ANNUAL REPORT
2013

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:
A newly replanted oil palm field with lush covercrop establishment.

Corporate Information

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

Executive Committee and Senior Management

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

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

Loh Hang Pai
Executive Director (Estates)

Ho Dua Tiam
Inspector General, Estates & Special Adviser

Senior Executive Staff

Finance & Corporate

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

Ng Eng Ho
Group Financial Controller

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

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

Azero bin Mohamed Anuar
Sr Accountant

S. Chandra Mohan
Manager, Internal Audit

Choo Kah Leong
Financial Controller, PT SSS

Shirley Selvasingam
Manager, IT Systems

Norhazizi bin Nayan
Sr Manager, Human Resources

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
Deputy Group Manager,
Ulu Basir Estate

Muhammad Ratha
Sr Manager, Estate 1
UIE

D.Amrik Singh
General Manager,
PT SSS

Azman bin Samion
Sr Plantation Manager,
PT SSS

Ridzuan Bin Md. Isa
Manager,
Ulu Bernam Estate

Azhar bin Yazid
Manager,
Lima Blas Estate

S. Chantharavarnam
Manager,
Sungei Chawang Estate

Jason Joseph
Manager,
Changkat Mentri Estate

S. Kumaresan
Manager,
Kuala Bernam Estate

R. Siva Subramaniam
Manager,
Sungei Erong Estate

Patrick Kanan
Manager,
Seri Pelangi Estate

K. Thilaganathan
Manager,
Sungei Bernam Estate

Research

Dr. Xaviar Arulandoo
Director of Research

Ho Shui Hing
Research Controller

Lim Chin Ching
Research Manager(Biotechnology)

J. Vijiandran
Research Manager

Engineering

P. Seker
Group Engineer,
Upriver

Vincent Wiiliams
Vice President, Engineering,
PT SSS1

Ir P. Rajasegaran
Group Engineer,
Downriver / Unitata

Ir V. Renganathan
Sr Resident Engineer,
UIE

K.T. Somasegaran
Deputy General Manager
PT SSS

G. Padmanathan
Resident Engineer,
Ulu Basir

N. Saravanaganes
Sr Assistant Engineer,
Lima Blas

Palm Oil Refining and Others

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

Jughdev Singh Dhillon
Sr Plant Manager,
Unitata Berhad

Dr. Andrew Nair
Research & Quality Controller,
Unitata Berhad

Erwin Khor Siew Yan
Financial Controller,
Unitata Berhad

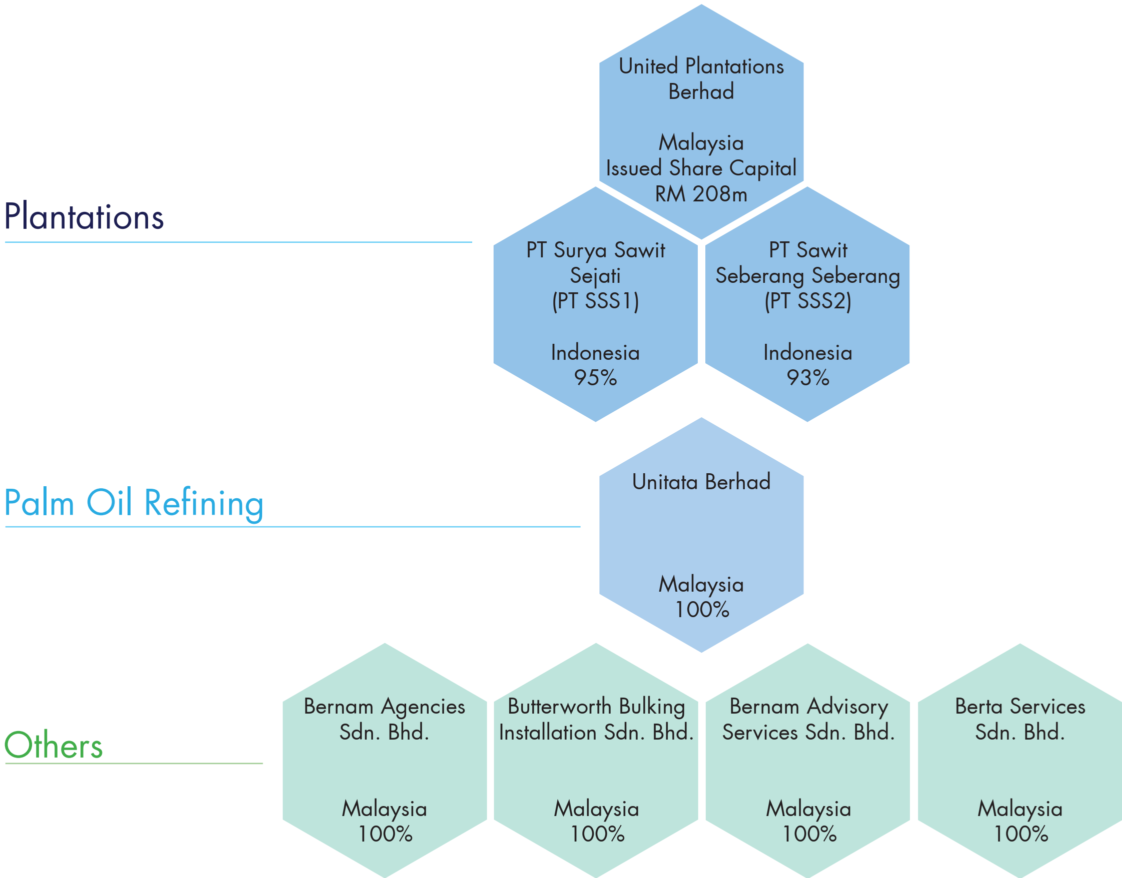
Dev Ganesh
Acting Manager (Refinery),
Unitata Berhad

Allan Loh Teik Boon
Sr. Assistant Manager,
Commerce,
Unitata Berhad

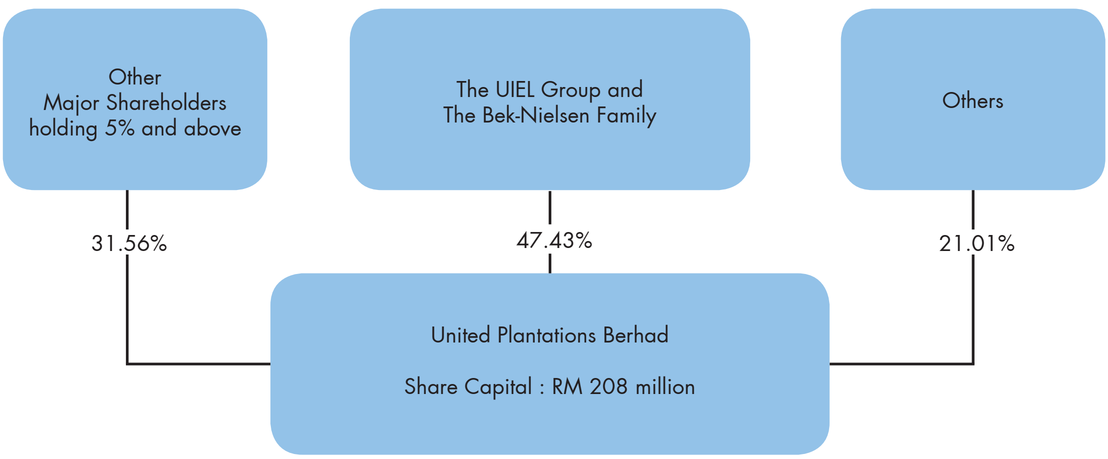
Soo Yook Kee
Sr Manager / Engineer In-Charge,
Butterworth Bulking Installation Sdn. Bhd.
Bernam Agencies Sdn. Bhd.

Mohammad Silmi
Manager, Biodiversity,
PT SSS

Group as at 4 March 2014



General Shareholding Structure
Group as at 4 March 2014

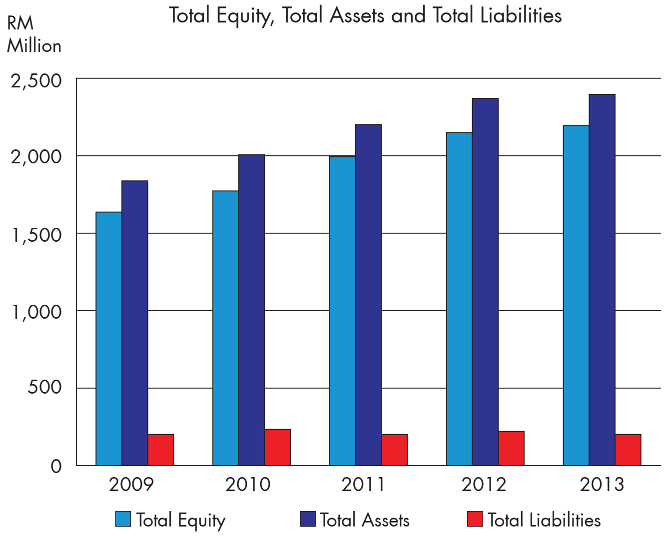


Financial Highlights

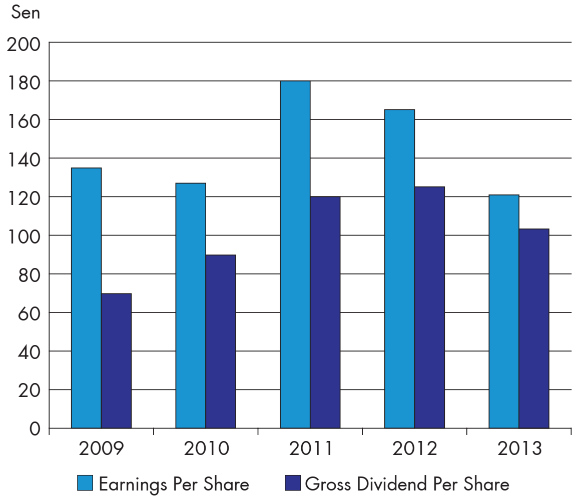
	2013	2012	2011	2010	2009
Profit After Tax (RM Million)	252	342	374	264	281
Earnings Per Share (Sen)	121	165	180	127	135
Gross Dividend Per Share (Sen) *	103.25	125	120	90	70
Total Equity (RM Million)	2,194	2,151	1,996	1,772	1,638
Non-Controlling Interests (RM Million)	1.08	0.42	0.21	0.51	0.13
Total Assets (RM Million)	2,396	2,371	2,201	2,006	1,837
Total Liabilities (RM Million)	202	220	204	234	199
Year-End Closing Share Price (RM)	26.00	25.00	19.00	17.10	13.64

* Including proposed Final Dividend

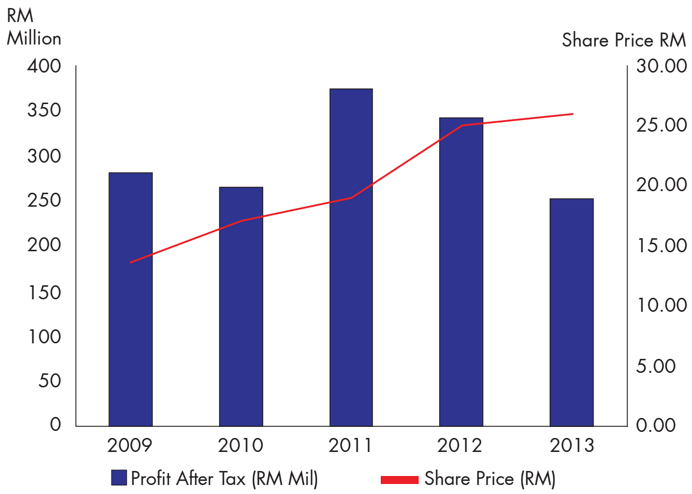
Total Equity, Total Assets and Total Liabilities



