our Industry, let alone Malaysia. A crucial factor that needs emphasis is that the Malaysian Palm Oil Industry contributed a massive RM60 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 2013. Most areas in its Indonesian operations will however come into maturity during 2013 and is expected to compensate for the crop loss from the replanted areas in Malaysia.

In view of the above, and in spite of the slightly higher production anticipated in 2013, the Board of Directors' opinion is that results for 2013 will be lower than in 2012 as a result of the sharp decline in the commodity prices.

Acknowledgement

In closing, I would like to applaud Management for the various concerted efforts made during the last many years.

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.

In this connection, I wish to pay tribute and acknowledgement to Mr. G. Peter Selvarajah and Mr. Brian Bech Nielsen who have both served the Board with much distinction for 17 years and 8 years respectively. Mr. G. Peter Selvarajah has decided to retire at the forthcoming Annual General Meeting and as such will not be seeking re-election.

Mr. Brian Bech Nielsen has been compelled to resign at the Annual General Meeting because he has recently been appointed Vice Chancellor of the University of Aarhus in Denmark and is therefore not permitted to serve on any Public Listed Company Boards.

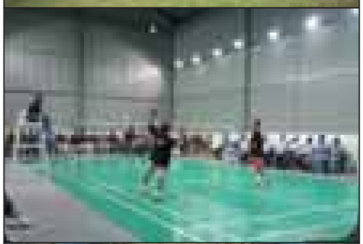
On behalf of the Board of Directors, I would also like to place on record my sincere appreciation to all United Plantations' employees for their loyal and dedicated service which is so essential for the future growth and well-being of our Group of Companies.

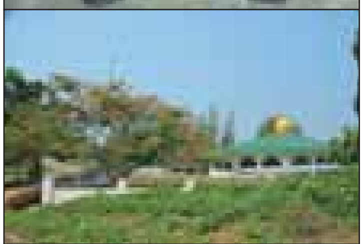
TAN SRI DATUK DR. JOHARI BIN MAT
CHAIRMAN

A beautiful sunset at Ulu Basir estate



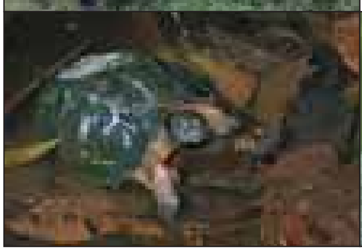
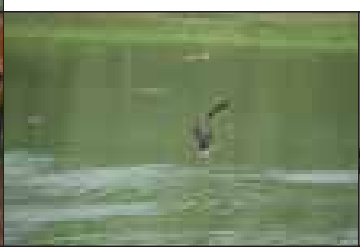
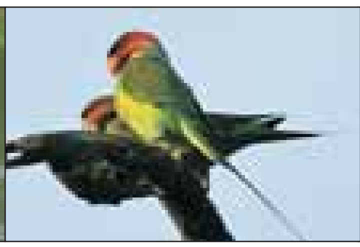




Corporate Social Responsibility (CSR)

Contents


Corporate Social Responsibility

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

A vital part of UP's CSR Policy is our commitment to the Principles and Criteria of The Roundtable on Sustainable Palm Oil (RSPO). For generations, UP has focused on maintaining 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.

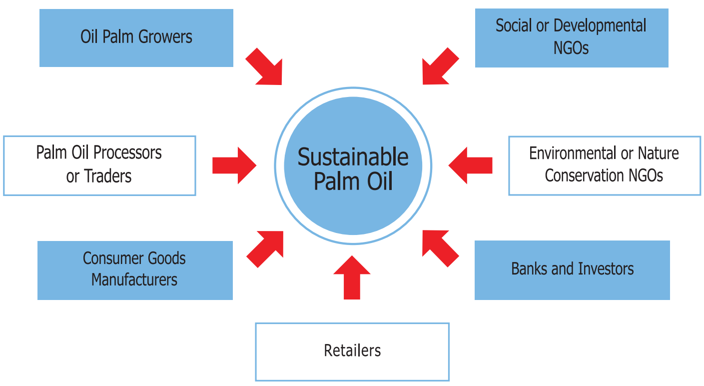
With tender care - An employee carefully watering young seedlings in the Research Department nursery.

UP and The RSPO

The Roundtable On Sustainable Palm Oil (RSPO) is a global, multi-stakeholder initiative formed in 2004 as a response to 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 818 ordinary members, 105 affiliates from palm oil and 266 supply chain associates, producers and processes, trading houses, consumers 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 31.8% of the global production of vegetable oils. Palm oil is versatile and has numerous users. It is found in food products, soaps, detergents, cosmetics, plastics and over the last number of years also in biofuel production.

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 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 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.

RSPO
Roundtable on Sustainable Palm Oil

Source: www.rspo.org

Roundtable

"A round table is one which has no 'head' and no 'sides', and therefore no one persons 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 remain one of being active and in this connection we are proud to state that our company was one of the initial palm plantation signatories to the RSPO. 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 this 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 2012, more than 43 companies have obtained certification.

Global Volume Of Certified Palm Oil

The total volume of certified sustainable palm oil globally in 2012 was 8,184,200MT. The total volume of certified sustainable palm kernels was 1,896,702MT. The total production area providing the above mentioned quantities was 1,526,273Ha.

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

Indonesian Certification Development

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

As per our plans, the RSPO certification audit will commence on our newly established properties in Indonesia no later than in 2015.

Our unique internal rail transportation system that stretches over 500km enables our Fresh Fruit Bunches to be delivered to the Palm Oil Mill swiftly and is one of the main reasons for our superior quality crude palm oil.

Unitata Berhad gets RSPO Supply Chain Certification

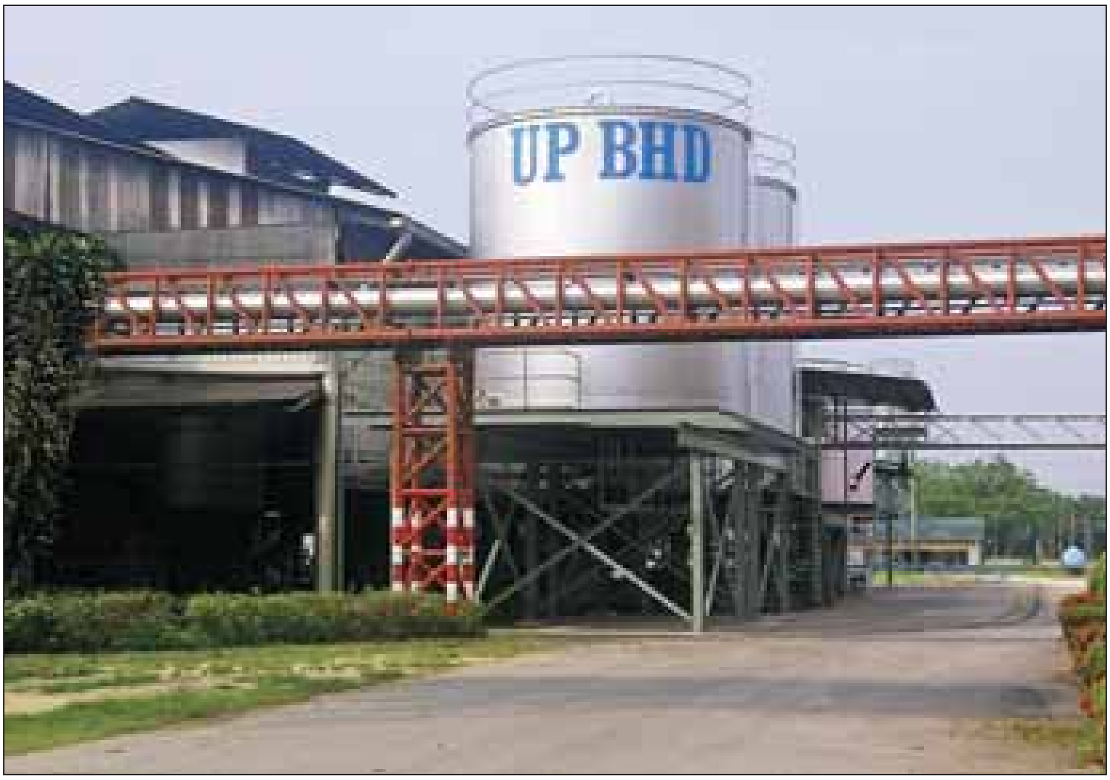
In 2008, Unitata was the first Company to ship refined RSPO certified segregated palm oil to customers worldwide. Since then the RSPO supply chain certification scheme has been establlshed.

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

High quality red palm oil manufactured by Unitata.

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.



High quality crude palm oil being stored in the background with the overhead steam piping in the foreground at Jendrata Palm Oil Mill.

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.

Source: www.greenpalm.org

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.

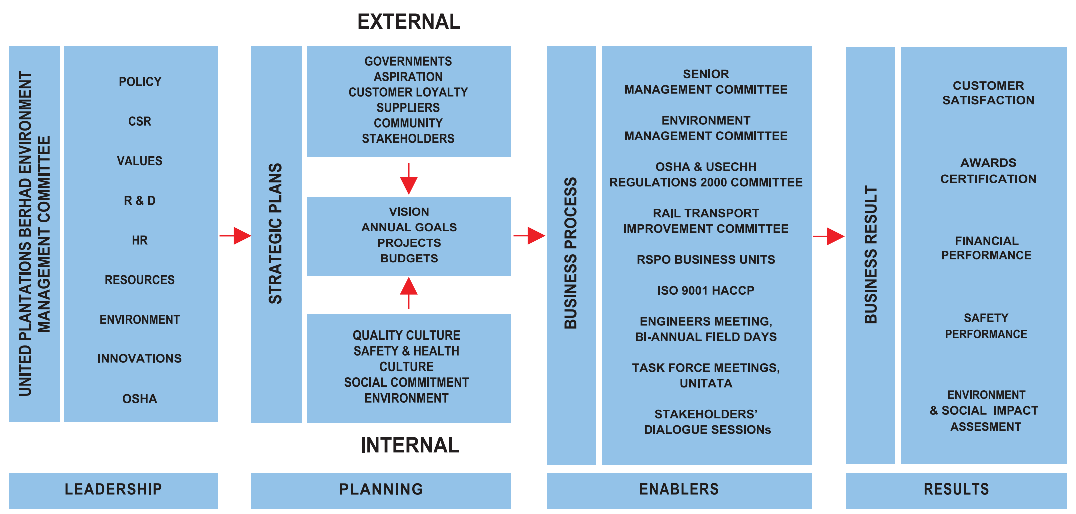
A panoramic view of 'The Bek-Nielsen' jungle sanctuary at UIE stands as a testimony to UP's commitment to preserve the environment.

Tall palm harvesting is a highly skilled manual operation.

Operations & Environment Management System

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

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



Operations & Enviroment 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, practice an "open door policy" factors which has been of great benefit towards encouraging whistle blowing for generations.

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

Members of the Company's Auxillary Police Force on duty at our new guard post entrance at Unitata.

One of our employees at Lada Estate, Central Kalimantan, Indonesia, collecting FFB after harvest.

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.

Fans at our local football match.

Participation of UP officers at our Field Day held on 29 September 2012. This in-house activity promotes interactive learning, training and communication.

School children from the SRJK (Tamil), Division 3 together with their teachers exercising in preparation for Sports Day.

Gender Policy

We, at UP are committed to maintaining a workplace free from harassment of any kind, including harassment based on an employee's race, colour, religion, gender, national origin, ancestry, disability, marital status, sexual orientation 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.

Encourage effective participation of women in decision-making by their representation as members of various committees, such as the Occupational Safety And Health Committee.

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.

We will communicate to our employees, contractors and suppliers to adhere to values of this policy.

Gender Committee

In keeping with UP's Gender Policy, Gender Committees were instituted in 3 Business Units in 2007 for the welfare of our female employees. A Gender Committee was formed in our plantation in Indonesia in 2011.

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

Guest 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.

Some of our lady employees from our UP Research Department dressed in green in support of Earth 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 young palms against rhinoceros beetle attacks via a tractor facilitated operation.

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

Occupational Safety and Health

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

Audiometric tests and fire drills are also conducted on a regular basis. These are kept up to the mark by the periodic workplace inspections carried out by the Company's Safety and Health Officer.

HIRARC

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

A well-equipped Health Care Center at Lada Estate, Central Kalimantan. Our commitment to the health and welfare of our employees and their dependants are of priority.


Mr. Loh Hang Pai, the Executive Director, Estates with Mr. Ho Dua Tiam, the Inspector General ,Estates and Special Adviser together with Mr. Ridzuan Isa , Manager, Ulu Bernam Estate during the field day, where good nursery practices are discussed.

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.

Continuous Stakeholder Engagement

UP has engagements with various stakeholders in and around our areas of operation. All enquiries by stakeholders are recorded and monitored in order to resolve any ongoing issues as sustainable development cannot be achieved without engagement with stakeholders.

Grievance Procedure for Stakeholder Issues

Under our RSPO framework, we are obligated to deal with issues openly. RSPO Principle 1 states the need for a commitment to transparency. RSPO Principle 6.3 further states that there is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.This procedure is given to ensure that local and other interested parties understand the communications and consultation process for raising any issues with UP. UP accepts its responsibility as a corporate citizen and wants local communities to be aware and involved in the communications and consultation methods it uses, thereby aiming to resolve grievances (including those originating from employees) through a consultative process and realizes that any system must resolve disputes in an effective, timely and appropriate manner that is open and transparent to any affected party.


Safety operating procedures and system checks on all equipment are stringently maintained. Fire extinguishers are regularly inspected and placed at strategic locations around the estate.

New Planting Procedure

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 Assesment 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 properties.

UP has a policy of "zero tolerance" to the killing of endangered and protected species, herein also orang-utan, *Pongo pygmaeus*. Staff that are directly or indirectly involved with the killing of and/or solicitation of killing, trading and harvesting of endangered and protected species-be it plants 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.

Stakeholders' meeting is a consultative process to discuss and resolve disputes in an open and transparent manner.

United Plantations sets the record straight against German broadcaster ZDF's misleading documentary.

On 3 October 2012, the German public broadcaster ZDF aired a 30 minute documentary on palm oil called "Chocolate, shampoo, sunscreen-how everyday products destroy the rainforest".

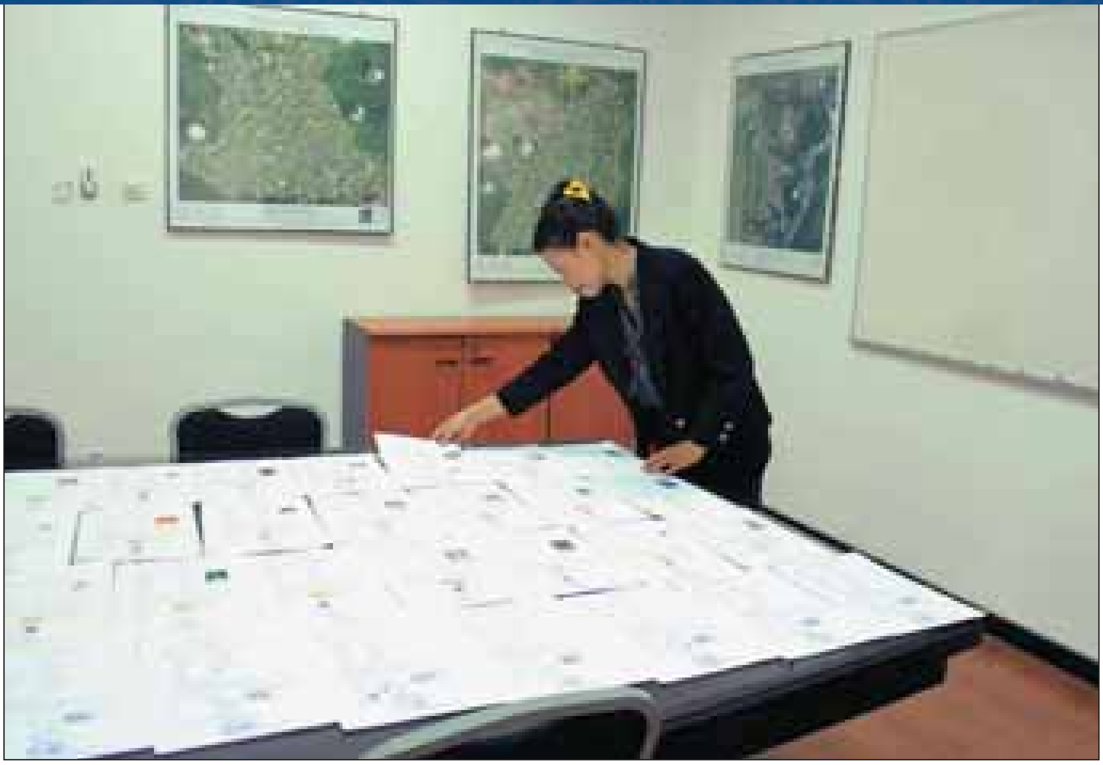
Summary of the misleading documentary

The main focus of the documentary is about palm oil and its sustainability and issues involved with large scale plantation development. Companies targeted in this documentary are United Plantations (UP), EDEKA, Unilever and Henkel.

Several weeks before the documentary was aired, UP informed the programme makers about a number of important facts relating to UP, its operation in Indonesia as well as on the RSPO. Regretfully, ZDF journalists failed to report these facts in the documentary choosing instead to portray UP in a biased, un-objective and in many instances untruthful manner.

UP is confident in its business operations and strive to be as transparent as possible. In this connection we welcome our customers / stakeholders to visit our plantations in Malaysia and Indonesia thereby enabling customers/ stakeholders to receive a factual insight to our operations. We also welcome and cooperate with all relevant Government authorities, as well as independent auditors and will work with the RSPO secretariat to clarify any untruthful and misleading allegations .