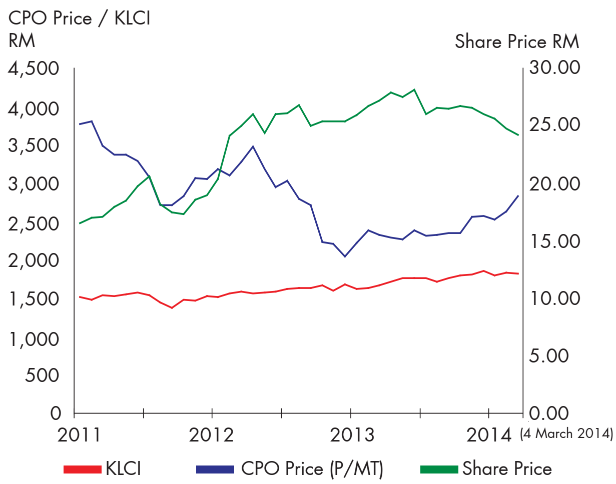
Earnings Per Share and Gross Dividend Per Share



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 93rd Annual General Meeting of the Company will be held at Jendarata Estate, 36009 Teluk Intan, Perak Darul Ridzuan, Malaysia on 26 April 2014 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 2013 together with the Reports of the Directors and the Auditors thereon.	1
2.	To consider the recommendation of the Directors and authorise the payment of a Final Single-tier dividend of 22.5% and a Special Single-tier dividend of 41.25% for the year ended 31 December 2013.	2
3.	To approve Directors' fees for 2013.	3
4.	To re-elect as Director Mr. Ahmad Riza Basir who retires by rotation pursuant to Article 92 of the Company's Articles of Association.	4
5.	To re-elect as Director Mr. Mohamad Nasir Bin Ab Latif who retires by rotation pursuant to Article 92 of the Company's Articles of Association.	5
6.	To re-elect as Director Mr. R. Nadarajan 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, Mr. Ho Dua Tiam be re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting."	7
8.	To consider and, if thought fit, pass the following resolution: "That pursuant to Section 129(6) of the Companies Act,1965, Y. Hormat Dato' Jeremy Derek Campbell Diamond be re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting."	8
9.	To re-appoint Messrs. Ernst & Young as auditors of the Company for the year 2014 and to authorize the Directors to fix their remuneration.	9

Notice Of Annual General Meeting

	As Special Business	Ordinary Resolutions
	To consider and if thought fit , to pass the following resolutions:	
	(i) Proposed Continuation in Office as Independent Non- Executive Directors	
10.	"That Ybhg. Tan Sri Datuk Dr. Johari bin Mat having served as Independent Non-Executive Director for a cumulative term of more than 9 years, continue to act as Independent Non-Executive Director of the Company."	10
11.	"That Mr. Ahmad Riza Basir having served as Independent Non- Executive Director for a cumulative term of more than 9 years, continue to act as Independent Non-Executive Director of the Company."	11
12.	"That Y. Hormat Dato' Jeremy Derek Campbell Diamond having served as Independent Non-Executive Director for a cumulative term of more than 9 years, continue to act as Independent Non-Executive Director of the Company."	12
	(ii) Proposed Renewal of Authority for Purchase of Own Shares	
13.	Proposed Renewal of Authority for Purchase of Own Shares	13
	"THAT, subject to the Companies Act, 1965 (as may be amended, modified or re-enacted from time to time), the Company's Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and approvals of all relevant governmental and/or regulatory authorities, where applicable, the Company be and is hereby 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 2013 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 2015 at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

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

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

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

Notice on Entitlement and payment of Final and Special Dividend

NOTICE IS HEREBY GIVEN THAT the Final Single-tier dividend of 22.5% and a Special Single-tier dividend of 41.25%, if approved at the 93rd Annual General Meeting will be paid on 20 May 2014 to shareholders whose names appear in the Record of Depositors and the Register of Members at the close of business on 2 May 2014.

A Depositor shall qualify for entitlement only in respect of :-

(a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 2 May 2014 in respect of transfers; and

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

By Order of the Board

A. GANAPATHY
Company Secretary

Jendarata Estate,
36009 Teluk Intan,
Perak Darul Ridzuan,
Malaysia
4 April 2014

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 21 April 2014 shall be entitled to attend the said meeting or appoint a proxy or proxies to attend and/ or vote on his/her behalf.

Notes On The Special Business

For Resolutions 10 - 12 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.

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 11 years, he has provided leadership, independent views, objective assessments and opinions. He has been with the Company for more than 12 years and is familiar with the Company's business operations.

Notice Of Annual General Meeting

Mr. Ahmad Riza Basir
A lawyer by training, his experience, expertise and independent judgment has contributed to the effective discharging of his duties. He has devoted sufficient time and attention to his professional obligations for informed and balanced decision making as an Independent Non-Executive Director. He has been with the Company for more than 13 years and is familiar with the Company's business operations.

Y. Hormat Dato' Jeremy Derek Campbell Diamond
A planter by profession, his vast knowledge acquired during his tenure within the plantation industry has enabled him to provide the Board with a diverse set of experience and expertise. His role as Chairman of the Audit Committee is one that he has discharged with due care and diligence. He has carried out his professional duties as an Independent Non-Executive Director in the best interest of the Company. He has been with the Company for more than 12 years and is familiar with the Company's business operations.

For Resolution 13 - Please refer to explanatory information in the Circular to Shareholders dated 4 April 2014.

High yielding palms with high oil extraction rates plant breeding programme.

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 2013.

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 was appointed Chief Executive Director (CED) 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 Melker Schorling AB which is a public listed company on the NASDAQ OMX Stockholm AB.

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

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

He attended all 4 Board Meetings held during the year ended 31 December 2013.

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) on 31 December 2012 and continues to serve the Company as Inspector General, Estates and Special Advisor of UP Berhad from 1 January 2013.

He 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 2013.

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 was recently appointed a director of Perlis Plantations Berhad, a public listed company on Bursa Malaysia Securities Berhad. He is also a member of the Board of Directors of several other private limited companies in Malaysia.

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 3 out of 4 Board Meetings held during the year ended 31 December 2013.

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 2013.

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

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 2013.

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

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

He was first appointed director of the Company on 28 July 2004. He is also a member of the Board of Directors of PLUS Malaysia Berhad

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 2013.

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 served Kumpulan Guthrie as Junior Assistant in 1969. He joined United Plantations Berhad on 1 January 1973 as an Assistant Manager. He served the Company in various positions and was promoted to the position of Estates Director on 1 January 2004, 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 was actively involved in various activities of the planting associations, having held the position of Chairman, Perak Planters Association, President of United Planting Association of Malaysia and Chairman of Malaysian Cocoa Growers Council.

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

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 2013.

R. Nadarajan
Non-Independent
Non-Executive Director

Mr. R. Nadarajan, born in 1948, a Malaysian, is an associate member of the Chartered Institute of Management Accountants, United Kingdom(UK) and a member of the Malaysian Institute of Accountants.

He joined the company in 1977 as Management Accountant, after having qualified and worked in the UK in various capacities in management accounting and finance. He was promoted to the position of Financial Controller in 1980 and to the position of Company Secretary/Group Manager Finance in 2000. He fully retired in 2012 as Group Financial Adviser, a position he held since 2008 on retirement as Company Secretary/Senior Group Manager, Finance.

He was appointed director of the Company on 1 June 2013 and is a member of the Audit, Remuneration and Nomination Committees. He is not on the Board of any other public listed companies.

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 2 Board Meetings held since his appointment during the year ended 31 December 2013.

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

Farewell dinner for Mr. Naslah Jajuli , Senior Manager, Ulu Basir Estate and Mr Lim Chin Yen, Senior Resident Engineer, Lima Blas Mill who retired from the Company after having served 9 years each on 30 June 2013.

Farewell dinner for Mr. Kerk Choon Keng, Group Manager, Commerce, Unitata and Dr. Roger Tan Kim Soon, Visiting Medical Officer who retired from the Company after having served 36 and 38 years each on 31 December 2013.

A young palm showing bountiful crop, a product of our continuous improvement research programme.

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 2013.

Financial Review of Operations

- The Group's revenue during 2013 decreased by 19.7% compared to 2012, reaching RM950,222,000. This was mainly attributable to the decline in the Group's Crude Palm Oil (CPO) production of 6.7% compared to last year combined with the significant decline in the Group's overall selling prices of Crude Palm Oil and Palm Kernel (PK). This adversely impacted the plantation revenues and more importantly also the turnover at the Refinery.

- The Group's profit before tax decreased by 25.0% from RM454,239,000 in 2012 to RM340,476,000 in 2013.

- The Group's profit after tax for 2013 fell by 26.3% to RM252,487,000 from RM342,551,000 in 2012.

Dividends

- Dividends declared and proposed for the years ended 31 December 2012 and 31 December 2013 are:-

	2012	2013
	sen per share (net)	
Interim		
Interim Dividend declared and paid	18.75	18.75
Special Dividend declared and paid	11.25	9.37
Special Dividend declared and paid	-	2.00*
Final		
Final Dividend proposed	22.50	22.50*
Special Dividend proposed	41.25	41.25*
Total Dividends	93.75	93.87

**Single tier dividend*

The buffalo assisted FFB evacuation is used successfully in areas where it is not conducive for mechanization.

Plantation Operations

- CPO production in 2013 reached 146,962 MT (Malaysia) and 36,529 MT (Indonesia) totalling 183,491 MT of CPO for the Group compared to 196,589 MT CPO in 2012. The 6.7% decrease in the Group's overall production, equal to 13,098 MT of CPO was primarily a function of the lower production from our Malaysian operations which declined by 14,445 MT CPO. The Indonesian production on the other hand increased by 1,347 MT or 3.8% compared to 2012.

  Production on most of our Malaysian estates suffered a notable setback during 2013 due to the large replanting programme currently underway. The severe consequences of two successive periods of unusually high rainfall (Q4 2011 and Q1 2012) on most of our oil palm estates also induced a pronounced stress on the palms causing production to decline 12-18 months later.

	Metric Tonnes (MT) CPO		
	2012	2013	Change
Malaysia	161,407	146,962	(8.95%)
Indonesia	35,182	36,529	3.83%
Total UP Group	196,589	183,491	(6.66%)

  UP Indonesia's production accounted for 19.9% of our Group's CPO production in 2013 compared to 17.9% in 2012 which is a pleasing development.

- A total of 3,040 hectares of oil palms were replanted on our Malaysian properties during 2013 compared to 2,538 hectares in 2012. This equates to an increase of 19.8%. Whilst our Group's average age profile has improved, we must nevertheless appreciate that a sizeable hectarage will also be replanted on our Malaysian estates in 2014. This is absolutely necessary if we are to further improve on the age profile of our established plantations.

An aerial view of a replant in an undulating terrain at Lima Blas Estate.

Replanting preparation showing the chipping of biomass in accordance with our zero-burn policy.

As of 31 December 2013 our Group's areas planted up with oil palms can be summarized below.

As indicated in the table below, our Group's total area planted with oil palms (Malaysia and Indonesia) has therefore now reached 45,810 hectares compared to 23,348 hectares 12 years ago.

In Hectares	2012	2013
UP Malaysia		
Mature Area	28,680	28,643
Immature Area	7,133	7,162
Total Area under Oil Palm	35,813	35,805
UP Indonesia		
Mature Area	9,319	9,967
Immature Area	686	38
Total Area under Oil Palm	10,005	10,005
Grand Total for the Group	45,818	45,810
Oil Palms between 4-5 years from planting	9,971	7,621
Total Group Area having come into Maturity	2,868	3,659

From the table one can also note that the total immature area in relation to the total area under oil palms in 2013 now stands at 16% compared to 17% in 2012. The total immature area on our Malaysian estates is now 20.0% compared to 19.9% in 2012.