UP reiterates that long term constructive engagement and dialogue with all affected stakeholders is regarded as the way forward. In this respect we see no better avenue to achieve this than engaging in the multi-stakeholder



Land ownership documents are properly checked by our officers in Indonesia.

process under RSPO which includes producers, retailers, refiners and 26 NGOs amongst others WWF, Conservation International Borneo Orang Utan Salvation, Oxfam etc, to which UP remains fully committed.

UP accepts constructive criticism and an honest as well as open debate. When we do make mistakes, we try to correct them as quickly as possible and learn from them in order to improve our future work.

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 and the farmer Mr. Ali Badri and his family members finally managed to make a Compromise Agreement to a very longstanding land dispute. The Compromise Agreement was made on the basis of moving forward together and thereby clearing all disagreement through mutual compromise.

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

Mr. Ali Badri and family members signing the Compromise Agreement.

A well maintained road with two rows of vigorously growing palms and an excellent cover crop establishment forming an avenue.

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.

Beneficial plants encouraging predator activity and minimizing pesticide usage.

UP has a strong commitment to Integrated Pest Management (IPM), and in line with the Principles and Criteria of the RSPO we are continuously working on reducing the usage of pesticides. Our employees' safety is a top priority and in this connection all sprayers are trained extensively and are required to use full Personal Protective 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
	2010	2011	2012			
Pesticides / Herbicides (kg per tonne oil)	0.59	0.59	0.54*	29	28	3.73

** The 2012 pesticide/herbicides usage figure has improved compared to the two previous years.*

Our commitment towards continuous improvements has resulted in minimizing the usage of pesticides in relation to other major oil seed crops, primarily through Good Agricultural Practices. Today, UP's use of pesticide is 6-7 times lower per tonne of oil produced compared to Rapeseed farmers and about 49-54 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 169,012 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	-	*47,389*	*planted*
Tunera Subulata	-	*85,282*	*planted*
Antignon leptosus	-	*11,895*	*planted*
Carambola sp	-	*7,794*	*planted*
Others	-	*16,652*	*planted*
Total		*169,012*	*planted*

Tunera Subulata

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 Owl Facts

Barn owl is a much-loved countryside bird by oil palm planters as it predates on rats, resulting in major reduction of rodent damage. It is also one of the most widely distributed birds in the world. There are two main families of owls: Barn Owls (Tytonidae) and True owls (Strigidae) with two subspecies in the barn owl family; common barn owl (Tytoninae or Tyto Owls) and Bay owl (Phodilinae). The following article, based on sources such as OwlPages (2006) and BirdLife International (2008) focuses on some of the amazing facts about the common barn owl or the Tyto alba.

The barn owl has a distinctive appearance with a white heart-shaped face with no ear tufts and sharp black eyes. This striking appearance of the bird is complemented by the rich apricot plumage covering the bird's head, back and outer wings. Unlike other owls that 'hoot', the sound made by the barn owl can be described more as a hiss or a snort. It is also known by many names such as white owl, monkey-faced owl, silver owl, demon owl, rat owl, church owl etc.

The large back eyes of the bird look forward in a fixed position and cannot move to the side. Consequently, it has to turn its head to view the side or back. It is endowed with an extremely flexible neck which can turn its head almost a full circle without throttling itself in the process. This it can do because of some very smart bone and vascular structures running along its neck maintaining blood flow to the skull even when the head is swiveled 270 degrees.

Physical Features

Adult male barn owls vary between 32-40cm long with a wingspan of 100-125cm and weigh around 470g . It has plumage ranging from shades of yellow, apricot to rich brown, and is freckled with dark specks. It has long, feathered legs and a short squarish tail.

The female barn owl measures between 34-40cm in length and weighs around 570g with a more reddish chest and is usually more spotted on the breast than the male. It has been found that the more heavily spotted a female is, the fewer parasitic flies it harbours and thus could be more resistant to parasites and diseases. Female barn owls lay about 5 to 7 white, spotless eggs during one cycle, and it takes from 32 to 34 days for the first egg to hatch.

perched or clutching prey, the outer front toe on each foot swivels to face the rear with the aid of a unique flexible joint.

The bird has good low-light vision, which enables it to easily spot its prey at night by sight. However, its hearing abilities are *par excellent*. It has the ability to locate the prey by sound alone and can catch rats in complete darkness, or when hidden by vegetation in the field on account of its unusual feature where the ear opening of one ear is higher than the other. This peculiar ear position combined with the facial disc acting as a reflector channeling sounds into the ears enables the bird to locate prey with uncanny accuracy.

Barn owl Boxes-1,825 boxes over 28,676 ha (16 ha coverage per barn owl box)

Barn owls significantly reduce rat population and rodenticide usage.

Eating Habits

In the wild, barn owls feed mainly on rats, squirrels, voles and shrews, but may capture small birds, insects and reptiles when these are scarce. They do not have teeth and hence are unable to chew their food. So they catch small creatures and swallow them whole, regurgitating the indigestible parts such as bones, nails and hair in the form of owl pellets.

Distinctive Hunting Abilities

Barn owls are nocturnal, and usually hunt in the dark. It makes no sound when in flight, and sweeps down to catch the prey off guard with its long slender yet powerful talons. An owl's foot has four toes. When in flight, three of these toes face forward, and one backwards. When

Habitat

Barn owls inhabit open spaces that include oil palm plantations, strips of forest, agricultural fields, old buildings, tree cavities or holes in a rocky cliff. In the plantations its habitat range is expanded by construction of artificial nesting boxes at vantage points about 5 meters from the ground and shaded by the palms' canopies. A zinc baffle or collar is placed on the pole to prevent snakes etc. from predating on the owl's eggs and new born chicks.

In UP we have a network of 1,800 barn owl boxes supporting several thousand barn owls which regulate the population of rodents below the economic damage threshold and also keep the usage of rodenticides to a bare minimum as seen from the table below.

Year	2008	2009	2010	2011	2012
Total Boxes	1,614	1,534	1,594	1,632	1,825
Total Area Under Owl	27,395.40	26,604.49	27,519.87	27,758.68	28,676.27
Box to land ratio in Scheme	16.97	17.34	17.26	17.01	15.71
% Occupancy in Scheme	85.19	88.79	88.90	90.20	78.30
Total Planted Area (ha)	35,433.19	35,376.49	35,398.29	35,761.34	35,862.24
Box to land ratio over Total Planted Area	21.95	23.06	22.21	21.91	19.65
Rodenticide ai/planted ha (kg/ha)	0.000147	0.000029	0.000077	0.000504	0.000532

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.

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

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 169,012 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.

Concentrated chemicals are diluted and pre-mixed at the chemical mixing store prior to field application.

or control bagworm outbreak have been exhausted. This is in full compliance with all relevant rules and regulations in Malaysia as well as with the Roundtable on Sustainable Palm Oil's Principles & Criteria.

During 2012, the Company has successfully been able to reduce its use of Monocrotophos on an active ingredient basis by approximately 15% compared with 2011. Since 2006 there has been a reduction of 60% and much progress and efforts are being made to continue this positive trend.

In this connection the collaboration with the Centre of Agricultural Biosciences International (CABI) in relation to management of bagworm in oil palm through an integrated ecological approach with biological control agents such as predators and other entomopathogens is continuing as planned.

The objective of the study is to develop an effective strategy to manage bagworm pests through the mass breeding and release of biological control agents such as predators complemented with the application of entomopathogens in affected fields.

Extensive bagworm infestation in properties neighbouring UP.

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

During the end of 2012 and beginning of 2013 serious outbreaks of bagworms have occurred in the properties neighbouring UP in the State of Perak, West Malaysia. This is of great concern as it is important that a collaborated effort by the government authorities, neighbouring smallholders and other plantations are put in place in an attempt to eradicate this serious pest. UP is working closely together with its neighbours as well as the authorities in the form of the Malaysian Palm Oil Board (MPOB) to achieve positive progress on this concerning topic.

Calibration for Pesticide Application Equipment

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

Chemical Health Risk Assessment (CHRA)

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

An avenue of Tunera Subulata, a beneficial plant.

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

Input	Per tonne oil basis					
	Oil Palm*			Soybean**	Sunflower**	Rapeseed**
	2010	2011	2012			
Fertiliser nutrients						
Nitrogen (N-kg)	18	16	16	315	96	99
Phosphate (P2O5-kg)	5	7	7	77	72	42
Potash (K2O-kg)	32	33	34	NA	NA	NA
Magnesium (MgO-kg)	3	4	5	NA	NA	NA
Pesticides/Herbicides (kg)	0.59	0.59	0.54	29	28	3.73
Energy (GJ)	0.49	0.42	0.49	2.9	0.2	0.7

* includes palm oil + palm kernel oil (UP, 2010-2012- Malaysian Operations)
** Data from FAO,1996 - Pesticide data for rapeseed updated in 2012.

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 reflection on the resource utilisation efficiency of the oil palm crop.

Excavator chipping the trunks of the old stand in support of our 'zero-burn' policy. The chips are recycled as mulch which adds organic matter and retains moisture.

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 2012 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 nine Kindergartens on its properties which are maintained by the company, providing education for more than 571 children ranging from 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, 61 scholarship were granted to children of our employees during 2012, thereby enabling these students to pursue their tertiary studies.

Ybhg. Dato Carl Bek-Nielsen, Chief Executive Director, hands the gratuity payments from our UP's Workers Benevolent Fund to long serving employees in appreciation for their dedicated and loyal services.

YAB Datuk Seri Diraja Dr Zambry Abdul Kadir, on a working visit to United Plantations is welcomed by Mr. Ho Dua Tiam, Inspector General, Estates and Special Adviser on 6 December 2012.

Completed workers' quarters with 3 bedrooms, a spacious living area and tarmac road access at Taman Lindquist, Jendarata Estate, Division 3, officiated by YAB Datuk Seri Diraja Dr Zambry Abdul Kadir on his visit to UP.

Bapak Mulya Wirana, the Charge d'Affaires a.i./ Minister from the Embassy of the Republic of Indonesia planting a tree in commemoration of the official opening of the newly constructed guest workers' terrace houses at Jendarata Estate on 7 July 2012.

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 2012 in line with the Company's goal to provide its employees with the best housing facilities within the industry.

Upgrading of our guest workers living quarters which our Company embarked on 2010 has progressed well with the first two apartment blocks completed in 2011. These have provided the finest living facilities in our industry with a living area of 220m^2 per unit encompassing 3 bedrooms, 1 kitchen, 2 bathrooms and a large hall and patio. More than 20 additional terrace apartment blocks have been built providing first class housing facilities for more than 450 employees during 2012.

New Mosque

The construction of a new mosque at Sungei Erong and Sungei Chawang Estates which commenced in 2011 has now been completed. This beautiful mosque will help to meet the growing needs and requirements of our Muslim population on these two estates.

Newly built modern Guest workers' housing facilities at UIE.

Annual benevolent payments as well other compassionate and educational payments made by the Group to workers amounted to RM880,374 during 2012.

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 the Group

	2008 RM	2009 RM	2010 RM	2011 RM	2012 RM	Grand Total RM
Hospital & Medicine for Employees	1,294,552	1,282,014	1,629,885	1,751,450	1,782.549	7,740,450
Retirement Benevolent Fund	247,000	189,000	209,000	259,000	247,750	1,151,750**
Education Welfare, Scholarships & Other	122,960	165,430	182,917	327,153	360,840	1,159,300**
Bus Subsidy for School Children	291,007	272,429	252,154	244,767	271,784	1,332,141**
External Donation	155,011	153,923	100,948	121,119	247,360	778,361
New Infrastructure-Road, TNB and Water–Supply for domestic use	1,879,311	1,480,963	1,321,092	4,123,650	1,492,659	10,297,675
Employee Housing	1,319,728	3,232,642	15,951,380	21,803,511	11,719,418	54,026,679
Infrastructure Projects, Building Community Hall, Places of Worship	476,655	423,150	353,054	3,669,590	1,201,266	6,123,715
Provision of Social Amenities	N/A	8,395,000	7,824,000	7,898,712	8,436,477	32,554,189
Environment Friendly Operational Activities	7,087,000	7,700,000	8,496,000	8,555,344	9,381,704	41,220,048
Environmental friendly projects (Biogas, Biomass-others)	N/A	N/A	12,600,000	2,373,000	4,946,000	19,919,000
Biodiversity & Conservation (Forest reserve, Endangered tree Species projects, Collaboration with Copenhagen Zoo)	5,600,000	475,000	550,000	1,481,066	597,000	8,703,066
TOTAL	18,473,224	23,769,551	49,470,430	52,608,362	40,684,807	185,006,374

** *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.*

Group's Employees - Year 2009 to Current

	28 Feb 2009	28 Feb 2010	28 Feb 2011	29 Feb 2012	28 Feb 2013
UP Bhd	5,613	5,397	5,463	5,489	5,297
Unitata Bhd	467	399	308*	267	255
Bernam Agencies Sdn.Bhd	3	-	-	-	-
Butterworth Bulking Installation Sdn. Bhd.	15	18	17	17	18
PT SSS1, Indonesia	1,227	1,142	1,084	994	802
PT SSS2, Indonesia	-	222	188	140	108
Total	7,325	7,178	7,060	6,907	6,480

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

Vacancies/shortages in the Group's Plantations & Mills As Per Job Categories, as at 28 February 2013

Job Categories	Existing Workforce			Vacancies Shortage	Total No. of Workers Required
	Local	Guest Workers	Total		
Oil Palm Harvesters	37	1,517	1,554	-195	1,749
Field Workers	253	1,360	1,613	-51	1,664
General Workers	618	815	1,433	-5	1,438
Skilled Workers	73	51	124	-2	126
Coconut Huskers	-	180	180	-12	192
Total	981	3,923	4,904	-265	5,169

Banking facilities provided within the premises of the estate.

Banking facilities

UP with the collaboration of Bank Simpanan Nasional has initiated the Automated Teller Machine (ATM) services at Ulu Bernam area, which enables workers to enjoy personal banking services in a swift, convenient and secure manner. Western Union, which provides remittance services, visits selected estates to provide services for the convenience of our guest workers.

Bethany Home

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

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

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

UP is proud to sponsor the students and facilities at Bethany Home. Currently the centre has 159 students (children and adults) of all races and religions.

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.

A badminton tournament held in our newly built badminton court at Jendarata Estate, Division 3, watched with much enthusiasm.

Fostering goodwill amongst local communities through sports.

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/Outgrowers Scheme

At our Indonesian Plantations, we are actively involved with a government project known as the Plasma Scheme, designed to assist smallholders to become independent plantation growers. 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 Government's 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 2013.

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.

Mr. Edward Daniels, President Director, PT SSS1 greeting a member of the local government, as well as a local farmer who is involved with the Company's Plasma Scheme.

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.

NutroCoco Virgin Coconut Oil is bottled under stringent hygienic conditions in our state-of-the-art filling plant at Unitata.

Environment

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

Our Environmental Policy

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

Our Objectives and Commitments:

- 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. This is being pursued through our collaboration with Copenhagen Zoo.
- To continuously work towards a dynamic and innovative waste management and utilisation system aimed towards achieving zero waste.
- 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.

Environmental Commitments in place:

- A zero-burn policy (1989)
- A No primary forest clearing policy (1990)
- A No HCV forest clearing policy (2005)
- A No bio-diesel production/supply policy (2003)
- A No Paraquat use policy (2010)
- A No new planting on peat policy (2010)

An aerial view of one of our jungle reserves at Lima Blas Estate. UP places strong emphasis on the conservation of jungle reserves and promoting green corridors.

Human Rights Policy

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

- We conduct our business in a manner that respects the rights and dignity of all people, complying with all legal requirements.
- We treat everyone who works for United Plantations Berhad fairly and without discrimination.
- We respect the rights of all personnel to join and participate in registered trade unions and to bargain collectively.
- We respect the rights of people in communities impacted by our activities. We will seek to identify adverse social and environmental impacts through Social and Environment Impact Assessment and take appropriate steps to avoid, minimize and/or mitigate them.
- We will not tolerate the use of child or forced labour, slavery or human trafficking in any of our plantations and facilities. We are using the United Nations definition of `child' as anyone who is less than 16 years old or superceded by local regulations above 16 years.
- We will strive to commit our employees, contractors and suppliers to adhere to our core values.

Our Research Manager, Mr. Vijiandran briefing the participants on the effects of soil erosion during the Field day.

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 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 mill hectares deforested globally during that period.

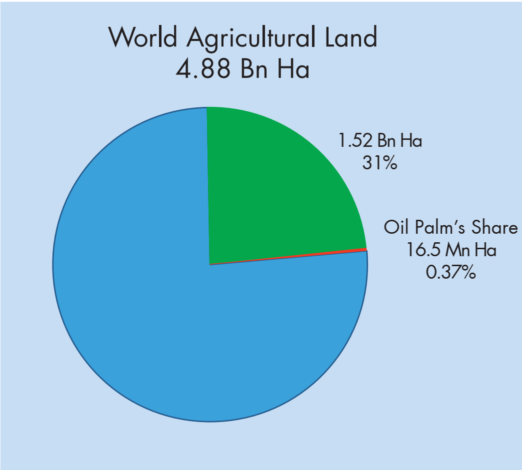
The above-mentioned net growth in oil palm areas does not take into account the large land banks formerly cultivated with cocoa, coconut and rubber, which were subsequently converted into oil palms. This would further reduce the component attributed to deforestation by the oil palm sector.

Global Population

Herein, one must recognize that the world's growing population poised to reach 7.2 billion people during the course of 2013 bears the major brunt of our environmental woes as humans more than ever before are exerting an unprecedented impact on the world's natural resources caused by our growing demands.

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

As can be seen in Table 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 permanent agricultural crops leaving the remaining 68.7% or 3.357 billion hectares of agricultural land under the category of permanent meadows and pastures.



	Area in Billion Ha
Forest	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

The planted area under oil palms' share of the worlds' total agricultural land (permanent crop, meadows and pastures included) as at 31 December 2012 was 16.5 million hectares or equal to 0.37% of the area. In spite of this the oil palm (which produces palm oil and palm kernel oil) produced about 31.8% of the world's total of 17 oils and fats in 2012.

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

United Plantations' Carbon Footprints 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 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 and again in 2012. The updated LCA provided management with a comprehensive and clear overview of the development in the company's effort 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 GHG reducing projects within the Plantation Industry which will supersede the Kyoto Protocol's ambitions of reducing GHG emissions in industrialized countries by at least 5% below the 1990 levels in the commitment period 2008-2012. A detailed report on GHG will be implemented by 2015.

A aerial view of recently replanted fields of second generation of oil palms surrounding a hill Forest Reserve named 'Bukit Kichil' (meaning Small Hill) which is 34 acres in size, at the north western part of UIE, close to the town of Pantai Remis, Perak.

Emissions Reduction

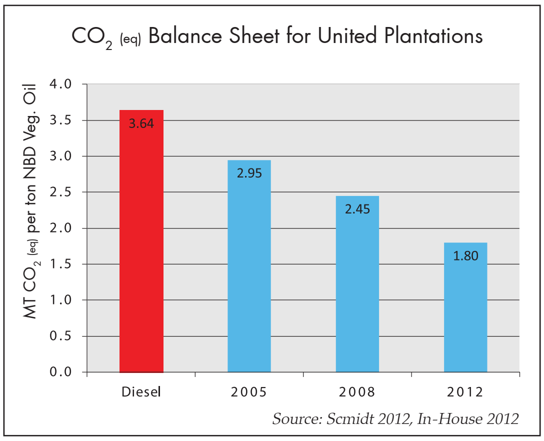
Since then significant investments have been made in promoting green energy starting with the Biomass Reciprocating Boiler cum Power Plant and constructing four Biogas Plants. These projects combined have since helped to significantly reduce our emissions of CO_2 by 70% and CH_4 by 80% at the respective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

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 40% 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 will be commissioned in April 2013 at our Company's Palm Oil Mill in Indonesia. This will upon completion become our Group's fourth Biogas Plant.



Carbon Footprint

UP's second Biogas Plant set in the newly established surroundings of a jungle tree park.

A view of the newly constructed Mosque at Sungei Erong and Sungei Chawang Estates.

Consecration Ceremony at a temple in Division 2, Jendarata Estate.

Newly expanded tank farm at Unitata.

A well laid out warehouse for packed products at Unitata.

The native tree nursery prepares thousands of seedlings for rehabilitation areas.

Biodiversity and Partnership

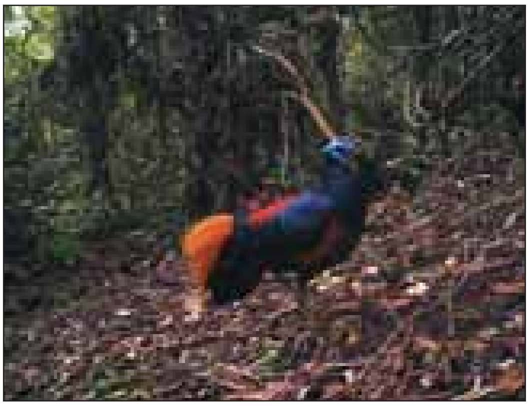
Conservation of jungle reserves and wildlife sanctuaries as well as promoting green corridors are examples of our commitment to the environment. To date, United Plantations has set aside more than 5,000 hectares of land for conservation purpose representing approximately 10% of our total planted area in order to encourage biodiversity and wildlife on our estate. In Indonesia UP has set approximately 35% of its land concession for the purpose of conservation.

Riparian reserves are maintained to preserve flora and fauna, provide wildlife corridors, ensure water quality and prevent erosion. In order to develop effective conservation strategies, we need the assistance of experts in these fields 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, about 7,930 Ha was under heavily logged over secondary forest and the rest grass and bush land.

Jungle fowls are commonly seen in our Estates.

Tarantula spider, spotted at Lada Estate, Central Kalimantan.



Crested Fireback (Lophura ignita), found freely roaming in the jungles of Pangkalan Bun.

Leopard Cats (Prionailurus bengalensis) are common at Lada Estate and are part of the natural IPM programme.

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

Bearded pigs (Sus barbatus) have an exceptional sense of smell and use their noses to find food and avoid predators.

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 CPH Zoo signed the MOU at setting up a Biodiversity Division (BioD) at PT SSS, UP effectively also acknowledged the need to integrate and 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. One candidate met the requirements and was recruited as the division's zoologist. The recruitment process was completed when suitable candidates for the positions of forester, GIS officer and part time manager were identified. The division is currently managed by Mr. Bjorn Dahlen, Division Manager and his team comprising of the following:

- Assistant Manager
- GIS Officer
- Field Officer
- Lead Ranger
- Rangers

Mangrove plants require distinct physiological adaptations to overcome the problems of anoxia, high salinity and frequent tidal inundation and each species has its own way of dealing with this extreme habitat.

Procurement of the Division's key operational equipment, such as Toyota Hilux 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 through contacts in the USA and EU.

The new BioD office was laid as part of the Lada Estate field office. The field 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 these. Subsequently, the BioD identified nine key outputs supported by more than 120 activity areas and 1000s 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 in 2012 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.

- Develop Yield Maps and Trends to monitor production and provide feedback on sustainable land use.

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. The nursery team propagated more than 18,000 native trees in 2012 and the target for 2013 is 50,000.

- Begin rehabilitation process of priority areas. More than 7,000 native tree seedlings were planted in 2012, focusing on wetland restoration projects in Lada Estate.

Communication and mainstreaming

- Integration of Biodiversity Division into PT SSS' operational team.
- Develop effective communication procedures and policies with the rest of PT SSS.
- Distribute a 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 5000 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 Lada Estate's Division 2 manager, who has lent significant positive support for the rehabilitation process at Field 86 and Field 74. The combined effort lead to reaching a milestone in December, 2012, when the last of some 6,000 seedlings of rengas, pulai, jelutung and durian were planted in the 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 (Eusideroxylonzwageri), 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 continuously stocks about 10,000 seedlings representing more than 18 different native tree species. New seedlings are being established while planting takes place to ensure continuity of the native tree nursery program. The nursery program is being expanded to Runtu Estate in 2013.

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, Nasalislarvatus, Silvered langur, Trachypithecuscristatus, Maroon langur, Presbytisrubicunda, Bornean gibbon, Hylobatesmuelleri, Pig-tailed macaque, Macacanemestrina, Long-tailed macaque, Macacafasicularis) along with charismatic species such as Malayan sun bear (Ursusmalayanus), sambar deer (Cervusunicolour) and leopard cats (Prionailurusbengalensis). 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, integration of the BioD into standard management and operational processes is an on-going process. 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, successful integration and mainstreaming of environmental concerns will take place, and UP will be well equipped and well prepared for the future agricultural landscape.

Young palms laden with bunches reflect the improvement in planting materials from UP's dedicated breeding programme.

A delightful mosaic of flowers, shrubs and trees beautifying the estate housing compound.

The Kingham-Cooper Tree Species Reserve

The Kingham-Cooper Endangered Tree Species Reserve at UIE, established in 2008, continues to develop with a wider diversity of species, and has been intensified with a further 1500 trees planted at the Lagoon and the Office Park areas. To date, a total of 11,500 trees from across 250 diverse species have been planted in an area of 20 hectares surrounding the main office.

These are becoming a valuable source of seeds and planting material for trees to be grown from our own nursery and planted within the Estate. The trees are also being planted along river reserves during replanting time for the next generation of oil palms on UIE, which is an activity under one of the Principles of the "Round Table for Sustainable Palm Oil" (RSPO), where it is required that a corridor of uncultivated land is 'set aside' along rivers to be allowed to revert back again into natural vegetation, in order to attract and increase bio-diversity for wildlife habitation.

United Plantations continues to work closely with the Tree Guru of Malaysia, (Mr James Kingham) who has sourced most of the species in his nurseries from the jungles in East and West Malaysia, and which UIE has since been fortunate enough to receive.

Many of the species established in our Tree Species Reserve are very rare, due to habitat loss elsewhere in the country, and it is comforting to know that they will remain safe in United Plantations and to become the source of seeds for the next generation for plantings in the future.

This coverage of the salutary work carried out by Mr. Geoffrey Cooper, General Manager, UIE and Mr. James Kingham can be viewed at : tinyurl.com/c9rwycw.

The Kingham-Cooper Tree Species Reserve in UIE. The objective is to plant varieties of endangered trees and establish a seedbank for these endangered species and through this process also create sanctuaries for birds and other small animals.

Production and Level of Utilisation of Oil Palm Biomass Residues in UP inYear 2012 (Dry Matter Basis-Malaysian Operations)

Biomass	Quantity Produced (tonnes)	Quantity Utilised (tonnes)	% Utilisation	Method of Utlisation
Trunks and fronds at replanting	204,268	204,268	100	Mulch
Pruned fronds	306,225	306,225	100	Mulch
Spent male flowers	29,445	29,445	100	Organic matter recycled on land
Fibre	63,111	63,111	100	Fuel & mulch in nursery
Shell	36,272	36,272	100	Fuel & mulch for polybag seedlings
POME	25,685	22,359	87	Biogas generation, nutrient source and base for organic fertiliser production
EFB	74,601	71,466	96	Mulch and Fuel
Total	739,607	733,146	-	-
Level of utilisation =99%				

In 2012, a total of 739,607 tonnes of biomass residues were generated through the field and mill operations of the company. Of these, 733,146 tonnes or 99% of the total, were effectively utilised with most of the residues recycled as organic matter back to the land, as organic mulch in the nursery or as fuel source, thereby enriching our soils and displacing the use of fossil fuels whilst adding value to these biomass.

Fertiliser Equivalent and MonetaryValue of Oil Palm Biomass Residues Recycled on Land in UP in 2012-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	204,268	2,553	858	3,285	1,566
Pruned fronds	Mulch	306,225	6,903	2,246	5,839	3,822
Spent male flowers	Organic Matter	29,445	947	627	1,742	904
EFB	Mulch	59,556	1,036	437	2,879	662
Digested POME	Irrigation	22,359	778	492	1,222	894
Total (tonnes)		621,853	12,217	4,660	14,967	7,848
Monetary value (RM)			17,690,950	2,422,874	24,156,609	4,552,027
Total monetary value RM48,822,460						

With a strong emphasis on sustainability and resource use efficiency, 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 utilisation also enhanced palm growth and oil yield. In 2012, the total organic matter recycled on land in UP amounted to 621,853 tonnes, which is equivalent to 248,741 tonnes of carbon. At this rate we are recycling 20 tonnes of organic matter or 7.8 tonnes of carbon per hectare in a year, thereby helping to replenish the soil carbon stock which is an important component of soil health.

Upon mineralization, the organic residues release substantial quantities of previously locked plant nutrients to the soil which is available for palm uptake. The fertiliser equivalent of the material recycled on land is of the order of 39,692 tonnes of NPKMg fertiliser which in itself is worth a substantial RM48.82 million in terms of the prevailing 2012 fertiliser prices.

Isokinetic Monitoring of Gaseous Emissions from the Palm Oil Mills

In conformance to the Department of Environment's requirements monitoring of flue gas emissions by certified assessors were regularly conducted in 2012. 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 0.4g/Nm^3 as per the Environment Quality Act, 1978.

Palm Oil Mill	Average Dust Concentration (g/Nm^3)
Jendarata Stack 5	0.147
Ulu Bernam Boiler 2	0.271
Seri Pelangi Stack 1 and 2	0.207
UIE Stack 2-(Boiler 1 & 2)	0.320
Ulu Basir Boiler 3806,3807 and 3907	0.318
Lima Blas Boiler 1 & 2	0.220

CDM projects.

The entrance to our bakery. The bakery makes a full range of lovely cookies and cakes.

Bernam Bakery

Bernam Bakery, nestled in the midst of the lush greenery of United Plantations, 160km north of Kuala Lumpur, renowned for its Danish pastries and hand-made cookies, was the brainchild of our late Tan Sri Dato' Seri B. Bek-Nielsen. It was established in 1982, purely out of necessity, to teach the local employees how to make good wholesome bread, for the local community, who found the quality of bread they bought from various dealers to be inferior, thus a scheme was created to enable the employees of the plantation to purchase quality bread. The bakery, which is equipped with the most modern Danish machinery, was constructed within five months. Tan Sri Dato' Seri B. Bek-Nielsen enlisted the help of his good friend, the late Robert G. Pedersen, a master baker and retired lecturer from Holstebro Bakery School in Denmark, to train our local employees on the traditional art of baking original Danish bread and cookies on a no cost basis. It was amazing to see how the bakers became proficient within 6 months, thus providing our labour force with wholesome and nutritious secret recipes of bread and cookies of excellent quality, using shortenings produced by our refinery, Unitata. The transfer of Danish Technology in the Baking Industry, took many years of dedicated work under the watchful eyes of the master baker. The bakery, managed by Mr. Saksidaran and his team, does not only cater for the employees and the public but also is a proud supplier of high quality bread, pastries, cakes and biscuits to the many guests who visit United Plantations.

Ms. S. Hemalatha, our counter staff in front of a wide range of high quality bread, cookies, pastries and cakes produced by our bakery for the consumption of the local communities and visitors.

United Plantations and Oleon NV

On 1 August 2012, the Company has together with Oleon NV announced the formation of a 50:50 joint venture through the company UniOleon Sdn. Bhd. UniOleon Sdn. Bhd. will develop a food emulsifier plant in two phases which is to be built in Pulau Indah (Malaysia) at an estimated cost of USD32 million. Each joint venture party is committed to subscribe for a RM15 million in share capital and the balance of the investment is expected to be funded by bank borrowings.

The state-of-the-art factory is expected to start producing food oleo-derivatives early 2014. The application and use of these products within the food segment will range from the bakery, the dairy to the confectionary industries. A dedicated application lab will be created in order to enhance the development of food emulsifiers. The highest quality standards will be combined with the guarantee of traceable, fully segregated sustainable raw materials.

Dato' Carl Bek-Nielsen, Chief Executive Director of United Plantations Bhd., commented that "In this project, Oleon has partnered with United Plantations, which is the driving force in Malaysia on sustainable palm oil and whose plantations all meet the criteria of the RSPO. This joint venture will allow us to go downstream into oleo-chemical production as a positive value addition to the current operations and give us opportunity for access to new markets".

Mr. Chris Depreeuw, Chief Executive Officer of Oleon NV, said "With this partnership, Oleon has reinforced its ability to respond to the growing demands for certified products by its clients".

The investment is planned over 2 phases. Phase 2 is expected to be completed by end of 2015.

The signing of the Joint Venture Agreement between UP and Oleon NV on 20 June 2012. Mr. Chris Depreeuw, the Chief Executive Officer of Oleon NV, exchanging documents with Ybhg. Dato' Carl Bek-Nielsen, Chief Executive Director of UP.

Statement On Corporate Governance

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

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

Board Roles and Responsibilities

The duties and responsibilities of the Board of Directors are clearly spelt out in the Board Charter. The Board Charter can be viewed on our website at www.unitedplantations.com. In summary, the Board has assumed the following stewardship responsibilities in furtherance of its duties:

i) Reviewing and adopting a strategic plan, both short term and long term, for the Group;

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

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

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

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

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

vii) Declaration of dividends

Specific responsibilities are delegated to Board Committees where appropriate. The Board Committees comprise Executive Committee, Audit Committee, Nomination Committee and Remuneration Committee.

Executive Committee

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

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

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

The Executive Committee met formally 3 times during the year 2012, and the minutes thereof were included in the Board files for information and deliberation by the Board. All the executive directors attended all 3 meetings. The Executive Committee also meets informally to deal with matters that require prompt response and decisions.

Audit Committee

The Audit Committee consists entirely of 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 this Annual Report.

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 2 meetings in respect of the year ended 31 December 2012 for the purpose of making an assessment of the directors and for considering directors who are due to retire on rotation at the A.G.M. Under Article 92 of

Ybhg. Dato' Carl Bek-Nielsen chairing the Task Force meeting held every quarter at Unitata.

The Board of Directors and shareholders voting on a resolution at the Company's 91st Annual General Meeting held on 12 May 2012.

the Company's Memorandum and Articles of Association at the A.G.M., one-third of the directors shall retire from office and are eligible to seek re-election. The committee also reviewed the required mix of skills and qualities that non-executive directors should bring to the Board. At this meeting an assessment on the effectiveness of the Board and the Committees, and the contributions of each individual director were deliberated. The Committee reached the conclusion that the Board Committees and the directors in their individual capacity supported the current needs of the Board.

Remuneration Committee And Directors Remuneration

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

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

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

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

The Remuneration Committee held 2 meetings during the financial year ended 31 December 2012. It is the Committee's usual practice to draw information on the company's remuneration policy from the Executive Committee to assist them with their duties. Executive directors do not participate in the deliberations of the Remuneration Committee.

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 remuneration packages are sufficiently attractive to attract and retain executive directors.

All directors are paid annual fees. The Chairman and members of the Audit Committee receive additional fees taking into account the nature of their responsibilities. Members of other Board committees do not receive any additional fees. The directors' fees are reviewed by the Board only when it deems necessary, subject however to approval by the shareholders at the A.G.M. The amount is related to their level of responsibilities. A fixed meeting attendance allowance is paid for all attendances at Board and Board Committee meetings except for the Executive Committee meetings.