	2012	2013
Malaysian Average Yield (MT)	5.48	4.95
Indonesian Average Yield (MT)	4.27	3.87

A field with tall palms at UIE due for replanting.

A well managed pre-nursery of oil palm seedlings at UIE.

- Our Group's average yield decreased significantly from 5.21 MT CPO/Ha in 2012 to 4.69 MT CPO/Ha in 2013.

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

1) Aging palm stands on several of our estates which inherently have a lower yield profile, thus reducing the average yield.

2) Higher crop losses in the estates with a higher proportion of older and taller palms due to the inadequate availability of tall palm harvesters caused by the chronic labour shortages experienced in 2013.

3) The consequences of the unusually high rainfall received during the fourth quarter of 2011 as well as the first quarter of 2012 which adversely impacted the yields on our Malaysian properties with a consequential setback in fruitset 12-18 months later.

A well arranged main nursery ensuring optimum growing conditions for oil palm seedlings.

	2011	2012	2013
Malaysian National yield in MT CPO/Hectare	4.01	4.00	3.90
UP Group average yield in MT CPO/Hectare	5.06*	5.21*	4.69*
UP Group average yield in MT FFB/Hectare	23.02*	23.40*	20.83*
UP Group average Oil Extraction Rates (OER) in %	21.97*	22.27*	22.50*
UP Group average Kernel Extraction Rates (KER) in %	5.36*	5.33*	5.14*

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

- The average selling price for Crude Palm Oil achieved during the year fell from RM3,017/MT in 2012 to RM2,702/MT in 2013 for our Malaysian CPO, a decline of 10.44%. Nevertheless, our Group's average CPO price was still significantly higher than the Malaysian Palm Oil Board's average price of RM2,371 /MT CPO, as a result of the company's forward sales policy which in 2013 had a favourable impact. The average selling price for Palm Kernels recorded a significant decline of 19.0% to RM1,283/MT in 2013 compared to RM1,584 /MT in 2012 for our Malaysian Palm Kernels.

- Our coconut production of 74,678,131 nuts, recorded an increase of only 0.77% compared to 74,109,886 nuts in 2012. This was a function of the coconut palms recovering from the biological resting phase during 2011 and increased demand which prompted intensive harvesting. However, average yields increased from 26,080 nuts/hectare in 2012 to 26,858 nuts/hectare in 2013 corresponding to a 2.98% improvement year on year. The total planted area of coconut is 3,090 ha.

The delegation from the Department of Agriculture being briefed by Dr Xaviar Arulandoo, Director of Research, on advances in UP's coconut research programme.

- In spite of competitiveness of the Indonesian downstream sector during 2013, 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., cushioned the decline due to several initiatives taken by Management, both commercially and operationally.

- Unitata's profit after tax decreased from RM26,126,898 (no tax was paid in 2012) to RM19,353,079 in 2013 which under the competitive circumstances was a satisfying result.

Cost of Production of Crude Palm Oil

- The cost of production (before depreciation and amortization) during 2013 rose by 12.0% from RM719/MT CPO to RM805/MT CPO for our Malaysian operations. This increase is of great concern and is a reflection of the lower CPO production and the alarming rise in labour costs experienced during the past 3-4 years, impacting our cost of production by well over RM15 million. Indeed, labour wages have risen very alarmingly by 40-45% for all harvesters and general field employees over the last three years. The Board of Directors joins me in stating that this is a worrying and unsustainable trend and will only erode the Malaysian Palm Oil Industry's ability to compete against the other 16 competing oils and fats unless this is matched by increases in yields and productivities.

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

Abundant harvest - a worker loading the bountiful coconut harvest from one of UP's coconut estates.

Palm Oil & Palm Kernel Prices (RM) from January 2001 to January 2014

Replanting Policy

Concerted efforts are continuously being made by Management to enhance the Company's Breeding-Agronomy and Tissue Culture activities as these remain of prime importance in terms of our Group's ability to further improve our agronomic practices. This aspect of our operation 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.

All replantings carried out during 2013 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 research supervisor inspecting a lush batch of Matag hybrid seed nuts bred for high productivity.

Modern workers houses at Lada Estate, Central Kalimantan.

Indonesia

Progress continues to be made with our Company's investment in Kalimantan which now produces 19.9% of our Group's CPO production.

As at 31 December 2013, a total of 10,005 hectares had been planted of which 99.6% are now in harvest. Overall palm vigour and growth is developing satisfactorily, with the investment in 2013 generating a Group's contribution of RM28.3 million. The Company now provides employment for 1,163 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 and are now almost complete. Additional 8 new terrace houses and staff quarters were completed in 2013 bringing the total number of high quality modern living quarters for our executives, staff and workers to more than 350 units.

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

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

Riparian reserves alongside our plantations in Central Kalimantan.

The Group's total land bank in Indonesia is 18,665 ha. Under the first phase,10,005 hectares of oil palms have been planted and about 6,000 hectares of permanent conservation areas established. The remaining hectarage consists of infrastructure areas in the form of roads, housing, offices as well as current and future plasma developments for the local communities. The 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.

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 so these softer yet important values become an integral part of our agricultural operations.

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 37 - 88)*

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 2013.
(see more on pages 74 - 75)

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 40 - 42)

The Company has since 2010 demonstrated its desire to implement new initiatives that go beyond the criteria set up by the RSPO and will continue to improve on these in the years ahead thus continuing to be a Company at the very forefront of sustainability.

New terrace housing for guest workers at UIE alongside the older housing complex.

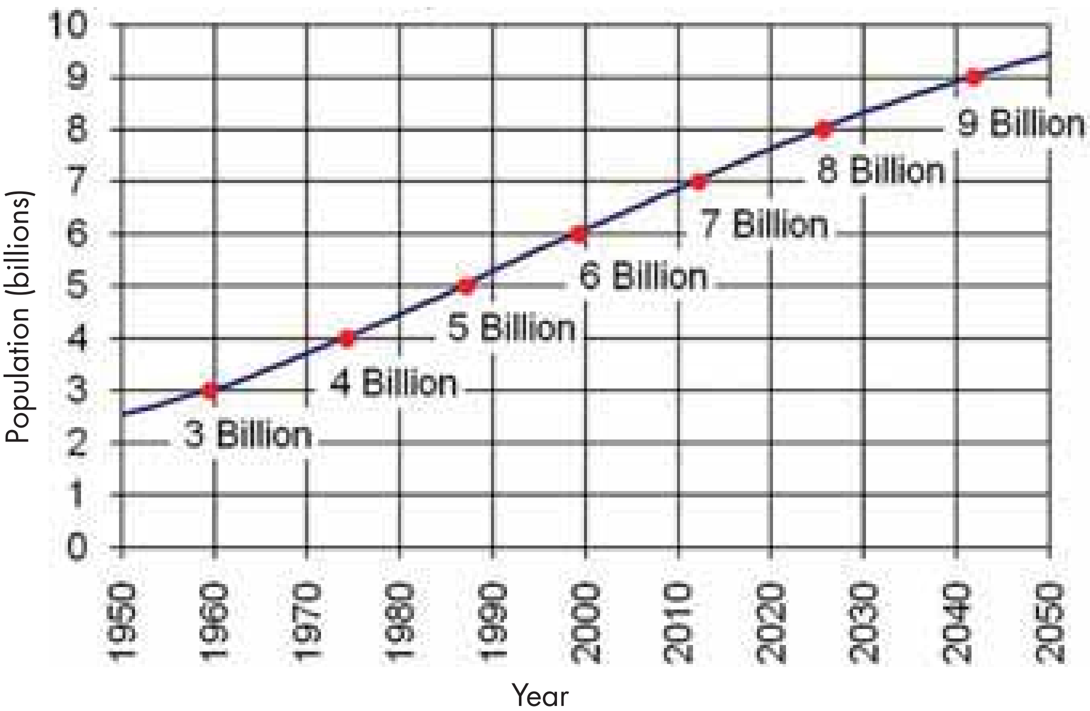
Social Commitments

Our Company's commitment towards providing and improving social amenities remains very much a hallmark within our Group. Continuous improvements were made during 2013 to maintain the highest possible welfare standards for our workforce. (See more on pages 64 - 68)

Population Growth and Food Demand

The World's population continues to grow at a staggering rate, increasing by approximately 82 million people per year, equal to the total German population today. During the course of 2013, the world's population reached 7.2 billion.

World Population: 1950-2050

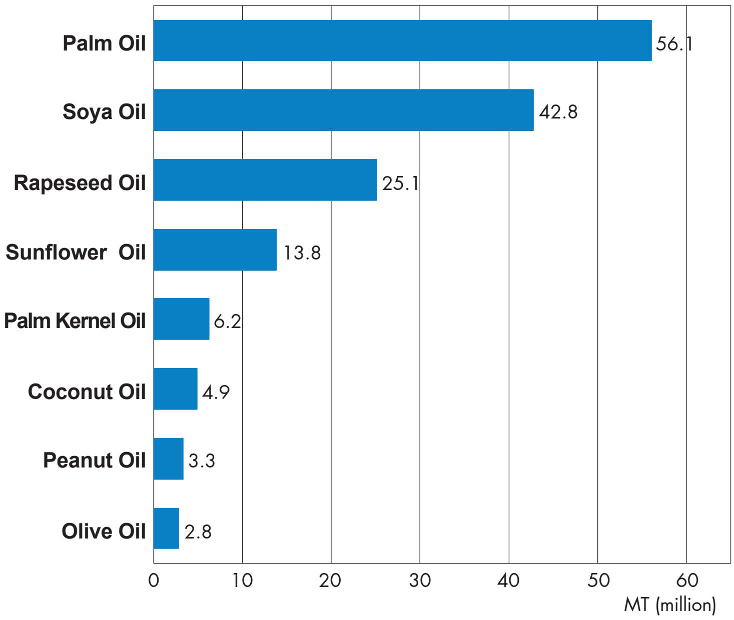


17 Oils & Fats : World Production in MT (Million)

Grand Total	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	2013 Jan Dec
Production	132.16	140.91	149.83	153.90	159.62	164.00	170.90	179.10	186.90	189.70

Source: ISTA Mielke GmbH

World-wide production 2013*



*Preliminary figures

Source: OIL WORLD Statistic Update Jan 2014

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 9.6 billion compared to 7.2 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.

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 recently announced 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 9.6 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 cheaper yet healthy source of nutrients and calories. World palm oil and palm kernel oil production reached 62.33 million MT during 2013 representing 32.86% of the total world's production of the 17 Oils & Fats.

Modern housing facilities providing ample space for children's recreation.

Young, happy and aspiring primary school children at our Division1, Jendarata Estate.

Factors to watch in 2014

World Economy

Nearly 6½ 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 have made deep cuts to their budgets but remain mired with high unemployment rates and soaring debts.

The situation for vegetable oil producers has been less favourable than in the recent years as anticipation of bumper crop production worldwide depressed prices going into 2013. In this connection, prices fell by over 25% from the USD1,000 (RM3,000) experienced in early 2012 to USD700 (RM2,200) MT/CPO in 2013. Nevertheless, the low global production of palm oil experienced in the first six months of the year resulted in a significant price appreciation of 20% from the lows in the last quarter of 2013. This coupled with impact of the damaging winds of 315 km/hr by the typhoon Haiyan in the Philippines caused another rally for specifically lauric based vegetable oil which rose 50% from the lowest levels experienced in early 2013.

Whilst we, over the last number of years including 2013 have experienced good results for the Group, it is nevertheless important to remain focused on our core values and to appreciate that the high crude palm oil prices seen in recent years have been significantly better than the long term historical price trend.