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

	Fees (RM)	Basic Salary (RM)	Additional Remuneration (RM)	Other Bene-fits (RM)	Meeting Attendance Allowance (RM)	Total (RM)
Non-Executive Directors	475,000	-	-	-	66,000	541,000
Executive Directors	195,000	342,000	2,755,000	521,760	18,000	3,831,760
Total	670,000	342,000	2,755,000	521,760	84,000	4,372,760

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 above 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 1,300,000	2	
RM 1,300,000 - RM 1,500,000	1	

Company Secretary

The Board and Board Committees have unrestricted access to the advice and services of the Company Secretary. The Board is satisfied with the performance and support rendered by the Company Secretary in the discharge of its duties effectively. The Company Secretary plays an advisory role to the Board in relation to Group policies and procedures, compliance with regulatory requirements, codes and guidelines. The Company Secretary also facilitates directors' training.

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

Code of Conduct and Business Ethics

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

In addition, the Group's Whistle Blower policy seeks to foster an environment of integrity and ethical behavior, and any illegal or improper action in the Group which may be exposed.

Board Balance and Independence of Directors

The Company has an effective Board entrusted with leadership responsibilities by its shareholders. It is headed by a Chairman who is independent of management and whose key role is the stewardship of the Board. The Chief Executive Director on the other hand is an executive director and the head of management whose key responsibilities are to

A small Hindu shrine situated in between Division 1 and 2, Jendarata Estate.

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 10 directors, 4 of whom are executives who have an intimate knowledge of the business. Amongst the remaining 6 non-executive directors, 4 of them are independent. The Board is satisfied that the size has fulfilled its requirements adequately.

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

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

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

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

One of the recommendations of the MCCG states that the tenure of an independent director should not exceed a cumulative term of 9 years. However, the Nomination Committee and the Board have determined at the annual assessment carried out that Tan Sri Datuk Dr. Johari bin Mat, who has served on the Board for 11 years, Dato' Jeremy Derek Campbell Diamond who has served on the Board for 11 years and Mr. Ahmad Riza Basir who has served on the Board for 12 years remain objective and independent in participating in the deliberations and decision making of the Board and Board Committees. The length of their service on the Board does not interfere with their exercise of independent judgment and act in the best interest of the Group notably in discharging their roles, in the case of Tan Sri Datuk Dr. Johari bin Mat, as Chairman of the Board, Chairman of the Remuneration Committee and Chairman of the Nomination Committee, in the case of Dato' Jeremy Derek Campbell Diamond as the Chairman of the Audit Committee as well as the member of the Remuneration and Nomination Committees, and in the case of Mr. Ahmad Riza Basir as the member of the Audit Committee.

Each of the above 3 independent directors has provided an annual confirmation of his independence to the Nomination Committee and the Board.

Mr. G. Peter Selvarajah who has served on the Board as an independent director for 17 years is retiring at the A.G.M and is not seeking re-appointment.

The Board supports the initiative to include woman representation on the Board to achieve a more gender diversified Board. The Board evaluates the diversity of the Board and in future recommendations and appointments diversity will be taken into account. However, this will be done based on competency, ability, leadership quality and qualification, particularly candidates with specialized knowledge of the agro-industrial sector that meet the Group's needs. The Board is making special efforts to identify suitably qualified women who are willing to take on such responsibilities over the next 4 years.

Foster Commitment

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

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

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

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

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

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

Mr. Loh Hang Pai was appointed to the Board on 1 January 2013, therefore his attendance is not marked above.

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

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

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.

The directors are also mindful of their continuous training requirements. Directors are encouraged to attend various internal and external professional programs relevant and useful in contributing to the effective discharging of their duties as directors.

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

Relevant training programmes, seminars and conferences attended by Directors during the financial year ended 31 December 2012 were:

1. Bursa Malaysia's Annual Palm & Lauric Oils Conference & Exhibition: Price Outlook 2012/2013 (POC2012) (Dato' Carl Bek-Nielsen also presented a paper at the Conference)

2. Minority Shareholders Watchdog Group (MSWG) seminar on Corporate Governance – The Competitive Advantage.

3. 2012 IFRS Conference by the Malaysian Accounting Standards Board

4. RSPO: 10th Roundtable Meeting on Sustainable Palm Oil

5. Bursa Malaysia's Half Day Governance Programme

6. In-House training MCCG 2012 and proposed amendments to Bursa Malaysia Main Market Listing Requirements.

In addition to the above, Dato' Carl Bek-Nielsen was involved in the following:

- Chaired a session organized by Programme Advisory Council on Vascular Wilt Disease – potential threat to the oil palm industry.

- Speaker at MPOB's presentation on Sustainability and Conservation Efforts, in Sydney.

Integrity in Financial Reporting

The Board in compliance with 15.26a of Bursa Malaysia's Main Market Listing Requirements issues a Statement explaining its responsibility for preparing the annual audited financial statements. The Board is required by law to prepare financial statements for each financial year which will give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year in a manner which is comprehensive and transparent. In the preparation of the financial statements, the directors will consider compliance with all applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965.

The Chief Executive Director and the Executive Director, Finance & Marketing have given assurance to the Board that adequate processes and controls are in place for the preparation of the quarterly and annual financial statements to give a true and fair view of the state of affairs of the Group, and, appropriate accounting policies have been applied consistently.

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.

Based on the reports of the internal and external auditors, the Audit Committee concluded that no material issue or major deficiency had been detected.

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.

Risk Management

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

The Board has established internal audit function, complimented by an in-house team and an external professional firm. Both the internal audit teams report direct to the Audit Committee.

Details of the Group's internal control system and framework are set out in the Statement on Risk Management and Internal Control.

Timely and High Quality Disclosures

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

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

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

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

Proceedings at the Company's 91st Annual General Meeting.

announcements can be directed to Dato' Carl Bek-Nielsen, Chief Executive Director and Mr. Martin Bek-Nielsen, Executive Director (Finance & Marketing).

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

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

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

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

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

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

During 2012, Mr. Jorgen Mads Clausen, the Chairman of Danfoss visited UP together with Mrs. Anette Clausen. The picture depicts a visit at the Unitata Refinery with the Chief Executive Director, Dato' Carl Bek-Nielsen and the Acting Resident Engineer, Mr. Goh Kheng Wee.

Statement On Directors' Responsibility As At 31 December 2012

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 2012 the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates.

The Directors also consider that all applicable Financial Reporting Standards in Malaysia have been complied with and confirm that the financial statements have been prepared on a going concern basis.

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

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

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

The state-of-the-art Oil Room at the Lada Palm Oil Mill with Decanters and Purifiers from Alfa Laval.

Statement On Risk Management and Internal Control

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

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

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

Internal Control And Risk Management

The Board regards risk management as an integral part of business operations. There is in place a formal process to identify, evaluate and manage significant risks faced by the Group. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken and the time frame to mitigate and minimize these risks. The process is undertaken by 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 RMIC

Other key elements of the Group's system of RMIC 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 RMIC 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 RMIC issues. The role of the Audit Committee is further elaborated in the Audit Committee Report on pages 100 to 102.

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

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

Review of the statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Group's Annual Report for the year ended 31 December 2012 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system.

Economic Outlook 2013
GDP Growth

The Malaysian economy is expected to remain on a steady growth path with an expansion of 5 – 6% in 2013. The growth has essentially been sustained by the strong private consumption and resurgence of private investments. The overall global situation, however remain challenging. The pace of recovery prevailing in several of the advanced economies remains constrained by the unresolved fiscal, financial and structural concerns.

World Economy : Key Economic Indicators

Country	Real GDP Growth (%)		Inflation (%)	
	2011	2012[e]	2011	2012[e]
World Growth	**3.9**	**3.2**	-	-
World Trade	**5.9**	**2.8**	-	-
Advanced Economies				
United States	1.8	2.2	3.2	2.1
Japan	-0.6	2.0	-0.3	-0.1
Euro	1.4	-0.6	2.7	2.5
United Kingdom	0.9	0.2	4.5	2.8
Developing Asia	**8.0**	**6.6**	-	-
Asian NIE s[1]	**4.0**	**1.7**	**3.5**	**2.6**
Korea	3.6	2.0	4.0	2.2
Chinese Taipei	4.1	1.3	1.4	1.9
Singapore	5.2	1.3	5.3	4.6
Hong Kong SAR[2]	4.9	1.4	5.3	4.1
The People's Repulic of China	**9.3**	**7.8**	**5.4**	**2.6**
ASEAN-4	**4.3**	**6.2**	**4.5**	**3.3**
Malaysia	5.1	5.6	3.2	1.6
Thailand	0.1	6.4	3.8	3.0
Indonesia	6.5	6.2	5.4	4.3
Philippines	3.9	6.6	4.8	3.1
India[3]	**7.8**	**4.0**	**9.5**	**7.5**

1 Newly industrialised economies
2 Inflation refers to composite price index
3 Inflation refers to wholesale price index; GDP at market price or the calendar year
e Estimate

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

Palm Oil Extraction Rates (OER) and Average FFB Yields

	2012	2011
OER (%)		
Malaysian National Average	20.35	20.35
UP-Malaysian operation	21.86	21.73
UP-Indonesian operation	24.38	23.80
FFB Yield (MT/Ha)		
Malaysian National Average	18.89	19.69
UP-Malaysian operation	25.05	25.16
UP-Indonesian operation	17.50	16.22

Malaysian CPO Production 2012

Production of CPO in 2012 declined marginally by 0.7% to 18.79 million tonnes. The average CPO price recorded for the year 2012 was RM2,764.00, a decline of RM455 or 14.1% against RM3,219.00 in the previous year. This was mainly due to bearish market sentiments resulting from the unresolved Euro-zone financial crisis that lead to poor demand of oils and fats, coupled with the seasonal uptrend in palm oil production which lead to build-up in palm oil stocks.

Source: econ.mpob.gov.my

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 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 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's 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 5 meetings in the year 2012 to conduct and discharge its functions in accordance with the Terms of Reference mentioned above. Details of Directors attendances at Audit Committee meetings are as follows:

Name of Directors	No. of meetings Attended	Held
Y. Hormat Dato' Jeremy Derek Campbell Diamond	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 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;

d) 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;

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

f) 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

g) Considered the appointment of external auditors for the Group for the year 2013 and recommended to the Board for its approval.

Additional Disclosures

Pursuant to the listing requirements of Bursa Malaysia Securities Berhad, additional disclosures by the Group for the year ended 31 December 2012 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	81,400

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

   RM363,317 was incurred by the Group in the Financial year for its outsourced internal audit and in-house internal audit department.

Economic Outlook 2013 - Malaysia

Consumer Pricer

Headline inflation, as measured by the annual percentage change in the Consumer Price Index (CPI), is expected to average 2-3% in 2013. This inflation projection takes into account the expected higher global prices of selected food commodities and adjustments to domestic prices. Demand–driven price pressures are expected to be moderate.

Source : Bank Negara Malaysia

UP Share Prices

Year	2012	2011	2010	2009	2008
Highest Price Per Share (RM)	28.00	19.00	17.70	14.00	14.60
Lowest Price Per Share (RM)	19.16	16.00	13.32	9.70	7.85

The price of United Plantations shares on Bursa Malaysia Securities Berhad reached a high of RM28.00 and recorded a low of RM19.16 per share for the year ended 31st December 2012. Compared with the corresponding prices achieved in 2008, this represented an increase of 91.78% and 144.08% respectively.

A bed of healthy oil palm seedlings carefully nurtured in the main nursery before field planting.

UNITED PLANTATIONS BERHAD
(Company No. 240-A)

Financial Statements
For the year ended 31 December 2012

Contents

Report Of The Directors For The Year Ended 31 December 2012

The Directors have pleasure in submitting for your consideration their 92nd annual report together with the audited financial statements of the Company and of the Group for the year ended 31 December 2012.

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 oil and molasses.

(d) Trading, marketing and investment holding.

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

Financial Results

	Group RM'000	Company RM'000
Profit after taxation	342,551	320,090
Attributable to:		
Equity owners of the Parent	342,241	320,090
Non-controlling Interests	310	-
Total	342,551	320,090

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)	8,900
PT Sawit Seberang Seberang (planted area)	915
Sub-total	9,815
Total	50,677

Report Of The Directors For The Year Ended 31 December 2012

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 2012 were as follows:

2,538 hectares of oil palm replanted with oil palm
35 hectares of coconut replanted with coconut

Dividends

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

a) A final dividend of 30% gross less 25% tax amounting to RM46,830,210 in respect of the previous financial year was paid on 6 June 2012.

b) A special dividend of 50% gross less 25% tax amounting to RM78,050,350 in respect of the previous financial year was paid on 6 June 2012.

c) An interim dividend of 25% gross less 25% tax amounting to RM39,025,175 in respect of the current financial year was paid on 19 December 2012.

d) A special dividend of 15% gross less 25% tax amounting to RM23,415,105 in respect of the current financial year was paid on 19 December 2012.

At the forthcoming Annual General Meeting, a final dividend of 30% gross less 25% tax amounting to RM46,830,210 and a special dividend of 55% gross less 25% tax amounting to RM85,855,385 in respect of the year ended 31 December 2012 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 2013.

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
Mr. Loh Hang Pai (Appointed w.e.f. 1 January 2013)

Report Of The Directors For The Year Ended 31 December 2012

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

	Number of Shares of RM1.00 each				
	1 January 2012	Bought	Sold	31 December 2012	% of Issued Share Capital
The Company:					
Ybhg. Tan Sri Datuk Dr. Johari bin Mat					
- held directly	110,000	-	28,000	82,000	0.04
- deemed interested	10,000	-	-	10,000	-
Mr. Ho Dua Tiam					
- held directly	707,400	-	-	707,400	0.34
Mr. G. Peter Selvarajah					
- held directly	90,120	-	-	90,120	0.04
Ybhg. Dato' Carl Bek-Nielsen					
- held directly	2,114,556	-	-	2,114,556	1.02
- deemed interested	96,002,570	-	-	96,002,570*1	46.13
Mr. Ahmad Riza Basir					
- held directly	70,500	-	-	70,500	0.03
Y. Hormat Dato' Jeremy Derek Campbell Diamond					
- held directly	14,000	-	-	14,000	0.01
- deemed interested	255,000	-	-	255,000	0.12
Mr. Martin Bek-Nielsen					
- held directly	546,913	-	-	546,913	0.26
- deemed interested	95,936,077	1,500	-	95,937,577*2	46.09
Mr. Brian Bech Nielsen					
- deemed interested	5,000	-	-	5,000	-

Report Of The Directors For The Year Ended 31 December 2012

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
2,500 shares	-	Deemed interested through immediate family members
95,937,577 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 benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest except as disclosed in Note 26 to the financial statements.

Report Of The Directors For The Year Ended 31 December 2012

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; 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 2012

Auditors

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 1 April 2013.

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

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

Income Statements
For The Year Ended 31 December 2012

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	4	1,183,389	1,398,386	625,850	667,907
Other income		40,704	10,579	8,084	3,774
		1,224,093	1,408,965	633,934	671,681
Changes in finished goods		(5,571)	39,064	(4,191)	(6,457)
Raw materials and consumables used		(456,869)	(657,457)	(16,047)	(17,865)
Amortisation of biological assets		(23,698)	(24,094)	(16,508)	(16,948)
Depreciation of property, plant and equipment		(38,967)	(35,768)	(21,746)	(19,888)
Amortisation of land use rights		(547)	(429)	-	-
Staff costs		(133,135)	(133,457)	(107,902)	(105,172)
Other expenses		(133,642)	(122,838)	(60,279)	(63,123)
Profit from operations	5	431,664	473,986	407,261	442,228
Finance costs	6	(26)	(27)	(24)	(24)
Investment and interest income	7	22,634	17,582	20,915	20,737
Share of results of jointly controlled entity	13	(33)	-	-	-
Profit before taxation		454,239	491,541	428,152	462,941
Taxation	8	(111,688)	(117,955)	(108,062)	(116,709)
Net profit for the year		342,551	373,586	320,090	346,232
Attributable to:					
Equity owners of the parent		342,241	373,951	320,090	346,232
Non-controlling interests		310	(365)	-	-
		342,551	373,586	320,090	346,232
Earnings per share (sen)	9	165	180		

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

Statements Of Comprehensive Income
For The Year Ended 31 December 2012

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Net profit for the year	342,551	373,586	320,090	346,232
Foreign Currency Translation	(675)	(197)	-	-
Net loss on available for sale financial asset	-	(1,075)	-	(1,075)
Other comprehensive loss for the year, net tax of RM: Nil	(675)	(1,272)	-	(1,075)
Total comprehensive income for the year	341,876	372,314	320,090	345,157
Total comprehensive income attributable to:				
Equity owners of the parent	341,663	372,612	320,090	345,157
Non-controlling interests	213	(298)	-	-
	341,876	372,314	320,090	345,157