Indeed, the 5 year Crude Palm Oil price average from 2008-2013 was USD915/MT in Rotterdam compared with USD450 during 2003-2007. It is therefore important for shareholders to acknowledge that the average crude palm oil price during the last number of years (USD950) has more than doubled compared in contrast to the 30 year average of USD468 from 1977 – 2006.

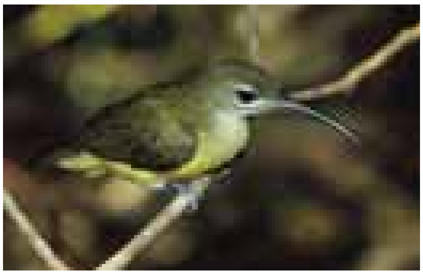
As such, our Group believes that the four main price determining factors during 2014 will depend on the developments within the following areas, namely:

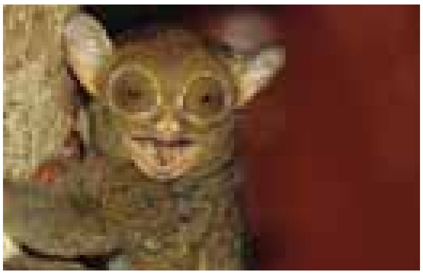
i) Biofuel usage and Cellulosic Ethanol

World biodiesel production increased from 23.59 million MT in 2012 to 26.07 million MT in 2013, representing about 13.7% of the total 17 Oils & Fats consumption in 2013 which stood at 189.7million 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 by 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 out 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 food based biofuels from





Our tropical rainforests and climate provide the ideal conditions for a wide variety of animal species to thrive.

2020 and instead support the production of second-generation biofuels based on non-food feedstocks. This will likely undermine the biofuel sector's economic viability and subsequently thwart demand for vegetable oils and inevitably have an adverse effect on prices. This is of real concern.

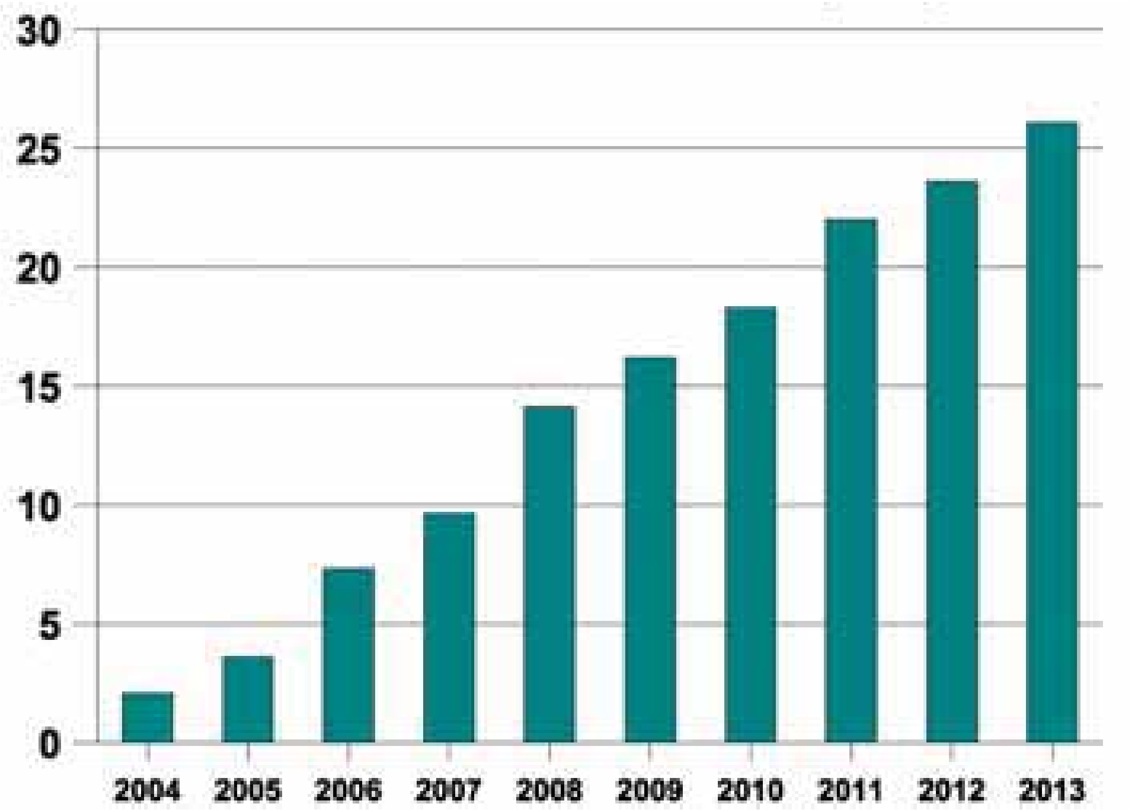
That said, I would like to reiterate that United Plantations continues to stand firm on its earlier decision not to enter or supply raw materials and refined products to the business segment of first generation biofuels. Instead, we will continue to dedicate our resources to producing high quality palm 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 targets. As a consequence, the demand for the current feed stocks 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 the demand as well as the price complex for vegetable oils.

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 past 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 dampening the demand for vegetable oils thus depressing the prices of vegetable oils and fats in the years ahead.

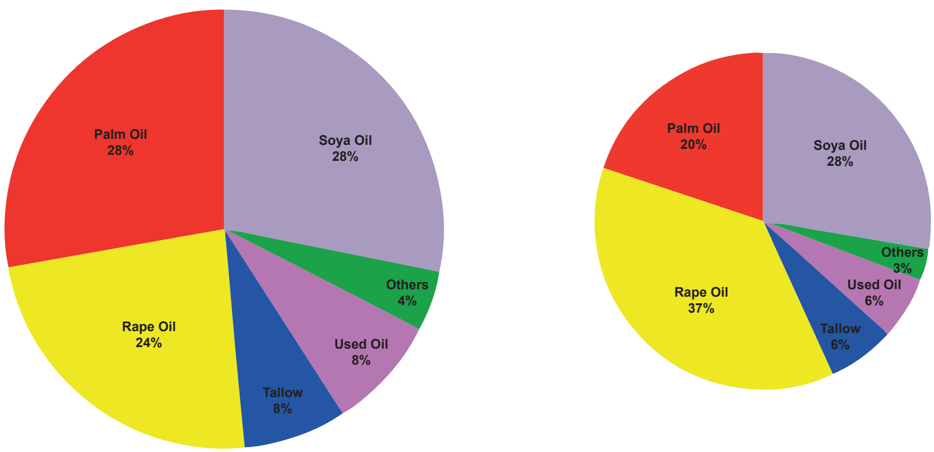
World Production of Biodiesel Mn (MT)



World Biodiesel Production & Feedstock Use

2013 – 26.1 Mn MT

2009 – 16.2 Mn MT



ii) Soybean Production in the US and South America

In 2013, weather for world oilseed crop weather was favorable and consequently both South and North America experienced bumper crops, thereby, replenishing the low stocks caused by the severe 2012 droughts. Soybeans needed favorable weather in order to firstly, replenish the stocks, and secondly in order to meet record high demand from China who according to USDA imported 69 million MT in 2013 compared to 59 million MT in 2012.

For South America the planting weather during Q4 2013 has been favorable, hence, Oil World estimates the South American 2014 crop to increase by 9.4 percent to a total of 158.5 million MT. Also the North American farmers are expected to plant considerably more soybeans due to the uncertainties surrounding the US subsidy on Ethanol made from corn.

If the 2014 crop weather is favorable, the prospects for a 2014 soybean bumper crop is likely to add pressure to vegetable oil prices.

iii) Malaysian and Indonesian Palm Oil Output in 2014

A third factor which will have a strong influence on the vegetable oil price complex during 2014 will depend on the supply structure. With the growing dominance of palm products (CPO+PKO) which now account 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. Palm production is expected to recover in 2014 throughout Malaysia as well as Indonesia, as large tracks of immature palms will come into bearing during 2014 in Indonesia. Such a situation is expected to exert downward pressure on prices from the current highs if weather patterns around the world prove favourable for oil crops.

iv) Labour Shortages

The Malaysian plantation sector continues more than ever to be highly dependent on guest workers from countries 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 2014.

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. Of crucial importance that needs emphasis is that the Malaysian Palm Oil Industry contributed a massive RM61 billion in net export earnings last year.

Delisting of United Plantations Berhad from Nasdaq OMX Copenhagen A/S

In 2013, the Board of Directors proposed to its shareholders a delisting of its shares from Nasdaq Copenhagen A/S (Nasdaq CPH). UP has been listed on Nasdaq CPH (formerly known as Copenhagen Stock Exchange) since 1932 and on Bursa Malaysia (formerly known as Kuala Lumpur Stock Exchange) since 1969.

Since 1932, the number of Malaysian shareholders had increased and increasingly more shares moved from Nasdaq CPH to Bursa Malaysia. By 2013 only 4.6% of the Company's listed shares remained on Nasdaq CPH when the Board of Directors recommended the delisting from Nasdaq CPH.

Consequent to the approval of shareholders on 12 November 2013, the Company sent a request to Nasdaq CPH in order to have the Company's shares delisted from trading and listing on Nasdaq CPH.

On 29 November 2013, the Company received approval from Nasdaq CPH for the delisting. The last trading day on Nasdaq CPH was 30 December 2013. Following the approval, the Company's shares were delisted from Nasdaq CPH on 2 January 2014.

The Company would like to take this opportunity to thank all shareholders on Nasdaq CPH who supported and held shares in the Company over the years. The Company is also pleased that a number of shareholders from Nasdaq CPH have moved their shares to Bursa Malaysia and faithfully remained shareholders of United Plantations.

United Plantations Limited was first listed on the Copenhagen Stock Exchange on 28 February 1932.

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 2014. All areas in its Indonesian operations will however be in production during 2014 and this is expected to compensate for the crop loss from the replanted areas in Malaysia.

The US and South America crop production is expected to increase during 2014 which may pressure vegetable oil prices due to the anticipated increase in supply. Nevertheless, the recent dry weather in South America and Malaysia have softened the bearishness stemming from the prospective record soybean crop. With the seasonally lower Malaysian and Indonesian production, there will be an expected reduction in stocks in the coming months. This coupled with the expectation of increased domestic usage for biodiesel in Indonesia has recently resulted in a significant appreciation of CPO prices.

Furthermore the recent depreciation of the Malaysian Ringgit against the USD has further supported the CPO prices in Malaysian Ringgit.

In view of the above, combined with prices contracted under our forward sales policy, the Board of Directors expects that the results for 2014 will be satisfactory.

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.

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

UP was awarded 3rd placing out of 144 companies under the Best Corporate Social Responsibility Initiatives (CSR) category by the Edge Billion Ringgit Club. This award was presented by the Prime Minister of Malaysia, YAB Dato' Sri Mohd Najib Tun Razak.



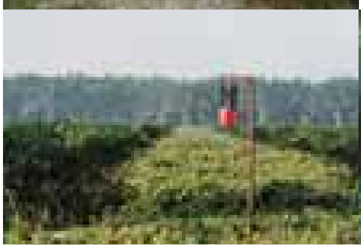
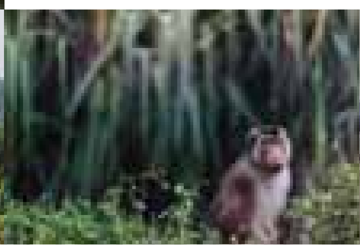







Corporate Social Responsibility (CSR)

Contents

Corporate Social Responsibility

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.

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 by Creating Shared Value (CSV) in the society we operate in, which is a virtue we try to live up to.

The central premises behind CSV is that the competitiveness of a company and the health of the communities around it are mutually dependent, thus enabling companies to create economic value by also creating societal value.

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.

In October 2013, during the launch of The Malaysia Chapter of the UN Sustainable Development Solutions Network (UN-SDSN), UP was mentioned as one of the sustainable development solution initiatives being undertaken in Malaysia . In the UN-SDSN Malaysia Chapter , UP was identified as a " Business with a soul" . This acknowledgment was indeed pleasing and indicates our commitment to being a leader in economic, environmental and social sustainability.

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.

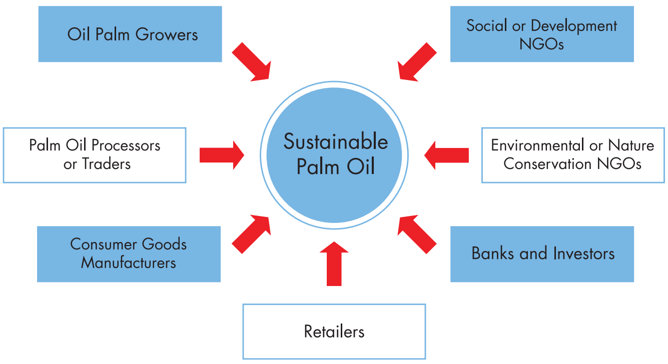
Tissue cultured banana seedlings with high yield potential from the UP's Research Department being sent to the nursery.

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, following legal measures, being economically viable, sustainable or responsible production means, environmentally appropriate and socially beneficial.

Established under the Article 60 of the Swiss Civil Code on 8 April 2004, the not-for-profit association embraces today 926 ordinary members, 102 affiliates from palm oil and 451 supply chain associates, producers and processes, trading houses, consumer goods manufacturers, retailers, banks and investors to nature conservation NGOs and social or development NGOs. UP is a member since the inception in 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 32% of the global production of oils and fats. Palm oil is versatile and has numerous users. It is found in food products, soaps, detergents, cosmetics, plastics and over the last number of years also in biofuel production.

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

Migros Criteria

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

First RSPO Certificate

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

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

Since UP received the world's first RSPO certification, many other companies have managed to become certified and as of 2013, more than 50 companies have obtained certification.

Global Volume Of Certified Palm Oil

The total volume of certified sustainable palm oil globally in 2013 was 9,792,185 MT. The total volume of certified sustainable palm kernels was 2,244,312 MT. The total production area providing the above mentioned quantities was 1,976,110 Ha.

UP's Certified Palm Oil

Our operations are fully vertically integrated, producing our own seeds and clonal planting material, planting, cultivating, harvesting our oil palms, transporting our crop to our palm oil mills where crude palm oil and palm kernels are produced after which we send the oil to our Unitata refinery for further processing and refining before the oil is sent out to our global customers.

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

Indonesian Certification Development

The Indonesian Government established a mandatory certification scheme in 2011, namely the Indonesian Sustainable Palm Oil Principles & Criteria (ISPO) to ensure that all producers within a few years will have to live up to certain standards when operating in Indonesia. Being mandatory, producers in Indonesia will have to comply with the ISPO criteria and cannot hide behind the voluntary RSPO scheme as members only. The ISPO standard includes legal, economic, environmental and social requirements, which largely are based on existing national regulations.

As per our plans, the RSPO certification audit will commence on our newly established properties in Indonesia in 2015.

Our unique rail transportation system enables swift crop transport to the mill thus ensuring efficiency and oil quality.

Unitata Berhad and 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 establIished.

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

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

Unitata Berhad received its Supply Chain Certification in December 2010 and is now officially able to handle and deliver first class sustainably certified and segregated palm and palm kernel oil solutions to customers worldwide. This requires records to be kept to demonstrate the volume of CPO or CPKO sold as sustainable oil does not exceed the amount produced by the upstream RSPO certified mills.

The interest for certified sustainable palm oil is increasing, and 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 the main part of its production as segregated certified palm and palm kernel oil under the RSPO Principles and Criteria and with global customers continuing to switch over to using only RSPO certified and traceable palm oil by 2015, it is expected that the demand for traceable and certified products will increase further.

The opening ceremony of Unitata's new Multistock Deodoriser was officiated by Ybhg. Tan Sri Datuk Dr. Johari bin Mat, the Chairman of United Plantations Berhad.

The New Multistock Deodoriser at Unitata commissioned on 23 November 2013.

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.

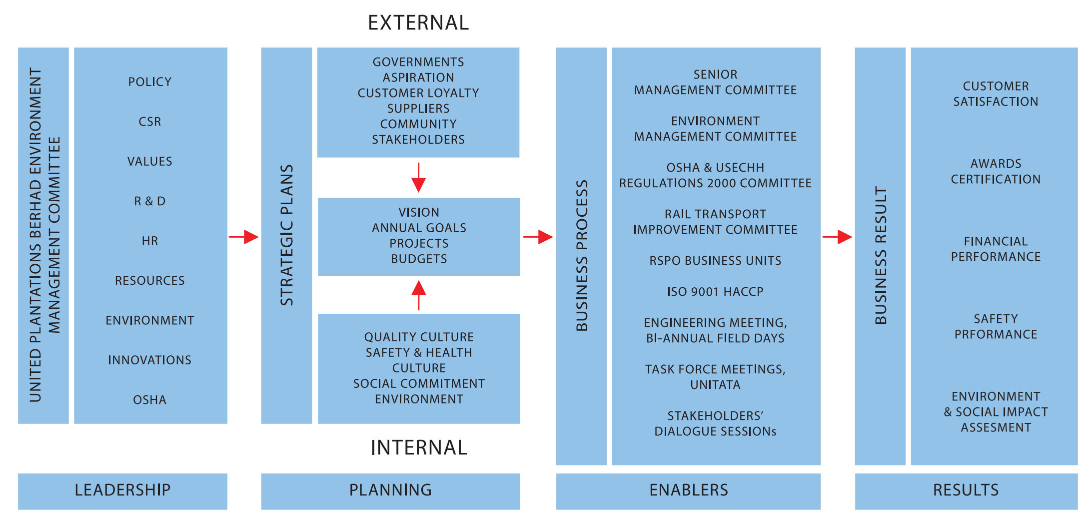
A panorama of mature palms stretching into the distance seen from Margarethe Hill, Changkat Mentri Estate.

Improving productivity – enhancing harvester output through the use of mechanized harvesting sickles.

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 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 the Company Secretary who reside on the plantation, practice an "open door policy" which has been of great benefit towards encouraging whistle blowing for generations.

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

Employees

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

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.

Planning for the future –new generation of high yielding coconut seedlings being raised to replace older coconut plantings.

Maximising output - timely harvesting of optimum ripe oil palm bunches are a key to achieving high yields.

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.

A coconut husker positioning his spike in preparation for dehusking coconuts.

Welcoming our Executive Directors to the Seri Pelangi Mill function.

A group photo with the employees at our Seri Pelangi Mill.

Gender Policy

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

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

Gender Committee

In keeping with UP's Gender Policy, Gender Committees were instituted in 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 the UP Research Department.

Occupational Safety And Health Policy

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

We value our work place safety and health as 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, by conducting Hazard Identification, Risk Assessment and Risk Control (HIRARC) on all our operations.

- Provide continuous training and supervision to all categories of employees to build and promote a safe and healthy work environment in full compliance with legislative requirements.

- Equip and train employees to use appropriate protective equipment and to develop a health and safety conscious citizen.

- We ban the use of Paraquat weedicide (1,1′-Dimethyl-4, 4′-bipyridinium dichloride) in our plantations and facilities.

- 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.

An operator at work at the oil processing plant at Unitata Berhad.

Mr. N. Thambirajah , Assistant Plant Manager who is in charge of edible oils and specialty fats filling plant at Unitata Berhad.

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. 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 hospital at Jendarata Estate, Division 1, with trained resident Hospital Assistants supervised by a Medical Doctor.

Mr. Ridzuan Md. Isa, Manager, Ulu Bernam Estate , briefing fellow executives on the mechanization and productivity improvements.

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.

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

New Planting Procedures

UP will continue to follow the Principles 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 Assessment (EIA) and High Conservation Value Assessment (HCV) were conducted prior to commencing plantation development. UP has not only followed the recommendations of these assessments but expanded the scope to include much larger conservation areas than that stipulated in the EIA and HCV assessments. Todate more than 6,000 ha are set aside as conservation areas.

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 or animals-will be dismissed immediately. To the best of our knowledge, illegal killing and capture of orang-utans has not taken place at any of the properties under the legal management /jurisdiction of UP.

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, bad heritage, misunderstanding and miscommunication, cases of wrongful compensation amounts and frivolous claims. It is however extremely important that land disputes are taken seriously and are well documented in order to ensure transparency and evidence in connection with various ongoing cases.

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

Spectacular view of our forest reserve and adjoining oil palm plantation at Lima Blas Estate.

Oil Palm field at Lada Estate, Central Kalimantan with the fertilizer store, tractor pool and the mill in the back ground.

Minimising Pesticide Usage

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

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

According to FAO

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

Careful use of pesticides can deliver substantial benefits for our society through increasing the availability of good quality and more affordable

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

Breeding of beneficial insects as part of our integrated pest management control programme.

Asopinid bug, a beneficial insect being bred in our insectory at UPRD.

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
	2011	2012	2013			
Pesticides / Herbicides (kg per MT oil)	0.59	0.54	0.80*	29	28	3.73

**The 2013 pesticide/herbicides usage figure has increased compared to the two previous years as a consequence of lower crop production and a significant increase in replanting hectarage in 2013.*

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

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

Todate a total of 171,874 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	-	*48,998*	*planted*
Tunera Subulata	-	*86,351*	*planted*
Antignon leptosus	-	*12,031*	*planted*
Carambola sp	-	*7,794*	*planted*
Others	-	*16,700*	*planted*
Total		*171,874*	*planted*

Tunera subulata, a beneficial flowering plant.

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.

Mucuna bracteata

A Cover Crop And Living Green Manure

Necessity is the mother of change. And change is necessary for time and space to exist and for existence to be a reality. Yet, change is perhaps one of the most difficult things to embrace particularly by a well established system such as the oil palm, which has been regarded by many as one of the most efficient agricultural systems in the world.

In 1991, Mr. Cheriachangel Mathews saw an opportunity to change the oil palm system in order to improve its efficiency and sustainability. He introduced *Mucuna bracteata*, a shade tolerant legume from India, to the oil palm industry in Malaysia. Since then, many have explored and conducted research on this impressive legume on its sustainability for oil palm plantations. It is now widely accepted and grown in Malaysia, Indonesia, Thailand, Papua New Guinea, Costa Rica and Colombia providing the much needed positive role of a perennial leguminous cover in our plantations. It also serves as a green manure to the oil palm unlike the conventional leguminous cover crops (LCC) which die off when the oil palm canopies closes.

Mr. C Mathews at Lada Estate, Central Kalimantan, standing amongst Mucuna bracteata, a wonderful leguminous cover crop.

The key attributes of *Mucuna bracteata* are:-

- Very vigorous, perennial LCC
- Easy establishment at low seed rate
- Non-palatability to cattle
- High- drought tolerance
- Shade tolerance
- Presence of alleolo chemical to enhance competitive ability against weed growth
- High biomass production – 15 MT/ha
- Tolerance to pests and diseases
- Low labour and chemical requirements for its establishment
- Good control against soil erosion
- Improves structure of fragile soils
- Thick vegetation prevents fertilizer/ chemical runoff into waterways

Beautiful sunset at Jendarata Estate with an owl house in the background.

Barn Owl Facts

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

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 an owl pellet.