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

Statement Of Financial Position

As At 31 December 2012

Group

	Note	2012 RM'000	2011 RM'000
Assets			
Non-Current Assets			
Biological assets	10(a)	380,147	377,947
Property, plant and equipment	10(b)	916,640	902,084
Land use rights	10(c)	34,071	31,763
Associated company	12	50	50
Jointly controlled entity	13	3,333	-
Available for sale financial asset	14	6,446	6,446
Derivatives	29(g)	-	1,315
		1,340,687	1,319,605
Current Assets			
Inventories	15	178,722	181,145
Trade and other receivables	16	102,335	113,239
Prepayments		281	2,097
Tax recoverable		143	132
Derivatives	29(g)	1,400	1,255
Cash and bank balances	17	747,773	582,796
		1,030,654	880,664
Total Assets		2,371,341	2,200,269
Equity and Liabilities			
Equity attributable to owners of the parent			
Share capital	18	208,134	208,134
Reserves	19	1,942,594	1,788,252
		2,150,728	1,996,386
Non-controlling interests		420	207
Total Equity		2,151,148	1,996,593
Non-Current Liabilities			
Deferred taxation	20	86,108	77,043
Retirement benefit obligations	21	11,142	11,889
Derivatives	29(g)	283	-
		97,533	88,932
Current Liabilities			
Trade and other payables	22	78,681	76,427
Tax payable		28,055	35,251
Retirement benefit obligations	21	675	2,273
Derivatives	29(g)	15,169	402
Bank borrowings	23	80	391
		122,660	114,744
Total Liabilities		220,193	203,676
Total Equity and Liabilities		2,371,341	2,200,269

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

Statement Of Financial Position
As At 31 December 2012

Company

	Note	2012 RM'000	2011 RM'000
Assets			
Non-Current Assets			
Biological assets	10(a)	234,087	212,455
Property, plant and equipment	10(b)	717,359	705,297
Subsidiary companies	11	469,251	469,251
Associated company	12	50	50
Jointly controlled entity	13	3,366	-
Available for sale financial assets	14	6,446	6,446
		1,430,559	1,393,499
Current Assets			
Inventories	15	50,081	54,668
Trade and other receivables	16	23,199	66,960
Prepayments		86	987
Cash and bank balances	17	691,207	538,351
		764,573	660,966
Total Assets		2,195,132	2,054,465
Equity and Liabilities			
Equity attributable to owners of the parent			
Share capital	18	208,134	208,134
Reserves	19	1,820,788	1,688,019
Total Equity		2,028,922	1,896,153
Non-Current Liabilities			
Deferred taxation	20	85,800	76,000
Retirement benefit obligations	21	5,093	6,656
		90,893	82,656
Current Liabilities			
Trade and other payables	22	46,942	40,100
Tax payable		27,792	33,553
Retirement benefit obligations	21	583	2,003
		75,317	75,656
Total Liabilities		166,210	158,312
Total Equity and Liabilities		2,195,132	2,054,465

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

Consolidated Statement Of Changes In Equity
For The Year Ended 31 December 2012

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	Non-controlling interests	Total equity
		Attributable to Equity Owners of the Parent								
		Non-distributable					Distributable			
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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		-	(1,057)	-	-	(264)	373,951	372,612	(298)	372,314
Dividends, representing total transaction with owners of the parent	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
At 1 January 2012		208,134	893	181,920	21,798	(1,186)	1,584,827	1,996,386	207	1,996,593
Total comprehensive income for the year		-	-	-	-	(578)	342,241	341,663	213	341,876
Dividends, representing total transaction with owners of the parent	24	-	-	-	-	-	(187,321)	(187,321)	-	(187,321)
At 31 December 2012		208,134	893	181,920	21,798	(1,764)	1,739,747	2,150,728	420	2,151,148

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

Statement Of Changes In Equity
For The Year Ended 31 December 2012

Company

	Note	← Non-distributable →			Distributable	
		Share capital (Note 18)	Available for sales reserve (Note 19)	Share premium (Note 19)	Retained profits (Note 19)	Total
		RM'000	RM'000	RM'000	RM'000	RM'000
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, representing total transaction with owners of the parent	24	-	-	-	(148,295)	(148,295)
At 31 December 2011		208,134	893	181,920	1,505,206	1,896,153
At 1 January 2012		208,134	893	181,920	1,505,206	1,896,153
Total comprehensive income for the year		-	-	-	320,090	320,090
Dividends, representing total transaction with owners of the parent	24	-	-	-	(187,321)	(187,321)
At 31 December 2012		208,134	893	181,920	1,637,975	2,028,922

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

Cash Flow Statements
For The Year Ended 31 December 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Cash Flows From Operating Activities					
Receipts from customers		1,171,945	1,350,744	629,266	650,874
Payments to suppliers		(486,875)	(673,266)	(14,686)	(18,166)
Payments of operating expenses		(185,024)	(201,161)	(153,821)	(141,754)
Payments of taxes		(109,830)	(97,868)	(104,023)	(97,657)
Other receipts		56,787	4,997	8,127	3,390
Net cash generated from operating activities		447,003	383,446	364,863	396,687
Cash Flows From Investing Activities					
Proceeds from sale of property, plant and equipment		571	492	243	426
Interest income		19,141	17,379	17,397	16,234
Proceeds from sale of investment		-	5,000	-	5,000
Dividend received from a subsidiary company		-	-	-	4,300
Pre-cropping expenditure incurred		(41,485)	(43,772)	(38,140)	(32,346)
Purchase of property, plant and equipment	(a)	(63,126)	(72,731)	(33,856)	(28,272)
Land use rights payment made		(6,106)	(911)	-	-
Investment in jointly controlled entity		(3,366)	-	(3,366)	-
Subscription of Redeemable Cumulative Convertible Preference Shares ("RCCPS") issued by subsidiary companies	11	-	-	-	(22,200)
Net cash used in investing activities		(94,371)	(94,543)	(57,722)	(56,858)

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

Cash Flow Statements
For The Year Ended 31 December 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Cash Flows From Financing Activities					
Interest paid		(26)	(27)	(24)	(24)
Dividends paid		(187,321)	(202,930)	(187,321)	(202,930)
Inter-company balances		-	-	33,057	(48,079)
Associated company balances		3	-	3	-
Net cash used in financing activities		(187,344)	(202,957)	(154,285)	(251,033)
Net increase in cash and cash equivalents		165,288	85,946	152,856	88,796
Cash and cash equivalents at the beginning of year		582,405	496,459	538,351	449,555
Cash and cash equivalents at end of year	(b)	747,693	582,405	691,207	538,351

(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 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Short term funds	103,041	51,074	103,041	51,074
Deposits with licensed banks	630,102	518,114	584,049	479,003
Cash at banks and on hand	14,630	13,608	4,117	8,274
Bank overdrafts	(80)	(391)	-	-
	747,693	582,405	691,207	538,351

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, jointly controlled entity 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 2012 for the Group was 6,563 (2011: 7,141) and for the Company was 5,344 (2011: 5,460).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 1 April 2013.

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 2012, 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 2012.

Notes To The Financial Statements

Effective for financial periods beginning on or after 1 July 2011

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14 Prepayments of a Minimum Funding Requirement

Effective for financial periods beginning on or after 1 January 2012

Amendments to FRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 7 Transfers of Financial Assets
Amendments to FRS 112 Deferred Tax: Recovery of Underlying Assets
FRS 124 Related Party Disclosures

The adoption of the above standards and interpretations did not have any significant impact to the financial statements of the Group and of the Company except for those discussed below:

FRS 124 Related Party Disclosures

The MASB issued an amendment to FRS 124 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

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.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

(b) Associated Companies

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

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

The Group's share of the net profit or loss of the associated company is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associated company, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses in transactions between the Group and the associated company are eliminated to the extent of the Group's interest in the associated company. After application of the equity method, the Group determines whether it is necessary to recognise 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) Jointly Controlled Entity

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves an unincorporated entity or the establishment of a separate entity in which each venturer has an interest.

Investment in jointly controlled entity is accounted for in the consolidated financial statements using the equity method of accounting as described in Note 2.3(b). Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on transactions between the Group and its jointly controlled entity.

The financial statements of the jointly controlled entity are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

In the Company's separate financial statements, investment in jointly controlled entity is stated at cost less impairment loss. On disposal of such investment, the difference between net disposal proceeds and their carrying amount is included in profit or loss.

(d) (i) Biological Assets

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

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

Notes To The Financial Statements

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

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

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

The cost of freehold land initially acquired is allocated between the land, buildings and biological assets elements in proportion to the relative fair values for the interests in the land element, buildings element and biological assets element. Freehold land has an unlimited useful life and therefore is not depreciated. Long term leasehold land is depreciated over the period of the lease which range from 50 years to 99 years. Capital work-in-progress are also not depreciated as these assets are not available for use. Other property, plant and equipment are depreciated by equal annual 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%
Aircrafts	5%

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.

Notes To The Financial Statements

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.

(iii) Land Use Rights

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

(e) Inventories

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.

(f) Income Tax

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

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

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

(g) Foreign Currencies

(i) Functional and Presentation Currency

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

(ii) Foreign Currency Transactions

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

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

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

(iii) Foreign Operations

The 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 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.

Notes To The Financial Statements

(h) Revenue Recognition

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

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

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

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

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

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

(i) Employee Benefits

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

Notes To The Financial Statements

(ii) Defined contribution plans

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

(iii) Defined benefit plans

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

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

(j) Borrowing Costs

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

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

Notes To The Financial Statements

(k) Impairment Of Non-Financial Assets

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

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

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

(l) Financial Assets

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

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

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

(i) Receivables

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

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

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

(ii) Available for sale financial assets

Available for sale financial assets are financial assets that are designated as available for sale or are not classified in any of the financial assets as disclosed in Notes 2.3(l)(i) and 2.3(q).

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

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

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

(iii) Marketable securities at fair value

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

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

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

(m) Impairment Of Financial Assets

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

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

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

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

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

(ii) Available for sale financial assets

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

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

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

(n) Cash And Cash Equivalent

Cash and cash equivalents represent cash 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.

(o) Financial Liabilities

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

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

(i) Payables
Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

(ii) Interest-bearing borrowings
Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

(iii) Other financial liabilities
For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(p) Equity Instruments

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

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

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

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

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

(r) Research And Development Costs

All general research and development costs are expensed as incurred.

(s) Operating Leases - The Group As Lessee

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

(t) Government Grants

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

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

Notes To The Financial Statements

2.4 Significant Accounting Estimate

The key assumptions concerning the future and other key source of estimation uncertainty at the reporting date, that have significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

(i) Impairment of property, plant and equipment

Assets are tested for impairment when indications of potential impairment exist. Indicators of impairment which could trigger an impairment review include evidence of obsolescence or physical damage, a significant fall in market values, significant underperformance relative to historical or projected future operating results, significant changes in the use of assets or the strategy of the business, and significant adverse industry or economic changes. Recoverable amounts of assets are based on management's estimates and assumptions of the net realisable value, cash flows arising from the future operating performance and revenue generating capacity of the assets and cash operating units, and future market conditions. Changes in circumstances may lead to changes in estimates and assumptions, and result in changes to the recoverable amounts of assets and impairment losses needed.

The Group during the previous financial year had recognised impairment losses of RM5,310,000 for plant, machinery and equipment and RM4,980,000 for buildings. 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. There is no impairment of property, plant and equipment in the current year.

(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) Inventories write-down

Inventories write-down is provided based on their net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less cost to completion and selling expenses. The carrying amount of the Group's and Company's inventories at 31 December 2012 is shown in Notes 5 and 15.

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
Amendments to FRS 101 Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 101 Presentation of Financial Statements (Improvements to FRSs (2012))	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
Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Improvements to FRSs (2012))	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 1 First-time Adoption of Malaysian Financial Reporting Standards – Government Loans	1 January 2013
Amendments to FRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 116 Property, Plant and Equipment (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 132 Financial Instruments: Presentation (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS134 Interim Financial Reporting (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 10 Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to FRS 11 Joint Arrangements: Transition Guidance	1 January 2013
Amendments to FRS 12 Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to FRS 132 Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127 Investment Entities	1 January 2014
FRS 9 Financial Instruments	1 January 2015

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 assessing the impact of adoption of these standards.

FRS 10 Consolidated Financial Statements

FRS 10 replaces part of FRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under FRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under FRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

FRS 10 includes detailed guidance to explain when an investor has control over the investee. FRS 10 requires the investor to take into account all relevant facts and circumstances.

FRS 11 Joint Arrangements

FRS 11 replaces FRS 131 Interests in Joint Ventures and IC Interpretation 113 Jointly-Controlled Entities-Non-monetary Contributions by Venturers.

The classification of joint arrangements under FRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under FRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

FRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

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 127 Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

FRS 128 Investments in Associates and Joint Ventures

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

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.

Amendments to FRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

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, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

FRS 9 Financial Instruments: Classification and Measurement

FRS 9 reflects the first phase of the work on the replacement of FRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139

Financial Instruments: Recognition and Measurement. The adoption of the first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

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.

However, on 30 June 2012, MASB has decided to allow the Transitioning Entities to defer adoption of the MFRS Framework for another year. MFRS will therefore be mandated for all Transitioning Entities for annual periods beginning on or after 1 January 2014.

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 2014. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2014.

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 2012 %	2011 %	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, associated company and jointly controlled entity 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 holding.

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

(e) Business of oil palm cultivation in Indonesia.

(f) Investment holding.

Notes To The Financial Statements

The jointly controlled entity is as follows:-

Company	Country of incorporation	Percentage of equity held by the Group 2012 %	2011 %	Principal Activities
Unioleon Sdn. Bhd.	Malaysia	50	-	Food emulsifiers

The Company had on 20 June 2012 entered into a Joint Venture Agreement with Oleon NV to form a new jointly controlled entity, Unioleon Sdn. Bhd. which is to develop a food emulsifier plant in Pulau Indah at an estimated cost of USD32 million. The commitment at the reporting date in respect of this investment was RM15 million out of which RM3.366 million was invested during the year. The Group's and Company's balance commitments in respect of its interest in Unioleon Sdn. Bhd. are disclosed in Note 28. The financial statements of the jointly controlled entity are coterminous with those of the Group.

The associated company is as follows:

Company	Country of incorporation	Percentage of equity held by the Group 2012 %	2011 %	Principal Activities
Bernam Bakery Sdn. Bhd.	Malaysia	30	30	Dormant

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

4. Revenue	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Revenue consists of the following and excludes, in respect of the Group, intragroup transactions:				
Sales proceeds of produce stocks	522,254	635,649	625,850	667,907
Sales proceeds of finished goods	659,319	761,286	-	-
Rendering of services	1,816	1,451	-	-
	1,183,389	1,398,386	625,850	667,907

Notes To The Financial Statements

5. Profit From Operations

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit from operations is arrived at, after charging:				
Directors' remuneration				
- fees	831	781	670	670
- emoluments	3,643	3,411	3,619	3,411
- others	84	99	84	99
Auditors' remuneration				
- statutory audit : current year	309	306	207	207
- non-audit service	6	6	6	6
- statutory audit fee received by a member firm of EY Global	104	85	-	-
Write-down of inventories	10,652	1,211	472	180
Rental of premises	171	287	-	31
Rental of equipment	943	1,065	41	49
Impairment on plant, machinery and equipment	-	5,310	-	-
Impairment on buildings	-	4,980	-	-
Impairment on land use rights	2,531	-	-	-
Property, plant and equipment written off	48	51	48	51
Unrealised foreign exchange loss	28,034	402	28	-
Realised foreign exchange loss	318	-	-	-
and crediting:				
Rental income	126	127	126	127
Reversal of write-down of inventories	-	260	-	-
Profit on disposal of property, plant and equipment	539	450	243	384
Unrealised foreign exchange gain	1,402	5,132	-	-
Realised foreign exchange gain	5,454	6,593	-	-

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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Wages and salaries	112,759	109,698	92,708	88,815
Social security cost	763	837	323	314
Pension costs				
- defined contribution plans	4,918	5,538	4,778	4,625
- defined benefit plans (Note 21)	381	5,320	(2,457)	1,536
Other staff related expenses	14,314	12,064	12,550	9,882
	133,135	133,457	107,902	105,172

Included in staff costs of the Group and of the Company are executive directors' emoluments amounting to RM3,643,000 and RM3,619,000 respectively (2011: RM3,411,000 for the Group and the Company).

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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Finance costs consist of interest expenses on:				
- bank overdraft	26	27	24	24

Notes To The Financial Statements

7. Investment and Interest Income

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Dividend income from a subsidiary company	-	-	-	4,300
Interest received from a subsidiary company	-	-	286	513
Interest income from deposits with licensed banks	22,634	17,582	20,629	15,924
	22,634	17,582	20,915	20,737

8. Taxation

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current income tax:				
Income tax	103,782	110,705	99,420	108,700
Overprovision in prior years	(1,159)	(1,258)	(1,158)	(1,391)
	102,623	109,447	98,262	107,309
Deferred tax (Note 20):				
Relating to origination and reversal of temporary difference	9,065	8,508	9,800	9,400
Total income tax expense	111,688	117,955	108,062	116,709

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year. Deferred tax as at 31 December 2012 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before taxation	454,239	491,541	428,152	462,941
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	113,560	122,885	107,038	115,735
Income not subject to tax	(1,136)	(269)	(1,136)	(1,343)
Expenses not deductible for tax purposes	10,132	6,497	3,944	5,200
Utilisation of current year reinvestment allowance and double deduction for research	(626)	(3,124)	(626)	(1,492)
Utilisation of previously unrecognised tax losses and unutilised reinvestment allowances	(8,897)	(7,325)	-	-
Deferred tax assets not recognised	-	1,965	-	-
Overprovision of income tax in prior years	(1,159)	(1,258)	(1,158)	(1,391)
Effect of taxation on temporary differences excluded on initial recognition	(186)	(1,416)	-	-
Tax expense for the year	111,688	117,955	108,062	116,709

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 RM342,241,000 (2011: RM373,951,000) divided by the weighted number of ordinary shares of 208,134,266 (2011: 208,134,266) in issue during the year.