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

In United Plantations we have a network of 1,900 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 given.

Barn owl Boxes – 1,905 boxes over 27,017 ha (14 ha coverage per barn owl box)

Year	2009	2010	2011	2012	2013
Total Boxes	1,534	1,594	1,632	1,825	1,905
Total Area Under Owl (ha)	26,604	27,519	27,758	28,676.	27,017
Box to land ratio in Scheme	17.34	17.26	17.01	15.71	14.18
% Occupancy in Scheme	88.79	88.90	90.20	78.30	71.81
Total Planted Area (ha)	35,376	35,398	35,761	35,862	35,813
Box to land ratio over Total Planted Area	23.06	22.21	21.91	19.65	18.80
Rodenticide ai/planted ha (kg/ha)	0.000029	0.000077	0.000504	0.000532	0.000309

Mowing of Harvesters' Paths

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

Use of Safer Class 3 & 4 pesticides wherever possible

In line with 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 affected by bagworm. Foliar application usage was disapproved by the Malaysian Government in 1996. Efforts to source and evaluate alternatives for the Class 1B insecticide, monocrotophos, have been ongoing since 2006 and are still being pursued together with several multinational chemical companies, amongst others Bayer, BASF and Syngenta. So far we have not been able to meet our internal goals of phasing out monocrotophos as the agrochemical industry has not been able to identify an effective and suitable alternative that is able to effectively contain a bagworm infestation which poses a serious threat to the oil palm stands. This conclusion is shared by all the leading multinational chemical producers present in Malaysia.

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 171,874 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.

Mechanized spear drenching method used to control rhinoceros beetle damage.

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

During 2013, the Company has successfully been able to reduce its use of Monocrotophos on an active ingredient basis by approximately 17% compared with 2012. Since 2006 there has been a reduction of 62% and much progress and efforts are being made to continue this positive trend.

In this connection the collaboration with the Centre of Agriculture Biosciences International (CABI) in relation to management of bagworm in oil palm through an integrated ecological approach with biological control agents such as predators and other entomopathogens 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. The results of the study is expected to be available in 2014.

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

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

Calibration for Pesticide Application Equipment

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

Chemical Health Risk Assessment (CHRA)

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

Rhinoceros beetle (Oryctes rhinoceros), a common pest to both young coconuts and oil palms.

Conveyer loading of UP's organic based fertilizer.

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

Input	Per tonne oil basis					
	Oil Palm*			Soybean**	Sunflower**	Rapeseed**
	2011	2012	2013			
Fertilizer nutrients						
Nitrogen (N-kg)	16	16	16	315	96	99
Phosphate (P2O5-kg)	7	7	6	77	72	42
Potash (K2O-kg)	33	34	33	NA	NA	NA
Magnesium (MgO-kg)	4	5	4	NA	NA	NA
Pesticides/Herbicides (kg)	0.59	0.54	0.80	29	28	3.73
Energy (GJ)	0.42	0.49	0.94	2.90	0.20	0.70

* includes palm oil + palm kernel oil (UP, 2011-2013- Malaysian Operations)
** Data from FAO,1996 - Pesticide data for rapeseed updated in 2013.

The quantity of agrochemicals (fertilizer nutrients and pesticide/herbicide) used in oil palm cultivation in UP over the last three years remain substantially lower than annual oilseed crops such as soybean, sunflower and rapeseed, a reflection on the resource utilisation efficiency of the oil palm crop. Direct fossil fuel energy consumption and pesticide usage rose in 2013 as a result of the significant increase in replanting activities and the lower production level from previous year.

Replanting operation-chipping and stacking of biomass.

EFB mulching enriches the soil with nutrients and conserves moisture.

Community

Close bonds with our local communities are 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 impact 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 2013 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 500 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, 53 scholarships were granted to children of our employees during 2013, thereby enabling these students to pursue their tertiary studies.

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

Children enjoying themselves at school at Division 1, Jendarata Estate. As part of our social commitment we make continuous improvement to maintain the highest possible standards for our employees and their school going children.

Madam Susela Mariappan, the Headmistress of the primary school in Division 1, Jendarata Estate.

A playground in the vicinity of a creche for young children at our Lada Estate, Central Kalimantan.

Hair dressing salons and sundry shops are amongst the amenities provided for our communities residing on our properties.

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 2013 in line with the Company's goal to provide its employees with the best housing facilities within the industry.

Upgrading of our guest workers living quarters which our Company embarked on in 2010 has progressed well 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 500 employees during 2013.

Young children participating at a sports meet.

Annual benevolent payments as well as other compassionate and educational payments made by the Group to workers amounted to RM834,372 during 2013.

The Company is increasingly 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

	2009 RM	2010 RM	2011 RM	2012 RM	2013 RM	Grand Total RM
Hospital & Medicine for Employees	1,282,014	1,629,885	1,751,450	1,782.549	1,887,592	8,333,490
Retirement Benevolent Fund	189,000	209,000	259,000	247,750	195,250	1,100,000 **
Education, Welfare, Scholarships & Others	165,430	182,917	327,153	360,840	384,514	1,420,854 **
Bus Subsidy for School Children	272,429	252,154	244,767	271,784	254,608	1,295,742 **
External Donations	153,923	100,948	121,119	247,360	156,583	779,933
New Infrastructure-Road, TNB and Water–Supply for domestic use	1,480,963	1,321,092	4,123,650	1,492,659	877,124	9,295,488
Employee Housing	3,232,642	15,951,380	21,803,511	11,719,418	3,747,645	56,454,596
Infrastructure Projects, Buildings, Community Halls, Places of Worship	423,150	353,054	3,669,590	1,201,266	914,786	6,561,846
Provision of Social Amenities	8,395,000	7,824,000	7,898,712	8,436,477	8,064,964	40,619,153
Environment Friendly Operational Activities	7,700,000	8,496,000	8,555,344	9,381,704	10,755,059	44,888,107
Environment Friendly Projects (Biogas, Biomass-others)	N/A	12,600,000	2,373,000	4,946,000	2,935,999	22,854,999
Biodiversity & Conservation (Forest reserve, Endangered tree species projects, Collaboration with Copenhagen Zoo)	475,000	550,000	1,481,066	597,000	543,824	3,646,890
TOTAL	23,769,551	49,470,430	52,608,362	40,684,807	30,717,948	197,251,098

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

Group's Employees - Year 2010 to Current

	28 Feb 2010	28 Feb 2011	29 Feb 2012	28 Feb 2013	31 Jan 2014
UP Bhd	5,397	5,463	5,489	5,297	5,548
Unitata Bhd	399	308*	267	255	229
Butterworth Bulking Installation Sdn. Bhd.	18	17	17	18	16
PT SSS1, Indonesia	1,142	1,084	994	802	841
PT SSS2, Indonesia	222	188	140	108	67
Total	7,178	7,060	6,907	6,480	6,701

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

Vacancies/shortages in the Group's Malaysian Plantations & Mills As Per Job Categories, as at 31 January 2014

Job Categories	Existing Workforce			Vacancies/ Shortages	Total No. of Workers Required
	Local	Guest Workers	Total		
Oil Palm Harvesters	44	1,755	1,799	-241	2,040
Field Workers	204	1,512	1,716	+5	1,711
General Workers	574	770	1,344	-3	1,347
Skilled Workers	65	51	116	-2	118
Coconut Huskers	-	187	187	0	187
Total	887	4,275	5,162	-241	5,403

Ybhg. Dato' Carl Bek-Nielsen , CED, welcoming the Danish Gymnastics and Sports Association Holsterbro-Lemvig team from Denmark.

Sporting Activities

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

We also promote participation in the local football leagues. In 2013 the Company's football team won the Hilir Perak Indian Super League. We also co-sponsor sporting events such as badminton tournaments and the Annual Estates Sports Gala organized by the Malaysian Palm Oil Association.

A performance by the Danish gymnastic team at our football field at Division 1, Jendarata Estate.

Our Jendarata Football Club emerged champions in the 2013 Hilir Perak Indian Super League tournament.

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.

Smallholders field day, a community service project held to assist the local farmers in good agricultural practices.

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 Government's Plasma objective and further areas will be developed for this purpose in 2014.

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

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

The Group has embarked on a government project known as the Plasma Scheme at our Indonesian operations, designed to assist the local "Masyarakat" to become independent plantation growers.

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.

Bottling of Nutrolein Golden Palm Oil under stringent hygienic conditions in our state-of-the - art filling plant at Unitata Berhad.

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 and Biodiversity Policy

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

Our Objectives:

- Conducting our operations under the best principles of agriculture, that is compatible with the natural environment and in full support of Integrated Pest Management techniques.
- Complying with statutory and regulatory requirements in connection with the environment and biodiversity and promoting the conservation and development of biodiversity within our group of plantations.
- Respecting the rights of people in our communities impacted by our activities. We will seek to identify adverse social and environmental impacts through their respective assessments and take necessary appropriate steps to avoid, minimize and/ or mitigate them.
- Planting and clearing operations are strictly "zero burn" and new plantings are guided by the RSPO Principles and Criteria.
- Continuously working towards a dynamic and innovative waste management and utilization system aimed towards zero waste.
- Continuous focus on promoting new technologies with low environmental impact as well as reducing greenhouse gas (GHG) emissions.
- Protect and conserve Endangered , Rare and Threatened Tree species and Animals.
- We will strive to commit our contractors and suppliers to adhere to the environment regulations and thereby focus on traceability within our supply chain.
- 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)

A panoromic view of "The Bek-Nielsen" jungle sanctuary at UIE and our "Gladys" conservation area in Central Kalimantan, a testimony to UP's commitment to preserve the environment.

Human Rights Policy

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

- We conduct our business in a manner that respects the rights and dignity of all people, complying with all legal requirements.
- We treat everyone who works for United Plantations 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 their respective assessments and take appropriate steps to avoid, minimize and/or mitigate them.
- We will not tolerate the use of child or forced labour, slavery or human trafficking in any of our plantations and facilities. We are using the United Nations definition of `child' as anyone who is less than 16 years old or superceded by local regulations above 16 years.
- We will strive to commit our employees, contractors and suppliers to adhere to our core values.

UP founded over 108 years ago, with well established policies and practices on human rights and the environment.

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 2012 more than 320 million hectares of forests were cleared and converted into other uses such as commercial ranching, agriculture, town expansion as well as infrastructural projects amongst others.

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

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

Indeed, things should be put in perspective and acknowledgement given to the fact that the worldwide area under mature oil palms from 1990 to 2012 increased by 9.5 million hectares thus accounting only for less than 3% of the total area of 320 million hectares deforested globally during that period.

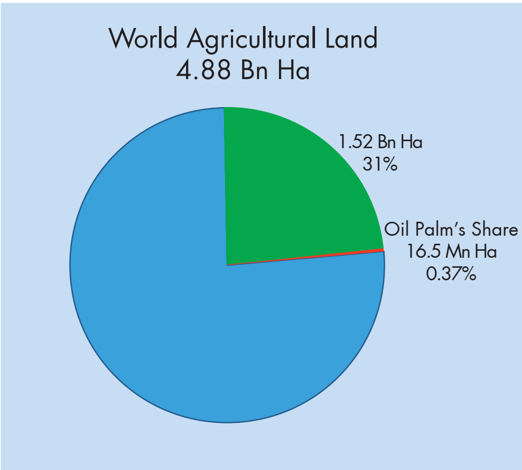
The above-mentioned net growth in oil palm areas does not take into account the large land banks formerly cultivated with cocoa, coconut and rubber, which were subsequently converted into oil palms. This would further reduce the component attributed to deforestation by the oil palm sector.

Global Population

Herein, one must recognize that the world's growing population reached 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 below, 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 world's total agricultural land (permanent crop, meadows and pastures included) as at 31 December 2013 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 32.85% of the world's total of 17 oils and fats in 2013.

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 Footprint Initiatives

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

Life Cycle Assessment (LCA)

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

For example, the world's first comprehensive LCA 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. In 2014, a further update will take place and will provide 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 newly replanted field with good land preparation.

Emissions Reduction

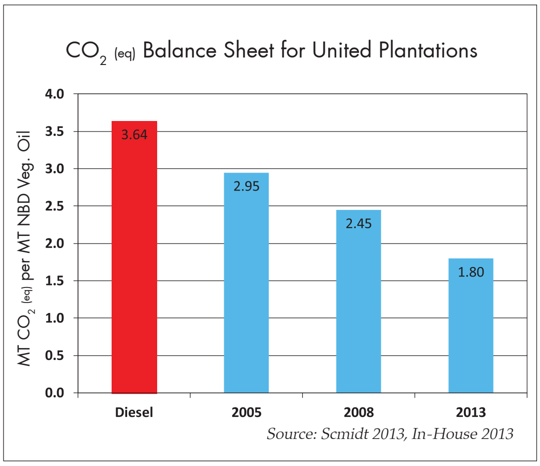
Since then significant investments have been made in promoting green energy starting with the Biomass Reciprocating Boiler cum Power Plant and constructing four Biogas Plants. These projects combined have since helped to significantly reduce our emissions of CO_2 by 70% and CH_4 by 80% at the respective 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 MT of refined palm oil produced by 30% by 2013 when compared to pre-2005 levels. With further investments , we anticipate reducing "Carbon Footprint" per MT of refined palm oil produced by 45% in 2014 when compared to previous 2005 levels.

Indonesia's Biogas Plant

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



Carbon Footprint

The newly commissioned biogas plant at our Lada Mill, Central Kalimantan.

Aage Westenholz, Founder of United Plantations Limited.

Mr. Muniandy, our very own barman, attending to our club house in Jendarata Estate.

High quality Danish cookies prepared at our own bakery at Jendarata. The bakery is open to the public.

Freshly baked Finsk Brod, one of the many different kinds of Danish cookies made.

Forestry and rehabilitation.

Biodiversity and Partnership

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

Memorandum of Understanding

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

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

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

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

The Leopard cat (Prionailurus bengalensis)

Grey heron (Ardea cinerea)

Pig-tail Macaque (Macaca nemestrina)

A pair of monitor lizards.

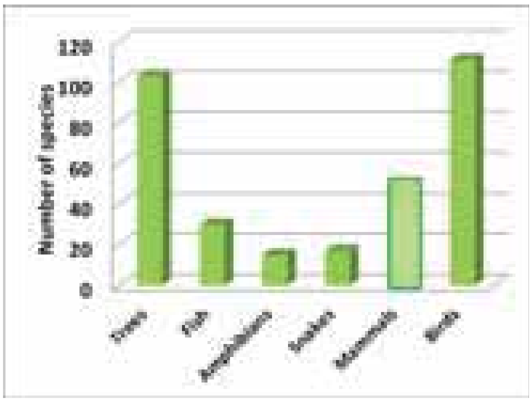
A herd of wildboars.

Biodiversity Division

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

Biodiversity

To establish a biodiversity baseline a number of extensive surveys were undertaken within the Company's conservation areas. Using standardized ecological census techniques and deploying camera traps, cage traps, mistnets, harptraps and pitfalls, the team has recorded 226 vertebrate species many of which are protected by the Indonesian law and some are listed on the IUCN-red list as "Endangered" or "Critically Endangered".



Habitat and ecosystems

The Biodiversity Team has developed two nurseries for native tree species. To date more than 20,000 seedlings from 23 species have been propagated, primarily from seeds and cuttings collected from within the Company's own conservation areas. This includes exotic species such as Ulin *(Eusideroxylon zwager)*, Meranti *(Shorea acuminata)*, Jelutung *(Dyera lowii)* and Agathis *(Agathis borneensis)*.

A wetland scenic lake at one of our reserves in our properties in Central Kalimantan.

The species are carefully selected to approximate the natural species composition for each type of habitat, or to enrich existing degraded habitats. Seedlings are nurtured and monitored for growth and survival rate to optimize the rehabilitation process. The conservation areas are dominated by five types of habitats- mixed Dipterocarp forest, peat swamp forest, fresh water swamp forest, riparian forest and mangrove forest. Each habitat type requires its own specific conservation intervention, for example, choice of species composition, timing and silvicultural treatment. To optimize the rehabilitation process several research-plots have been established, where comparative studies are being conducted by manipulating ecological variables.

Hydrology and Limnology

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

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

Potential trace elements and toxins are measured with a spectrophotometer in the laboratory. In the event of a sudden deterioration in water quality, the team will identify the source of pollution and initiate a process to rectify the problem.

The team has developed a comprehensive geographic information system (GIS) that lays the foundation for most of the Division's operational activities. The GIS-database contains all the team's collected biological, meteorological, geographical, hydrological, monitoring, yield and research information in an interlinked format that can be accessed immediately, if and when needed.

The number of species, combined with the location, date, numbers, observer, weather patterns and season are but a few of the information provided along with an observation of, for example, an orangutan, bird or tree.

The GIS-database also fully integrates a monitoring system and is used for standard cartography as well as complex spatial analyses. In combination with remote- sensing the team creates visual illustrations of habitat types, species distribution, yield trends and areas that need management intervention. It is also used for comparative multi-parametric analyses in ecological research projects.

The team utilises ESRI's "ArcGIS 10", the World's most versatile and powerful GIS-programme. In the field, every staff is equipped with a handheld GPS (Garmin CSx 60 series) and a Nikon AW-no GPS Camera.

Integrated Pest Management

Overpopulation of rats, beetles and various kinds of weeds can have profound negative impact on production yield. UP-PTSSS attempts to minimize the usage of chemical control-agents where possible, and the Biodiversity Division undertakes a number of research projects to maximise the usage of biological control agents where possible. For example, leopard cat *(Prionailurus bengalensis)* is one of the key-predators of rats and other small rodents, and the team has conducted preliminary studies on the effect of these cats as rat-controllers in a plantation landscape.

The results have been very promising, and the team is currently exploring ways to enrich the habitat conditions for leopard cats, to maximise the population density and thereby reduce the effect of rat- damage. Apart from leopard cats, the team also records ecological parameters along with the effect on rat populations of other predators such as barn owls *(Tyto alba)*, Spitting cobra *(Naja sumatrana)* and water monitor lizards *(Varanus v. salvator)*.

RSPO and ISPO

The Roundtable on Sustainable Palm Oil (RSPO) is the World's largest and most comprehensive "sustainability" certification system in the palm oil sector. Whereas RSPO is voluntary commitment, the Indonesian Sustainable Palm Oil System (ISPO) prescribes mandatory sustainability processes for companies operating in Indonesia.

&

UP-PTSSS subscribes and supports both systems, and ensuring a high degree of environmental and social integrity constitutes a core-value of the Company. Being a certified member puts additional obligations to manage and protect high conservation value areas, and document environmentally sustainable production practices.

The Biodiversity Division works closely with all other units in maintaining a high level of environmental and social integrity, as well as provide specific advice that can improve production practices, enrich natural habitats and population management of protected species.

Future challenges and commitments

Protection and monitoring

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

SMART

The team has developed a comprehensive monitoring plan built around the Spatial Monitoring and Reporting Tool (SMART), an open-source programme developed by the international conservation community. Daily, weekly or monthly records of biotic and abiotic parameters are filed into comprehensive GIS-database, and whenever negative trends and/or conditions emerge, the team will recommend corrective and / or mitigating measures to the management.

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

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

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

Mr. Mohammad Silmi , Manager Biodiversity PTSSS setting up a camera trap for monitoring purposes.

A sunset over the Kumai River viewed from our Lada Estate, Central Kalimantan.

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

Memecylon edule

Mischocarpus sundaicus

Lepisanthes rubiginosum

The Kingham-Cooper Tree Species Reserve

The Tree Parks surrounding the Main Office & Lagoon at UIE, now 6 years old, continue to grow well, with the "Kingham-Cooper" Lagoon Reserve now resembling a small forest, with its randomly planted species now totalling over 12,000 trees across 250 different varieties such as tall jungle species as well as many of the small fruiting "food chain" species which attract birds and small mammals.

The tree seeds from the lagoon are continuously being harvested from the "mother trees" (our seed garden), and raised at our nursery next to the oil palm seedlings. These have also been planted out into the Riparian Reserve along the Anak Macang River, which is a voluntary measure taken to enrich the riparian reserve with a wider variety of species than could be achieved from regrowth alone.

It is also a great opportunity for our Planters at United Plantations to gain greater understanding of the various tree types, which will help us to improve and manage our own conservation efforts so as to retain valuable rare tree species for future generations.

We are grateful for the advice and keen interest shown by Malaysia's "Tree Guru" Mr James Kingham, who is generous with his time and contributions which have enabled United Plantations to develop one of the finest collections of tree species-biodiversity on its plantation properties, and which will become a highly valuable resource in the years ahead.

An aerial view of UIE's Lagoon Tree Reserve, an oasis of flowering trees and fruits, shelter and food supply for birds and mammals.

Production and Level of Utilisation of Oil Palm Biomass Residues in UP in 2013 (Dry Matter Basis-Malaysian Operations)

Biomass	Quantity Produced (MT)	Quantity Utilised (MT)	% Utilisation	Method of Utlisation
Trunks and fronds at replanting	300,065	300,065	100	Mulch
Pruned fronds	308,902	308,902	100	Mulch
Spent male flowers	29,702	29,702	100	Organic matter recycled on land
Fibre	55,089	55,089	100	Fuel & mulch in nursery
Shell	32,426	32,426	100	Fuel & mulch for polybag seedlings
POME	24,176	22,503	93	Biogas generation, nutrient source and base for organic fertiliser production
EFB	66,077	64,264	97	Mulch and Fuel
Total	816,437	812,951	-	-
Level of utilisation =99.6%				

In 2013, a total of 816,437 MT of biomass residues were generated through the field and mill operations of the Company. Of these, 812,951 MT or 99.6% of the total, were effectively utilised with most of the residues recycled as organic matter back to the land, in the form of organic mulch in the nursery or as fuel source, thereby enriching our soils and displacing the use of fossil fuels whilst adding value to these biomass.

Fertilizer Equivalent and Monetary Value of Oil Palm Biomass Residues Recycled on Land in UP in 2013-Malaysian Operations

Biomass Residues	Method of Utilisation	Quantity Utilised on Dry Basis (MT)	Fertiliser Equivalent (MT)			
			Urea	Rock Phosphate	Muriate of Potash	Kieserite
Trunks & fronds at replanting	Mulch	300,065	3,751	1,260	4,826	2,301
Pruned fronds	Mulch	308,902	6,964	2,265	5,890	3,856
Spent male flowers	Organic Matter	29,702	955	633	1,757	912
EFB	Mulch	49,782	866	365	2,406	553
Digested POME	Irrigation	22,503	783	495	1,230	900
Total (MT)		710,954	13,319	5,018	16,109	8,522
Monetary value (RM)			18,406,372	2,308,435	20,579,782	4,388,449
Total monetary value RM45,683,038						

With a strong emphasis on sustainability and good agricultural practices, the recycling of field and mill biomass residues back to the oil palm land remains a cornerstone of UP's focus. These measures have been shown to maintain and even improve soil fertility in the long term and can enhance palm growth and oil yield. In 2013, the total organic matter recycled on land in UP amounted to 710,954 MT, which is equivalent to 284,382 MT of carbon. At this rate we are returning 19 MT of organic matter or 7.6 MT of carbon to each hectare, over the period of a year, thereby helping to replenish the soil carbon stock which is an important component of soil health.