	Group	
	2012 sen	2011 sen
Basic earnings per share for:		
Profit for the year	165	180

Notes To The Financial Statements

10. (a) Biological Assets

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Pre-cropping expenditure				
Cost				
At 1 January	675,195	628,367	503,473	471,127
Additions	41,485	43,772	38,140	32,346
Exchange differences	(16,511)	3,056	-	-
At 31 December	700,169	675,195	541,613	503,473
Accumulated amortisation and impairment losses				
At 1 January				
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
Amortisation for the year	23,698	24,094	16,508	16,948
Exchange differences	(924)	53	-	-
At 31 December	320,022	297,248	307,526	291,018
Analysed as :				
Accumulated amortisation	318,417	295,643	307,526	291,018
Accumulated impairment losses	1,605	1,605	-	-
	320,022	297,248	307,526	291,018
Net Book Value				
At 31 December	380,147	377,947	234,087	212,455

The effect of adopting IAS 41 Agriculture

According to the legislation in the European Union (EU) companies incorporated and domiciled outside the EU ("Third Countries") listed on a European Stock Exchange are required to prepare financial statements in accordance with IFRS as adopted by EU except for dual listed companies domiciled and listed in a "Third Country" where the "Third Country" Generally Accepted Accounting Principles "GAAP" have been accepted by the EU as IFRS-equivalent.

As mentioned in Note 2.1, Basis of Preparation, the financial statements of the Group and of the Company have been prepared in accordance with FRS and the Companies Act, 1965 in Malaysia.

In the latest press release on 31 July 2012, MASB commented that the MFRS Framework is fully IFRS compliant and the key differences between FRSs and MFRSs are that in the former; (a) FRS 201_{2004} Property Development Activities will continue to be the extant standard for accounting for property development activities and not IC 15; and (b) there is no equivalent standard to MFRS 141. On this token, the directors of the Company are of the opinion that there are no material differences between FRS and IFRS other than IAS 41 Agriculture that has the most significant impact on the financial statements of the Group and of the Company had IFRS been adopted.

In November 2011 the Malaysian Accounting Standards Board ("MASB") published the Malaysian Financial Reporting Standards Framework ("MFRS Framework"), a fully IFRS-compliant set of accounting standards applicable to all non-private entities with effect from 1 January 2012. However the MASB has decided in June 2012 to allow agriculture companies ("Transitioning Entities") to defer the adoption of the MFRS Framework until annual periods beginning on or after 1 January 2014. Transitioning Entities are entities that are within the scope of MFRS 141 Agriculture (MFRS 141) which is identical to IAS 41 Agriculture requiring biological assets to be measured at fair value less cost to sell.

The decision for the Transitioning Entities was made by the MASB due to the fact that the IASB has started a project for potential amendments to IAS 41 Agriculture in relation to bearer crops. The amendments proposed will require bearer biological assets to be measured at costs or valuation and that the produce growing on bearer biological assets should be measured at fair value less cost to sell with changes recognised directly in profit or loss as the produce grows. It is expected that amendments to IAS 41 Agriculture will be effective from 2015.

As a Transitioning Entity the Company has decided to make use of the option given by the MASB to continue with the existing FRS Framework during the transitioning period, which is to apply a cost model for its biological assets as earlier described in Note 2.3(d)(i).

Notes To The Financial Statements

Until now FRS has not been examined and thereby accepted by the EU as IFRS-equivalent. The Danish BA (Business Authority) has requested EU to start an examination of FRS to evaluate whether FRS can be accepted as being IFRS-equivalent. Until this decision has been taken and due to the fact that the Company is listed on NASDAQ OMX Copenhagen A/S (beside the main listing on Bursa Malaysia Securities Berhad), the Group and Company in this note present the financial effect on the financial statements of the Group and of the Company had biological assets been measured at fair value in accordance with IAS 41 Agriculture.

	Reference	1 January 2012 Biological Assets RM'000	1 January 2012 Deferred Tax Liabilities RM'000	1 January 2012 Retained earnings RM'000	2012 Results for the year RM'000	31 December 2012 Biological Assets RM'000	31 December 2012 Deferred Tax Liabilities RM'000	31 December 2012 Retained earnings RM'000
FRS		377,947	77,043	1,584,827	342,551	380,147	86,108	1,739,747
Fair value adjustment of biological assets	1	521,108	-	521,108	54,170	54,170	-	54,170
Exchange differences		-	-	-	-	(18,526)	-	-
Deferred tax effect		-	130,277	(130,277)	(13,543)	-	13,543	(13,543)
Adjustments As at 1 January 2012		-	-	-	-	521,108	130,277	390,831
Total adjustments		521,108	130,277	390,831	40,627	556,752	143,820	431,458
Adjusted to IFRS		899,055	207,320	1,975,658	383,178	936,899	229,928	2,171,205

Explanation to the adjustments:

1. **Fair value adjustments of biological assets in accordance with IAS 41 Agriculture**

   Active markets do not exist for United Plantations biological assets (oil palms and coconut palms). Furthermore market-determined prices or values are not available. The fair value of the biological assets at 1 January 2012 and 31 December 2012 respectively has therefore been derived by the directors on a discounted cash flow basis by reference to the fresh fruit bunches ("FFB") and coconuts expected to be harvested from the Group's and Company's biological assets over the full remaining productive life of the palms.

   Biological assets do not include the land upon which the palms are planted or the property, plant and equipment used in the upkeep of the planted areas and harvesting of crops. The biological process commences with the initial preparation of land and planting of seedlings and ceases with the delivery of crops in the form of FFB to the manufacturing process in which crude palm oil and palm kernel are extracted from the FFB for oil palms, and sales of crops on an ex-palm basis for coconut palms.

Oil palms are revalued to fair value at each reporting date on a discounted cash flow basis by reference to the FFB expected to be harvested over the full remaining productive life of up to 20 years applying an estimated produce value for transfer to the manufacturing process and allowing for upkeep, harvesting costs and an appropriate allocation of overheads. The estimated produce value is derived from a long term forecast of crude palm oil and palm kernel prices to determine the present value of expected future cash flows over the remaining productive life of the palms.

Coconut palms are also revalued to fair value at each reporting date on a discounted cash flow basis by reference to the crops expected to be harvested over the full remaining productive life of the palms up to 30 years, applying an estimated produce value based on projected prices of the produce and allowing for upkeep, harvesting costs and an appropriate allocation of overheads. The produce value is derived from a long term forecast of coconut prices to determine the present value of expected future cash flows over the remaining productive life of the palms.

The variation in the value of the biological assets in each accounting period, after allowing for additions to the oil palms in the period, is charged or credited to the income statement as appropriate, with no depreciation being provided on such assets.

The key assumptions applied in the discounted cash flow model based on discount rates ranging from 11% to 13% are as follows:

	1 January 2012 RM'000	31 December 2012 RM'000
Oil Palms		
Area (Ha)	45,658	45,628
Average FFB selling prices (RM/MT)	478	475
Coconut Palms		
Area (Ha)	3,090	3,090
Average selling prices (RM/nut)	0.52	0.51

The FFB and coconut yields are conservatively assumed to be averaging between 8MT/Ha to 26MT/Ha and 15,000nuts/Ha to 27,000nuts/Ha respectively for the projected cash flow period depending on the ages of the palms.

The assumptions made are based on historical experience and other factors which the directors assess to be reliable, but which, by their very nature, are associated with significant uncertainty due to the following:

Notes To The Financial Statements

- Selling prices and costs can fluctuate materially
- Small differences in valuation assumptions can have a disproportionate effect on results
- The economical productive lives of the biological assets are long – between 20-30 years, which combined with expected high volatility in the underlying assumptions results in a high degree of uncertainty.

Other disclosures

The changes in the carrying amount of biological assets measured at fair value between the beginning and the end of the current period can be specified as follows:

	Biological assets RM'000
Net book value as at 1 January 2012	377,947
Fair value adjustment as at 1 January 2012	521,108
Fair value less cost to sell as at 1 January 2012	899,055
Gain arising from changes in fair value less cost to sell	54,170
Exchange differences	(18,526)
Net movement during the year under FRS	2,200
At fair value less cost to sell as at 31 December 2012	936,899

Sensitivity Analysis

A 10% increase or decrease to the long-term crude palm oil price used of RM 2,229/tonne would result in an increase/decrease to the fair value of biological assets by RM 208 million as at 31 December 2012. A 1% increase in the discount rate will result in a decrease to the fair value of biological assets by RM 45 million. In addition, cash flows are projected over a number of years and based on estimated production. Estimates of production in themselves are dependent on various assumptions, in addition to those described above. Changes in these estimates could materially impact on estimated production, and could therefore affect estimates of future cash flows used in the assessment of fair value.

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 2012	204,413	385,452	225,996	563,630	20,761	1,400,252
Additions	-	-	17,267	27,223	18,636	63,126
Disposals	-	-	(58)	(812)	-	(870)
Written off	-	-	(37)	(1,558)	-	(1,595)
Reclassifications	-	-	11,098	12,620	23,718	-
Exchange differences	-	-	(2,959)	(7,143)	(624)	(10,726)
At 31 December 2012	204,413	385,452	251,307	593,960	15,055	1,450,187
Accumulated depreciation and impairment losses						
At 1 January 2012						
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
Depreciation for the year	-	4,132	7,259	27,576	-	38,967
Disposals	-	-	(58)	(780)	-	(838)
Written off	-	-	(37)	(1,510)	-	(1,547)
Exchange differences	-	-	(94)	(1,109)	-	(1,203)
At 31 December 2012	-	46,186	136,291	351,070	-	533,547
Analysed as						
Accumulated depreciation	-	46,186	131,311	334,274	-	511,771
Accumulated impairment losses	-	-	4,980	16,796	-	21,776
	-	46,186	136,291	351,070	-	533,547
Net Book Value						
At 31 December 2012	204,413	339,266	115,016	242,890	15,055	916,640

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
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)
Reclassification	-	-	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
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

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:

	2012 RM'000	2011 RM'000
In the estates of the Company in Peninsular Malaysia	6,511	5,059
In Unitata Berhad	4,423	9,661
In PT SSS1, Central Kalimantan, Indonesia	4,121	6,041
	15,055	20,761

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 2012	203,848	385,452	156,291	308,063	5,059	1,058,713
Additions	-	-	9,037	18,308	6,511	33,856
Disposals	-	-	(58)	(391)	-	(449)
Written off	-	-	(37)	(1,558)	-	(1,595)
Reclassifications	-	-	4,995	64	(5,059)	-
At 31 December 2012	203,848	385,452	170,228	324,486	6,511	1,090,525
Accumulated Depreciation						
At 1 January 2012	-	42,054	111,088	200,274	-	353,416
Depreciation for the year	-	4,132	4,873	12,741	-	21,746
Disposals	-	-	(58)	(391)	-	(449)
Written off	-	-	(37)	(1,510)	-	(1,547)
At 31 December 2012	-	46,186	115,866	211,114	-	373,166
Net Book Value						
At 31 December 2012	203,848	339,266	54,362	113,372	6,511	717,359

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

10. (c) Land Use Rights

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 1 January	31,763	30,794	-	-
Additions	6,106	911	-	-
Amortisation for the year	(547)	(429)	-	-
Impairment	(2,531)	-	-	-
Exchange differences	(720)	487	-	-
At 31 December	34,071	31,763	-	-

11. Subsidiary Companies

Investment in subsidiary companies

	Company	
	2012 RM'000	2011 RM'000
Unquoted shares at cost	47,443	47,443
Less: Accumulated impairment losses	(2,992)	(2,992)
	44,451	44,451
Unquoted Redeemable Cumulative Convertible Preference Shares	424,800	424,800
	469,251	469,251

In the previous years, the Company subscribed to a total of 424,800,000 RCCPS issued by the following subsidiary companies:-

(i) 278,813,000 issued by Bernam Advisory Services Sdn. Bhd.. These funds in turn were used to provide a loan to PT SSS1.

(ii) 45,987,000 issued by Berta Services Sdn. Bhd.. These funds in turn were used to provide a loan to PT SSS2.

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

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 convertible 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.

Notes To The Financial Statements

12. Associated Company

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 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	
	2012 RM'000	2011 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)

Notes To The Financial Statements

13. Jointly Controlled Entity

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Unquoted shares, at cost	3,366	-	3,366	-
Share of post acquisition losses and reserves	(33)	-	-	-
	3,333	-	3,366	-
Analysed as:				
Unquoted shares, at cost				
At 1 January	-	-	-	-
Acquisition during the year	3,366	-	3,366	-
At 31 December	3,366	-	3,366	-
Share of post-acquisition reserve:				
At 1 January	-	-	-	-
Share of results	(33)	-	-	-
At 31 December	(33)	-	-	-

The summarised financial statements of the jointly controlled entity are as follows:

	2012 RM'000	2011 RM'000
Assets		
Current assets	907	-
Non-current assets	7,115	-
Total assets	8,022	-
Equity and liabilities		
Equity	6,666	-
Current liabilities	1,356	-
Total equity and liabilities	8,022	-
Results		
Revenue	-	-
Loss for the year	(66)	-

Notes To The Financial Statements

14. Available-for-sale financial asset

	Group / Company	
	2012	2011
	RM'000	RM'000
Unquoted shares		
At cost	10,018	10,018
Accumulated impairment losses	(4,465)	(4,465)
Cumulative fair value adjustment	893	893
	6,446	6,446

Movement in available-for-sale investments are as follows:

	Group / Company	
	2012	2011
	RM'000	RM'000
At 1 January	6,446	7,860
Fair value adjustment	-	(1,414)
At 31 December	6,446	6,446

Notes To The Financial Statements

15. Inventories

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At net realisable value				
Produce stocks	35,230	40,759	25,534	29,726
At carrying amount				
Estate stores (Note (a))	34,071	32,461	24,547	24,942
Raw materials	23,728	5,441	-	-
Work-in-progress	-	1,207	-	-
Finished goods (Note (b))	79,060	94,229	-	-
Consumables (Note (c))	6,633	7,048	-	-
	178,722	181,145	50,081	54,668
Note (a):				
Estate stores	34,346	32,692	24,822	25,173
Write-down of inventories	(275)	(231)	(275)	(231)
	34,071	32,461	24,547	24,942
Note (b):				
Finished goods	88,660	94,229	-	-
Write-down of inventories	(9,600)	-	-	-
	79,060	94,229	-	-
Note (c):				
Consumables	7,944	8,393	-	-
Write-down of inventories	(1,311)	(1,345)	-	-
	6,633	7,048	-	-

Included in produce stocks of the Group and of the Company are unrealised profit amounting to RM22,644,000 and RM18,455,000, respectively (2011: Group and Company RM28,692,000 and RM23,517,000) arising from valuation of the inventories at net realisable value. As at 31 January 2013, all the produce stocks as at 31 December 2012 had been delivered and sold to customers.

Notes To The Financial Statements

16. Trade and other receivables

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current trade receivables				
Third parties	85,688	74,244	806	4,222
Due from subsidiary companies	-	-	8,172	40,221
	85,688	74,244	8,978	44,443
Less: Allowance for impairment				
Third parties	(65)	(65)	-	-
Trade receivables, net	85,623	74,179	8,978	44,443
Other receivables				
Due from subsidiary companies	-	-	9,048	9,459
Due from an associated company	3	6	3	6
Deposits	2,594	13,671	2,125	12,248
Sundry receivables	14,115	25,383	10,078	7,837
	16,712	39,060	21,254	29,550
Less: Allowance for impairment				
Due from subsidiary companies	-	-	(7,033)	(7,033)
Other receivables, net	16,712	39,060	14,221	22,517
Total trade and other receivables	102,335	113,239	23,199	66,960
Add: Cash and bank balances (Note 17)	747,773	582,796	691,207	538,351
Total loans and receivables	850,108	696,035	714,406	605,311

(a) Trade receivables (third parties)

Included in trade receivables of the Group is an amount of RM75,400,000 (2011: RM58,691,000) 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 (2011: 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's and the Company's trade receivables is as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Neither past due nor impaired	84,479	73,442	806	4,222
1 to 30 days past due not impaired	932	412	-	-
31 to 60 days past due not impaired	82	199	-	-
61 to 90 days past due not impaired	40	126	-	-
91 to 120 days past due not impaired	90	-	-	-
	1,144	737	-	-
Impaired	65	65	-	-
	85,688	74,244	806	4,222

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 88% (2011: 89%) of the Group trade receivables arise from customers with more than three years of business relationships with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM1,144,000 (2011: RM737,000) 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	
	2012 RM'000	2011 RM'000
Trade receivables - nominal amounts	65	65
Movement in allowance accounts:		
At 1 January	65	604
Written off	-	(539)
At 31 December	65	65

(b) Due from subsidiary companies (trade and non-trade)

The amounts due from subsidiary companies are unsecured. The trade debt due from a subsidiary company has fixed term of repayments and the overdue trade debt bears an average interest at approximately 3.40% (2011: 3.11%) per annum. All other amounts are repayable on demand and non-interest bearing.

(c) Due from an associated company

The amount due from associated company is interest free, unsecured and repayable on demand.

(d) Deposits

Included in deposits of the Group and of the Company are RM2,033,000 (2011: RM21,856,000 and RM12,156,000 respectively) being deposits placed with a broker for Bursa Malaysia Derivatives Bhd. for Crude Palm Oil Futures.

(e) Sundry receivables

Included in other receivables of the Group and of the Company is an amount of RM59,000 (2011: RM48,000) being receivables from a company in which certain Directors have interests. This amount is interest free, unsecured and repayable on demand.

Notes To The Financial Statements

17. Cash And Bank Balances

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash at banks and on hand	14,630	13,608	4,117	8,274
Deposits with licensed banks	630,102	518,114	584,049	479,003
Short term funds	103,041	51,074	103,041	51,074
Cash and bank balances (Note 16)	747,773	582,796	691,207	538,351

Short term funds are investments in income trust funds in Malaysia which invested in highly liquid market, which is readily convertible 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 2012 are as follows:

	Weighted average interest rates		Average maturity period	
	2012 %	2011 %	2012 Days	2011 Days
Deposits with licensed banks	3.46	3.32	158	68
Short term funds	3.01	3.00	30	30

18. Share Capital

	Number of ordinary shares of RM1 each		Amount	
	2012 Unit'000	2011 Unit'000	2012 RM'000	2011 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Distributable				
Retained profits	1,739,747	1,584,827	1,637,975	1,505,206
Non-distributable				
Available for sale reserve	893	893	893	893
Share premium	181,920	181,920	181,920	181,920
Capital reserve	21,798	21,798	-	-
Foreign currency translation reserve	(1,764)	(1,186)	-	-
	202,847	203,425	182,813	182,813
Total	1,942,594	1,788,252	1,820,788	1,688,019

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 2012 and 2011 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2012, the Company has sufficient credit in the 108 balance to pay frank dividends amounting to RM191,215,000 (2011: RM378,536,000) out of its retained earnings. If the balance of the retained earnings of RM1,446,760,000 (2011: RM1,126,670,000) 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 retained earnings.

(d) Foreign Currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations.

20. Deferred taxation

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 1 January	77,043	68,535	76,000	66,600
Recognised in profit or loss (Note 8)	9,065	8,508	9,800	9,400
At 31 December	86,108	77,043	85,800	76,000
Presented after appropriate offsetting as follows:				
Deferred tax assets	(10,934)	(7,762)	(2,610)	(4,060)
Deferred tax liabilities	97,042	84,805	88,410	80,060
	86,108	77,043	85,800	76,000

Notes To The Financial Statements

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Accelerated Capital Allowances RM'000	Others RM'000	Total RM'000
At 1 January 2012	84,676	129	84,805
Recognised in profit or loss	12,016	221	12,237
At 31 December 2012	96,692	350	97,042
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

Deferred tax assets of the Group:

	Retirement Benefit Obligations RM'000	Unutilised Tax Losses And Reinvestment Allowances RM'000	Others RM'000	Total RM'000
At 1 January 2012	(1,925)	(3,359)	(2,478)	(7,762)
Recognised in profit or loss	19	1,680	(4,871)	(3,172)
At 31 December 2012	(1,906)	(1,679)	(7,349)	(10,934)
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)

Notes To The Financial Statements

Deferred tax liabilities of the Company:

	Accelerated Capital Allowances RM'000
At 1 January 2012	80,060
Recognised in profit or loss	8,350
At 31 December 2012	88,410
At 1 January 2011	70,300
Recognised in profit or loss	9,760
At 31 December 2011	80,060

Deferred tax assets of the Company:

	Retirement Benefit Obligations RM'000	Others RM'000	Total RM'000
At 1 January 2012	(2,165)	(1,895)	(4,060)
Recognised in profit or loss	746	704	1,450
At 31 December 2012	(1,419)	(1,191)	(2,610)
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)

Unutilised reinvestment allowances and unrecognised tax losses

In prior year, the Group had unutilised reinvestment allowances and unrecognised tax losses of approximately RM5,465,000 and RM3,432,000 respectively that were available for offset against future taxable profits of the subsidiary company in which the losses arose. No deferred tax asset was recognised due to uncertainty of its recoverability.

However, the availability of unused reinvestment allowances and tax losses for offsetting against future taxable profits of the subsidiary company in which those items arose, subject to no substantial change in shareholdings of the subsidiary company under the Income Tax Act, 1967 and guidelines issued by the tax authority.

At the reporting date, the Group has utilised all the deferred tax assets arising from reinvestment allowances and tax losses and there is no unrecognised deferred tax asset.

21. Retirement Benefit Obligations

The Company and certain subsidiary companies pay retirement benefits to their eligible employees in accordance with the terms of employment and practices. These plans are generally of the defined benefit type under which benefits are based on employees' years of service and at predetermined rates or average final remuneration, and are unfunded. From the financial year 2011 onwards, the subsidiaries in Indonesia provided employee benefits under the Labour Law No.13 which is based on the report of an independent firm of actuaries. Except for the 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:

	2012 %	2011 %
Discount rate in determining the actuarial present value of the obligations	6.0 - 7.5	6.0 - 7.5
The average rate of increase in future earnings	4.0 - 10.0	4.0 - 10.0
Turnover of employees	10.0 - 20.0	10.0 - 20.0

Notes To The Financial Statements

The amounts recognised in the statements of financial position are determined as follows:

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Present value of unfunded defined benefit obligations	11,817	14,162	5,676	8,659
At 1 January	14,162	9,350	8,659	7,528
Reversal of provision	(2,457)	-	(2,457)	-
Provision during the year	2,838	5,320	-	1,536
Paid during the year	(2,408)	(508)	(526)	(405)
Exchange difference	(318)	-	-	-
At 31 December	11,817	14,162	5,676	8,659
Analysed as:				
Current	675	2,273	583	2,003
Non-current:				
Later than 1 year but not later than 2 years	365	990	55	497
Later than 2 years but not later than 5 years	633	2,392	218	1,295
Later than 5 years	10,144	8,507	4,820	4,864
	11,142	11,889	5,093	6,656
	11,817	14,162	5,676	8,659

Notes To The Financial Statements

22. Trade and other payables

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current trade payables				
Third parties	15,621	22,998	1,077	1,274
Other payables				
Due to subsidiary companies	-	-	597	549
Advances from customers	1,901	1,539	1,501	1,539
Accruals	33,749	31,493	25,214	27,196
Sundry payables	27,410	20,397	18,553	9,542
	63,060	53,429	45,865	38,826
Total trade and other payables	78,681	76,427	46,942	40,100
Add: Bank borrowings (Note 23)	80	391	-	-
Total financial liabilities carried at amortised cost	78,761	76,818	46,942	40,100

(a) Trade payables

Trade payables are non-interest bearing and the average credit terms granted to the Group and the Company range from 30 to 60 days (2011: 30 to 60 days).

(b) Due to subsidiary companies

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

(c) Sundry payables

Included in sundry payables of the Group and of the Company during the year is an amount of RM492,000 (2011: nil) owing to a company in which certain Directors have an interest. This amount is interest free, unsecured and repayable on demand.

Notes To The Financial Statements

23. Bank Borrowings

	Group 2012 RM'000	Group 2011 RM'000
Bank overdraft - unsecured	80	391

The interest rate applicable to the bank borrowings for the year was 7.10% (2011: 6.60%) per annum.

24. Dividends

	Group/Company Amount 2012 RM'000	Amount 2011 RM'000	Net Dividends Per Share 2012 Sen	Net Dividends Per Share 2011 Sen
Final dividend paid in respect of previous financial year: - 30% gross less 25% tax (2011: 20% gross less 25% tax)	46,830	31,220	22.50	15.00
Special dividend paid in respect of previous financial year: - 50% gross less 25% tax (2011: 35% gross less 25% tax)	78,051	54,635	37.50	26.25
Interim dividend in respect of the current financial year: - 25% gross less 25% tax (2011: 25% gross less 25% tax)	39,025	39,025	18.75	18.75
Special dividend in respect of the current financial year: - 15% gross less 25% tax (2011: 15% gross less 25% tax)	23,415	23,415	11.25	11.25
	187,321	148,295	90.00	71.25

At the forthcoming Annual General Meeting, a final dividend of 30% gross less 25% tax amounting to RM46,830,210 and a special dividend of 55% gross less 25% tax amounting to RM85,855,385 in respect of the year ended 31 December 2012 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 2013.

Notes To The Financial Statements

25. Significant Inter-Company Transactions

	Company	
	2012 RM'000	2011 RM'000
Sale of raw materials to a subsidiary company	215,878	111,370
Sale of biomass and biogas steam to a subsidiary company	2,430	2,320
Interest charged to a subsidiary company	286	513

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.

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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sale of cocoa butter substitute to AAK	429,625	554,591	-	-
Service fees paid to IPS	200	156	200	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.

Notes To The Financial Statements

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Amount outstanding at 31 December:				
Due from AAK	75,459	58,739	59	48
Due (to)/from IPS	(492)	21	(492)	21

(b) Compensation of key management personnel

The remuneration of key management during the year was as follows:

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Short-term employee benefits	3,629	3,401	3,605	3,401
Post employment benefits:				
Defined contribution plan	569	535	569	535
	4,198	3,936	4,174	3,936

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, manufacturing of food emulsifiers and holding companies for subsidiaries in Indonesia which are also involved in marketing and trading of the Group's products.

The Group's principal activities are the cultivation and processing of oil palm and coconut on plantations in Peninsular Malaysia and Indonesia. The activities of the subsidiary companies (except Unitata Berhad) are all incidental to the main activity and in terms of revenue, profit contribution and assets employed they are insignificant. Inter-segment sales at fair market values have been eliminated.

The principal activity of Unitata Berhad is palm oil refining and its ancillary activities.

The analysis of Group operations is as follows:

(i) Business segments

	Plantations		Palm Oil Refining		Other Segments		Elimination		Consolidated	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue And Expenses										
Revenue:										
External sales	522,254	635,649	659,319	761,286	1,816	1,451	-	-	1,183,389	1,398,386
Inter-segment sales	222,286	126,707	-	-	-	-	(222,286)	(126,707)	-	-
Total revenue	744,540	762,356	659,319	761,286	1,816	1,451	(222,286)	(126,707)	1,183,389	1,398,386
Results:										
Segment results/ operating profit/(loss)	435,371	454,688	26,392	13,444	(30,099)	5,854	-	-	431,664	473,986
Interest income	21,475	16,956	200	103	19,172	24,153	(18,213)	(23,630)	22,634	17,582
Interest expense	(17,963)	(23,141)	(276)	(516)	-	-	18,213	23,630	(26)	(27)
Share of results of jointly controlled entity	-	-	-	-	(33)	-	-	-	(33)	-
Income taxes	(111,088)	(117,442)	(190)	-	(410)	(513)	-	-	(111,688)	(117,955)
Net profit for the year									**342,551**	**373,586**

Notes To The Financial Statements

	Plantations		Palm Oil Refining		Other Segments		Elimination		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	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	2,021,214	1,869,756	292,659	289,821	47,639	34,196	-	-	2,361,512	2,193,773
Investment in an associated company	-	-	-	-	50	50	-	-	50	50
Jointly controlled entity	-	-	-	-	3,333	-	-	-	3,333	-
Other investments	-	-	-	-	6,446	6,446	-	-	6,446	6,446
Consolidated total assets									2,371,341	2,200,269
Segment liabilities	181,713	176,557	38,138	26,772	342	347	-	-	220,193	203,676
Consolidated total liabilities									220,193	203,676
Other Information										
Capital expenditure*	99,813	109,615	10,670	7,799	234	-	-	-	110,717	117,414
Depreciation	30,734	27,047	8,131	8,613	102	108	-	-	38,967	35,768
Amortisation	24,245	24,523	-	-	-	-	-	-	24,245	24,523
Other significant non-cash expenses:										
Write-down of inventories/ (Reversal of write-down)	472	1,211	10,180	(260)	-	-	-	-	10,652	951
Allowance for impairment on land use rights	2,531	-	-	-	-	-	-	-	2,531	-
Net realised foreign exchange (gain)/loss	-	-	(5,454)	(6,593)	318	-	-	-	(5,136)	(6,593)
Net unrealised foreign exchange (gain)/loss	-	-	(1,402)	402	28,034	(5,132)	-	-	26,632	(4,730)

(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	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	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	609,256	732,456	113,267	88,998	288,219	291,932	148,820	207,439	23,827	77,561	1,183,389	1,398,386
Segment assets	2,003,189	1,809,338	315,176	341,975	27,181	11,744	20,139	33,664	5,656	3,548	2,371,341	2,200,269
Capital expenditure*	82,672	68,418	28,045	48,996	-	-	-	-	-	-	110,717	117,414

* Capital expenditure presented above consist of the following items as presented in the consolidated statement of financial position:

	Group	
	2012	2011
	RM'000	RM'000
Biological assets	41,485	43,772
Property, plant and equipment	63,126	72,731
Land use rights	6,106	911
	110,717	117,414

(ii) Information about a major customer

Revenue from one major customer amounted to RM429,625,000 (2011: RM554,591,000), arising from sales by the palm oil refining segment.

28. Capital Commitments

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Capital expenditure approved by the Directors but not contracted	96,632	99,302	83,978	71,430
Capital expenditure contracted but not provided for	31,672	23,946	6,843	9,060
	128,304	123,248	90,821	80,490
Share of jointly controlled entity's capital commitments	11,634	-	11,634	-

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, negotiable papers issued by licensed banks and short term funds invested in income trust funds. 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 Note 17.

The Group's bank borrowings are insignificant to hedge. The effective interest rate is disclosed in Note 23.

<u>Sensitivity analysis for interest rate risk</u>

At the reporting date, if interest rates had been 10 basis points higher/lower, with all other variables held constant, the Group’s profit net of tax would have been RM508,000 (2011: 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 RM508,000 (2011: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 53% (2011: 52%) of the Group’s sales are denominated in foreign currencies whilst almost 64% (2011: 55%) 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 RM2,782,000 (2011: RM599,000) and RM2,555,000 (2011: RM474,000) 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 2012, the Group hedged 24% (2011: 82%) and 100% (2011: 100%) of its foreign currency denominated sales and purchases respectively, for which firm commitments existed at the reporting date, extending to August 2013 (2011: May 2012).

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 2012:		
Ringgit Malaysia	277,353	277,353
At 31 December 2011:		
Ringgit Malaysia	299,468	299,468

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 2012:				
Forwards used to hedge				
receivables	USD	124,780	-	124,780
payables	USD	87,351	-	87,351
As at 31 December 2011:				
Forwards used to hedge				
receivables	USD	142,906	-	142,906
payables	USD	64,077	-	64,077

The net recognised gain as at 31 December 2012 on forward exchange contracts used to hedge receivables and payables as at 31 December 2012 amounted to RM1,400,000 (31 December 2011: net recognised loss RM402,000).

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 2012 RM'000 Profit net of tax	Group 2011 RM'000 Profit net of tax
USD/RM		
- strengthened 3%	(1,450)	(1,103)
- weakened 3%	1,450	1,103
IDR/RM		
- strengthened 3%	8,320	8,722
- weakened 3%	(8,320)	(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 and short term funds invested in income trust funds). 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 Group and the Company have a gain position. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market prices.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.

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			
	2012		2011	
	RM'000	% of total	RM'000	% of total
By segment:				
Plantations	2,470	2.88	5,645	7.61
Palm Oil Refining	82,836	96.75	68,246	92.00
Others	317	0.37	288	0.39
	85,623	100.00	74,179	100.00

At the reporting date, approximately 88% (2011: 89%) 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 16.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 16. Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16.

(e) Liquidity Risk

The Group actively manages its cash flows by monthly forecasts of funding requirements. As part of its prudent liquidity management, the Group maintains sufficient levels of cash or cash equivalents, banking facilities of a reasonable level to meet its working capital requirements. As far as possible, the Group funds significant long term investments with internal funding to achieve overall cost effectiveness.

(f) Market Risk

Market risk is the potential change in value caused by movement in market prices. The contractual amounts stated under Note 29(g) provide only a measure of involvement in these types of transactions.

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 RM297,000 higher/lower, arising as a result of higher/lower fair value gains on held for trading/hedging commodity future contracts, and the Group's retained earnings would have been higher/lower by the same amount, arising as a result of an increase/decrease in the fair value of the aforementioned commodity future contracts. As at the reporting date, the impact of changes in the commodity future market, with all other variables constant, is immaterial to the Group's profit net of tax and equity.

(g) Derivatives

	Contract/ Notional Amount RM'000	Assets RM'000	Liabilities RM'000
Group			
At 31 December 2012			
Derivatives:			
Current			
Forward currency contracts	212,130	1,400	-
Commodity futures contracts	1,033,990	-	(15,169)
		1,400	(15,169)
Non-current			
Commodity futures contracts	49,976	-	(283)
Total derivatives		1,400	(15,452)
Group			
At 31 December 2011			
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)

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 August 2013 (2011: May 2012) (Note 29(c)).

During the financial year, the Group recognised a loss of RM14,052,000 (2011: gain of RM2,168,000) 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 2012				
Non-current unquoted shares (Note 14)	6,446	6,446	6,446	6,446
At 31 December 2011				
Non-current unquoted shares (Note 14)	6,446	6,446	6,446	6,446

(a) In estimating the fair values of financial instruments, the following assumptions and bases were applied:

(i) the book values of cash, fixed deposits, negotiable papers issued by licensed banks, short term funds invested in income trust funds, trade receivables, trade and other payables and amounts due to subsidiary companies approximate their fair values due to the short maturity;

(ii) the book value of short term bank borrowings with floating rates approximates fair value;

Notes To The Financial Statements

(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 2012, the Group and the Company held the following financial instruments carried at fair value in the statement of financial position:

	31 December 2012 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	(15,452)	(15,452)	-	-
Forward currency contracts	1,400	1,400	-	-
Available for sale financial asset:				
Unquoted shares	6,446	-	-	6,446
Company				
Asset measured at fair value				
Available for sale financial asset:				
Unquoted shares	6,446	-	-	6,446

During the year ended 31 December 2012, there were no transfers to or from Level 3.

Notes To The Financial Statements

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 assets				
Unquoted shares	6,446	-	-	6,446
Company				
Asset measured at fair value				
Available for sale financial assets:				
Unquoted shares	6,446	-	-	6,446

During the year ended 31 December 2011, there were no transfers to or from Level 3.

Reconciliation of fair value measurements of Level 3 financial instruments

The Group and the Company carry unquoted equity 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 2012 RM'000	2011 RM'000
1 January	6,446	12,521
Sales	-	(5,000)
Total loss recognised in other comprehensive income	-	(1,075)
31 December	6,446	6,446

Notes To The Financial Statements

30. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains acceptable capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or expansion plans of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting dividend payment policies. No changes were made in the objectives, policies or processes during the years ended 31 December 2012 and 31 December 2011.

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 2012 and 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total retained profits				
- realised	1,852,149	1,678,257	1,698,241	1,551,929
- unrealised	(57,868)	(40,123)	(60,266)	(46,723)
	1,794,281	1,638,134	1,637,975	1,505,206
Total share of accumulated loss from:				
jointly controlled entity				
-realised	(33)	-	-	-
associated company				
-realised	(51)	(51)	-	-
	1,794,197	1,638,083	1,637,975	1,505,206
Less: Consolidation adjustments	(54,450)	(53,256)	-	-
Total retained profits	1,739,747	1,584,827	1,637,975	1,505,206

Statement By Directors

Pursuant To Section 169(15) Of The Companies Act, 1965

We, TAN SRI DATUK DR. JOHARI BIN MAT and DATO' CARL BEK-NIELSEN, being two of the Directors of United Plantations Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 112 to 191 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 2012 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 191 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 1 April 2013.

TAN SRI DATUK
DR. JOHARI BIN MAT

DATO' CARL BEK-NIELSEN

Jendarata Estate
36009 Teluk Intan,
Perak Darul Ridzuan,
Malaysia

Statutory Declaration

Pursuant To Section 169(16) Of The Companies Act, 1965

I, A. GANAPATHY the Officer primarily responsible for the financial management of United Plantations Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 112 to 191 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act,1960.

Subscribed and solemnly declared by the
abovenamed A. GANAPATHY at Teluk Intan
in the State of Perak Darul Ridzuan
on 1 April 2013.

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 2012 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 191.

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 2012 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 191 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
1 April 2013

Shareholders Information As At 19 March 2013

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 2013

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Issued Capital
Less than 100 shares	201	4.75	6,784	0.00
100 to 1,000 shares	1,843	43.57	1,416,079	0.68
1,001 to 10,000 shares	1,713	40.50	6,299,925	3.03
10,001 to 100,000 shares	384	9.08	11,287,664	5.42
100,001 to less than 5% of issued shares	82	1.94	48,820,958	23.46
5% and above of issued shares	7	0.16	140,302,856	67.41
Total	4,230	100.00	208,134,266	100.00

Substantial Shareholders As At 19 March 2013

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	25,639,498	12.32	-	-
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	95,937,577 *(4)	46.09
9. Aberdeen Asset Management PLC and its subsidiary	-	-	23,007,500 *(6)	11.05
10. Mitsubishi UFJ Financial Group, INC (MUFG)	-	-	23,007,500 *(6)	11.05

*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 members.
(5) Deemed interest by virtue of shares held by subsidiary company of Perbadanan.
(6) Deemed interest through its shareholding in Aberdeen Asset Management PLC, a fund management group.

Directors' Shareholdings As At 19 March 2013

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	82,000	0.04	10,000	0.00
Ybhg. Dato' Carl Bek-Nielsen	2,114,556	1.02	96,002,570	46.13
Mr. G. Peter Selvarajah	90,120	0.04	-	-
Mr. Ho Dua Tiam	707,400	0.34	-	-
Mr. Ahmad Riza Basir	70,500	0.03	-	-
Y. Hormat Dato' Jeremy Derek Campbell Diamond	14,000	0.01	255,000	0.12
Mr. Martin Bek-Nielsen	546,913	0.26	95,937,577	46.09
Mr. Mohamad Nasir bin Ab. Latif	-	-	-	-
Mr. Brian Bech Nielsen	-	-	5,000	0.00
Mr. Loh Hang Pai	10,000	0.00	-	-

Shareholders Information As At 19 March 2013

Thirty (30) Largest Shareholders As At 19 March 2013			
	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	22,774,498	10.94
3.	HSBC Nominees (Asing) Sdn Bhd BNP Paribas SECS SVS Lux For Aberdeen Global	14,151,600	6.80
4.	Perbadanan Pembangunan Pertanian Negeri Perak	13,065,158	6.28
5.	United International Enterprises Ltd	8,002,277	3.84
6.	Kumpulan Wang Persaraan (Diperbadankan)	3,609,800	1.73
7.	BHR Enterprise Sdn Bhd	2,422,440	1.16
8.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	2,074,700	0.99
9.	Valuecap Sdn Bhd	1,900,000	0.91
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	1,280,800	0.62
14.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund AM4N for Aberdeen Institutional Commingled Funds LLC	1,227,000	0.59
15.	Scan Services Limited Ref. 39	1,057,340	0.51
16.	HSBC Nominees (Asing) Sdn Bhd Exempt An For Danske Bank A/S (Client Holdings)	1,011,700	0.49
17.	Danske Bank obo F. Ingerslev	987,985	0.47
18.	Jyske Bank obo J.E. Jensen, Alfarvad A/S	972,368	0.47
19.	Ybhg. Dato' Carl Bek-Nielsen	972,216	0.47
20.	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	955,300	0.46
21.	Amanahraya Trustees Berhad Public Islamic Optimal Growth Fund	870,300	0.42
22.	Citigroup Nominees (Asing) Sdn Bhd Exempt An For OCBC Securities Private Limited (Client A/C-NR)	864,832	0.42
23.	KAF Nominees (Tempatan) Sdn. Bhd. Bernam Nominees (Tempatan) Sdn Bhd for United Plantations Berhad Education And Welfare Fund	766,000	0.37
24.	HSBC Nominees (Asing) Sdn Bhd Exempt An for BNP Paribas Securities Services (Singapore - SGD)	730,000	0.35
25.	Cartaban Nominees (Asing) Sdn Bhd RBC Investor Services Bank For Global Emerging Markets Smallcap (Danske Invest)	711,100	0.34
26.	Mr. Ho Dua Tiam	707,400	0.34
27.	CIMB Commerce Trustee Berhad Public Focus Select Fund	693,300	0.33
28.	Mr. E. Thrane	650,000	0.31
29.	Amsec Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd For Tenaga Nasional Berhad Retirement Benefit Trust Fund (FM-Aberdeen)	595,000	0.29
30.	Maximum Vista Sdn Bhd	555,500	0.27
		174,867,314	84.02

Comparative Statistics - 10 Years

Year ended 31 December	2012 RM '000	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
Balance Sheet Analysis										
Issued Capital	208,134	208,134	208,134	208,134	208,134	208,134	208,134	208,134	208,134	208,134
Reserves	1,942,594	1,788,252	1,563,935	1,430,011	1,224,853	988,347	863,967	770,169	682,098	598,148
Non-Controlling Interests	420	207	505	125	619	672	304	-	-	-
Funds Employed	2,151,148	1,996,593	1,772,574	1,638,270	1,433,606	1,197,153	1,072,405	978,303	890,232	806,282
Biological Assets	380,147	377,947	355,266	321,821	241,345	196,499	184,723	182,644	191,620	194,653
Property, Plant and Equipment	916,640	902,084	874,153	846,380	744,175	724,354	705,737	685,550	686,185	571,952
Land Use Rights	34,071	31,763	30,794	31,173	25,105	25,665	22,464	-	-	-
Other Non-Current Assets	9,829	7,811	9,600	10,603	28,301	26,915	3,258	4,331	11,111	11,803
Current Assets	1,030,654	880,664	736,347	627,011	606,157	389,070	306,798	308,165	242,319	269,158
Total Assets	2,371,341	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
Less: Liabilities	220,193	203,676	233,586	198,718	211,477	165,350	150,575	202,387	241,003	241,284
Net Assets Employed	2,151,148	1,996,593	1,772,574	1,638,270	1,433,606	1,197,153	1,072,405	978,303	890,232	806,282
Other Data										
Profit Before Tax	454,239	491,541	349,460	372,797	397,818	232,985	199,569	181,637	160,661	131,974
Tax	111,688	117,955	84,753	91,913	98,259	53,597	49,561	48,609	31,754	37,563
Net Profit	342,551	373,586	264,707	280,884	299,559	179,388	150,008	133,028	128,907	94,411
Non-Controlling Interests	(310)	365	(400)	591	-	13	-	-	-	-
Profit attributable to equity owners of parent	342,241	373,951	264,307	281,475	299,559	179,401	150,008	133,028	128,907	94,411
Earnings Per Share (in sen)	165.00	180.00	127.00	134.95	143.93	86.19	72.07	63.91	61.93	49.10
Dividend Rate (Ordinary Share) - Interim and Final	125%	120%	90%	70%	50%	40%	5%T.E. & 30%	30%	30%	30%
Share Prices On The Bursa Malaysia Securities Berhad										
Highest	28.00	21.16	17.70	14.00	14.60	14.80	9.75	7.05	5.15	4.86
Lowest	19.16	16.00	13.32	9.70	7.85	9.00	7.00	4.90	4.30	4.00
Production - Malaysia										
Palm Oil - own - Tonnes	161,407	165,408	164,066	198,883	203,864	176,272	192,204	188,171	177,670	150,962
Palm Kernel - own - Tonnes	40,331	42,163	42,522	53,134	55,537	47,753	53,567	49,935	48,140	43,580
Coconuts - Nuts ('000)	74,110	71,763	83,331	75,541	83,626	87,049	74,035	81,749	76,978	76,129
FFB Yield per hectare - Tonnes	25.05	25.16	24.61	29.05	29.60	25.46	27.83	26.54	26.30	26.23
CPO Yield per hectare - Tonnes	5.48	5.47	5.28	6.31	6.38	5.45	5.90	5.65	5.52	5.30
Palm Oil extraction rate - %	21.86	21.73	21.46	21.73	21.54	21.41	21.21	21.30	20.99	20.20
Palm Kernel extraction rate - %	5.46	5.54	5.56	5.81	5.87	5.80	5.91	5.65	5.69	5.83
Coconuts Yield per hectare - Nuts	26,077	24,771	28,135	22,616	25,037	25,962	22,070	24,028	22,632	22,652
Cost Of Production - Malaysia**	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Palm Oil -Per Tonne	719	646	594	539	574	554	506	536	534	520
Palm Kernel -Per Tonne	195	161	145	120	121	130	110	115	115	119
Coconuts (in sen) -Per Nut	10	9	8	10	10	8	9	9	8	7
Average Sales Price										
Palm Oil -Per Tonne	3,017	3,050	2,408	2,242	2,368	1,840	1,468	1,420	1,512	1,477
Palm Kernel -Per Tonne	1,584	2,168	1,532	1,031	1,691	1,121	906	1,020	893	722
Coconuts (in sen) -Per Nut	71	65	45	47	38	32	34	29	25	22
Production -Indonesia										
Palm Oil - own -Tonnes	35,182	24,747	* 5,435	-	-	-	-	-	-	-
Palm Kernel - own -Tonnes	6,679	4,277	830	-	-	-	-	-	-	-
FFB Yield per hectare -Tonnes	17.50	16.22	14.98	-	-	-	-	-	-	-
CPO Yield per hectare -Tonnes	4.27	3.84	2.12	-	-	-	-	-	-	-
Palm Oil extraction rate -%	24.38	23.80	21.23	-	-	-	-	-	-	-
Palm Kernel extraction rate -%	4.63	4.14	3.24	-	-	-	-	-	-	-
Cost Of Production - Indonesia	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Palm Oil -Per Tonne	1,035	1,390	1,147	-	-	-	-	-	-	-
Palm Kernel -Per Tonne	242	92	146	-	-	-	-	-	-	-
Average Sales Price										
Palm Oil -Per Tonne	2,381	2,553	2,755	-	-	-	-	-	-	-
Palm Kernel -Per Tonne	1,032	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 36009 Teluk Intan Perak Darul Ridzuan	Leasehold Expiring on: 15-01-2062 07-06-2104 07-06-2104 20-11-2067 22-08-2068 Yr to Yr Freehold	 606.16 623.77 36.07 997.06 151.67 33.62 3,931.25	Registered Office - 1,369 sq.m. Research Station - 1,070 sq.m. Oil Palm & Coconut Estate Palm Oil Mill } 10,032 sq.m. Biomass Plant	48 47 78 7	849 1,823 91,755 8,006 2,373
Kuala Bernam Estate Batu 18, Jalan Bagan Datoh 36300 Sungai Sumun Perak Darul Ridzuan	Freehold	830.11	Coconut Estate		12,119
Sungei Bernam Estate Sungai Ayer Tawar 45200 Sabak Bernam Selangor Darul Ehsan	Leasehold Expiring on: Yr to Yr 28-03-2056 Freehold	 16.59 1.33 2,274.11	Coconut Estate Copra Kiln - 1,022 sq.m.	 38	29,241
Ulu Bernam Estate 36500 Ulu Bernam Perak Darul Ridzuan	Leasehold Expiring on: Yr to Yr Freehold	 95.31 3,098.57	Oil Palm Estate Palm Oil Mill - 8,193 sq.m.	 80	37,805 2,433
Changkat Mentri Estate 36500 Ulu Bernam Perak Darul Ridzuan	Leasehold Expiring on: 26-11-2067 01-10-2081 Freehold	 1,538.60 162.94 847.77	Oil Palm Estate		23,470
Ulu Basir Estate 36500 Ulu Bernam Perak Darul Ridzuan	Leasehold Expiring on: 26-11-2067 20-01-2087 08-12-2099 Yr to Yr Freehold	 11.40 2,468.00 159.50 129.44 1,218.62	Oil Palm Estate Palm Oil Mill - 6,352 sq.m.	 23	47,521 636
Sungei Erong Estate 36500 Ulu Bernam Perak Darul Ridzuan	Leasehold Expiring on: 02-11-2064 08-04-2033 Yr to Yr Freehold	 53.90 809.39 43.18 2,756.53	Oil Palm Estate		43,014
Sungei Chawang Estate 36500 Ulu Bernam Perak Darul Ridzuan	Freehold Yr to Yr	3,280.69 5.50	Oil Palm Estate		26,005
Seri Pelangi Estate Batu 11 3/4 Jalan Bidor 36000 Teluk Intan Perak Darul Ridzuan	Leasehold Expiring on: 15-06-2068 Freehold	 1,419.02 2.82	Oil Palm Estate Palm Oil Mill - 2,248 sq.m.	 35	12,574 364
Lima Blas Estate 35800 Slim River	Freehold	2,888.89	Oil Palm Estate Palm Oil Mill - 8,210 sq.m.		129,796 1,942
UIE Pantai Remis Perak Darul Ridzuan	Leasehold Expiring on: 23-12-2103 Freehold	 10,359.26 9.94	Oil Palm Estate Palm Oil Mill - 6,148 sq.m.	 21	359,429 2,486
Unitata Berhad 36009 Teluk Intan Perak Darul Ridzuan	Freehold	18.45	Palm Oil Refinery Complex, Soap Plant, Cebes Plant } Buildings	38	23,943
Bernam Bakery 36009 Teluk Intan Perak Darul Ridzuan	Freehold	0.45	Bakery	28	19
Butterworth Bulking Installation 4536 Deep Water Wharf 12100 Butterworth	Leasehold Expiring on: 31-08-2019	 0.84	Bulking & Storage & Rigging Facilities	 40	 131
PT Surya Sawit Sejati Pangkalan Bun, Central Kalimantan, Indonesia	Leasehold Expiring on: 24-09-2040 **	 2,508.47 6,391.53	Oil Palm Estate Palm Oil Mill - 90,000 sq.m.		196,312 11,324
PT Sawit Seberang Seberang Pangkalan Bun, Central Kalimantan, Indonesia	Leasehold Expiring on: **	 915.00	Oil Palm Estate		15,294

Notes:
* Estate Includes Land, Pre-cropping Cost and Buildings ** awaiting issue of lease

Group's Plantation Properties As At 31 December 2012

	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	5,458			2,964	2,177	3,172	2,514	2,856	1,337	2,431	5,771	8,214	915	37,809
Immature-Planted 2009					209	136	222				314	686		1,567
Immature-Planted 2010	143					262	207	96			1,239			1,947
Immature-Planted 2011	159					74	125	295			1,114			1,767
Immature-Planted 2012	263			185		94	432			309	1,255			2,538
Sub-Total	6,023			3,149	2,386	3,738	3,500	3,247	1,337	2,740	9,693	8,900	915	45,628
COCONUT:														
Mature	25	766	2,036											2,827
Immature-Planted 2009														0
Immature-Planted 2010		34	46											80
Immature-Planted 2011			148											148
Immature-Planted 2012		10	25											35
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.	327	20	37	45	163	249	163	39	85	149	677			1,954
TOTAL	6,380	830	2,292	3,194	2,549	3,987	3,663	3,286	1,422	2,889	10,370	8,900	915	50,677

Oil Palm		
Age in years	Hectares	% Under crop
4 - 5	9,971	22
6 - 8	7,065	15
9 - 18	10,264	22
19 and above	12,076	26
Mature	39,376	86
Immature	6,252	14
Total	45,628	100

Locations of Estates, Factories and Holdings in Peninsular Malaysia

Planted Area (Hectares) 31 December 2012

Estate	Oil Palm	Coconut	Other Crops	Total
UIE	9,693	-	-	9,693
Jendarata	6,023	25	5	6,053
Kuala Bernam	-	810	-	810
Sungei Bernam	-	2,255	-	2,255
Ulu Bernam	3,149	-	-	3,149
Changkat Mentri	2,386	-	-	2,386
Ulu Basir	3,738	-	-	3,738
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	8,900	-	-	8,900
PT SSS2	915	-	-	915
TOTAL (Hectares)	45,628	3,090	5	48,723

✱ Palm oil mill

School children participating in the Merdeka celebration walk at Jendarata Estate.