Upon 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 42,968 MT of NPKMg fertiliser which in itself is worth a very substantial RM45.68 million at the prevailing 2013 fertilizer prices.

Isokinetic Monitoring of Gaseous Emissions from the Palm Oil Mills

In conformance to the Department of Environment's stipulations as well as to monitor the quality of our gaseous emissions, flue gas compositions were regularly checked by certified assessors throughout 2013. The average dust concentration in the flue gases of all five palm oil mills in UP's Malaysian Operations were as tabulated. In all cases the average dust concentrations were below the limit of 0.4g/Nm^3 set by the Department of Environment as per the Environment Quality Act, 1978.

Palm Oil Mill	Average Dust Concentration (g/Nm^3)
Jendarata Stack 5	0.159
Ulu Bernam Boiler 2 & 3	0.280
UIE Boiler 1 & 3	0.317
Ulu Basir Boiler 3806,3807 and 3907	0.318
Lima Blas Boiler 1 & 2	0.103

The biomas reciprocating boiler at our mill complex at Jendarata Estate.

Malaysia's Zoo Negara will be receiving two Pandas Bears, Fu Wa and Feng Yi from China.

Collaboration with Malaysian's Zoo Negara

The Chinese Government as a gesture of friendship have loaned a pair of Pandas, Fu Wa and Feng Yi to Malaysia which is scheduled to arrive in early 2014. These beautiful herbivors' primary diet is bamboo *(Bambusa heterostachya)* shoots and the bamboos from Kuala Bernam Estate have been selected as the source of food for these Pandas. Of the 18 varieties of bamboos tested as feed, the bamboo sourced from Kuala Bernam Estate was the most favoured by the Pandas.

An agreement has been signed between Zoo Negara and United Plantations Berhad to supply the bamboo for feed when the Pandas arrive in Malaysia.

Bamboo (Bambusa heterostachya) sourced from our Kuala Bernam Estate is most favoured by these Panda Bears.

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 USD32million. Each joint venture party committed to subscribe for RM15 million in share capital and the balance of the investment is expected to be funded by bank borrowings.

The collaboration with Oleon is progressing smoothly and the state-of-the-art factory is expected to start producing food oleo-derivatives mid 2014. The application and use of these products within the food segment will range from the bakery, the dairy to 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".

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

Ybhg. Dato' Carl Bek-Nielsen, CED together with guests from the Oleon Group, Mr. Michel Boucly and Mr. James de Caluwe.

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

In summary, the Board had assumed the following stewardship responsibilities in furtherance of its duties:

i) Reviewed and adopted the strategic plan, both short term and long term, for the Group;

ii) Oversaw and evaluated the conduct of the Group's business and concluded that the business is being managed sustainably with regards to economy, social responsibilities and the environment;

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

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

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

vi) Reviewed the adequacy and the integrity of the Group's internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines and were satisfied that the internal control systems and information systems were adequate in all material aspects and that the group complied with applicable laws and regulations;

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

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

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

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 6 times during the year 2013, and the minutes thereof were included in the Board files for information and deliberation by the Board. All the executive directors attended all 6 meetings. The Executive Committee also met informally to deal with matters that required prompt response and decisions.

Audit Committee

The Audit Committee consists entirely of 3 non-executive directors, 2 of whom are independent directors. The Terms of Reference includes scope, functions and activities. The activities of the Audit Committee during the year have been described at length in a separate statement in this Annual Report.

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, 2 of whom are independent directors. The Committee has access to the services of the Company's Secretary who would record and maintain minutes of meetings and obtain information for the purpose of meeting statutory obligations as well as obligations arising from Bursa Malaysia's Main Market Listing Requirements.

The members of the Nomination Committee as at the end of financial year 2013 were as follows:-

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

Strict quality control - a crucial step to enable our tissue culture laboratory to produce up to a million high quality banana ramets a year.

Ybhg. Tan Sri Datuk Dr Johari bin Mat, The Chairman of United Plantations Berhad presenting a gift to our Director, Mr. Brian Bech Nielsen who retired after serving the Board for 8 years.

Shareholders voting on a resolution at the AGM held on 11 May 2013.

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

Mr. R. Nadarajan
(Non-Independent, Non-Executive Director, appointed on 1 June 2013)

Mr. G. Peter Selvarajah
(Independent, Non-Executive Director, retired on 11 May 2013)

The Committee held 1 meeting in respect of year ended 31 December 2013 for the purpose of making an assessment of the directors and board committees, and, for assessing the nomination of a new director, for considering directors who are due to retire on rotation at the A.G.M., re-appointment of a director under Section 129(6) of the Companies Act 1965, and the re-designation of 3 directors as independent directors. Under Article 92 of the Company's Memorandum and Articles of Association at the A.G.M. one-third of the directors shall retire from office and are eligible to seek re-election. The committee also reviewed the required mix of skills and qualities that non-executive directors should bring to the Board. At this meeting an assessment on the effectiveness of the Board and the Committees, and the contributions of each individual director were deliberated. The Committee reached the conclusion that the Board Committees and the directors in their individual capacity supported the current needs of the Board. Of the 3 directors who were proposed to be re-designated as independent directors, the Committee concluded that all 3 of them remain objective and independent and their lengths of service do not interfere with their exercise of independent judgement and accordingly recommended to the Board to be so re-designated.

Remuneration Committee And Directors Remuneration

The Remuneration Committee consists entirely of 3 non-executive directors, 2 of whom are independent Directors. Its primary function is to review and recommend the remuneration for the Company's executive directors. The members of the Remuneration Committee are stated herebelow:-

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

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

Mr. R. Nadarajan
(Non-Independent, Non-Executive Director, appointed on 1 June 2013)

Mr. G. Peter Selvarajah
(Independent, Non-Executive Director, retired on 11 May 2013)

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

Only the executive directors have contracts of service which are normally reviewed every three years. The executive directors' salaries are linked to their position, seniority, experience and the Company's overall profitability which would vary from year to year. The salary components are determined in accordance with the Company's established remuneration policy for executive directors. The remuneration packages are sufficiently attractive to attract and retain executive directors.

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

The Remuneration Committee did not hold any meetings during the financial year ended 31 December 2013 because there were no renewal of any executive director's contracts and the level of directors' fees were deemed fair.

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

	Fees (RM)	Basic Salary (RM)	Additional Remuneration (RM)	Other Benefits (RM)	Meeting Attendance Allowance (RM)	Total (RM)
Non-Executive Directors	429,493	-	-	-	63,000	492,493
Executive Directors	260,000	490,800	3,356,750	650,452	25,500	4,783,502
Total	689,493	490,800	3,356,750	650,452	88,500	5,275,995

It is not the Board's policy to disclose the remuneration of each individual director due to the Company's concerns for the sensitivity and confidentiality of such information. However, directors remunerations are disclosed in the applicable bands of RM50,000 herebelow differentiating the numbers between executive and non-executive directors.

Remuneration Range	Executive Directors	Non-Executive Directors
Below RM 50,000		3
RM 50,001 - RM 100,000		3
RM 100,001 - RM 200,000		1
RM 900,001 - RM 950,000	1	
RM 1,150,001 - RM 1,200,000	1	
RM 1,200,001 - RM 1,250,000	1	
RM 1,450,001 - RM 1,500,000	1	

Enthusiastic school children from the SJK(T) Jendarata Estate, Division 1 participating in the annual Merdeka Walk.

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 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 are acted upon appropriately.

Board Balance and Independence of Directors

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

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

Your Board consists of 9 directors, 4 of whom are executives who have an intimate knowledge of the business. Amongst the remaining 5 non-executive directors, 3 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 12 years, Dato' Jeremy Derek Campbell Diamond who has served on the Board for 12 years and Mr. Ahmad Riza Basir who has served on the Board for 13 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 a member of the Remuneration and Nomination Committees, and in the case of Mr. Ahmad Riza Basir as a member of the Audit Committee.

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

The Board supports the initiative to include women 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.

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. 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. Loh Hang Pai	4	4
Mr. R. Nadarajan (appointed on 1 June 2013)	2	2*
Mr. G. Peter Selvarajah (retired on 11 May 2013)	2	2**
Mr. Brian Bech Nielsen (resigned on 11 May 2013)	2	2**

* *since date of appointment*
** *upto date of retirement/resignation*

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

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

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

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

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

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

Relevant training programmes, seminars and conferences attended by Directors during the financial year ended 31 December 2013 were:

1. Bursa Malaysia's Annual Palm & Lauric Oils Conference & Exhibition: Price Outlook 2013/2014 (POC2013)

2. Bursa Malaysia - Board Chairman Series, the role of the Chairman

3. MPOB International Palm Oil Conference (PIPOC) 2013 (Ybhg. Dato' Carl Bek-Nielsen also presented a paper at the conference on Sustainability Challenges & Food Security: Is Palm Oil the Solution)

4. Bursa Malaysia – Nominating Committee Program

5. Mandatory Accreditation Programme for new directors

6. Bursa Malaysia – Advocacy sessions on Corporate Disclosure

7. MICG – Directors Remuneration Seminar 2013

8. In-House training – negotiation of Collective Agreements and their effects on cost of production

9. Global Green Growth Forum

Integrity in Financial Reporting

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

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 renders a statement to the shareholders to this effect. In this connection, the Audit Committee is assisted by an in-house internal audit department and an external independent professional firm who conduct regular reviews of the internal controls and report to the Audit Committee directly. The external auditors are appointed by the Board to review the Statement of Internal Control and to report thereon

Relationship with the Auditors

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

Mr. Kandha Sritharan, our plant breeder, providing a briefing on planting materials.

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 directly 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.

A truck delivering fertilizers using our well maintained internal roads.

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 website: www.bursamalaysia.com. are used as a forum to communicate with shareholders and investors where they can access corporate information, company's announcements, corporate proposals, quarterly and annual reports, etc.

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

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

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.

Mr. Ho Dua Tiam, IGE/SA, with his former Manager, Mr Jens Leth Pedersen and his lovely wife on a small tour of our Museum in his recent visit.

Statement On Directors' Responsibility As At 31 December 2013

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 2013 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 Engine Room displaying 2 x 1.4 mega watts turbines at the Lada Palm Oil Mill.

Statement On Risk Management and Internal Control

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

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 follow:

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

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

- Comprehensive financial and operational reports, including key performance indicators are reviewed against prescribed budgets and parameters by management and executive directors on a monthly 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 102 to 104.

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 RMIC 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 2013 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 2014
GDP Growth

Though the pace of recovery is expected to remain moderate, the gradual improvement in the global economy experienced in 2013 is expected to continue in 2014. Global growth will be supported by a broader economic recovery in the advanced economies and sustained growth in the emerging economies. A contributing factor underlying this trend is the remaining structural issues in the advanced economies, in particular the high structural unemployment and weak financing activity amid ongoing fiscal consolidation and deleveraging activity.

World Economy : Key Economic Indicators

Country	Real GDP Growth (%) 2012	Real GDP Growth (%) 2013e	Inflation (%) 2012	Inflation (%) 2013e
World Growth	**3.1**	**3.0**	-	-
World Trade	**2.7**	**2.7**	-	-
Advanced Economies				
United States	2.8	1.9	2.1	1.5
Japan	1.4	1.5	0.0	0.4
Euro Area[1]	-0.7	-0.5	2.5	1.4
United Kingdom	0.2	1.8	2.8	2.6
Emerging Asia[2]	**6.5**	**6.4**	2.7	2.7
Other Advanced Asian Economies	**1.8**	**2.7**	**2.6**	**1.6**
Korea	2.0	2.8	2.2	1.3
Chinese Taipei	1.5	2.1	1.9	0.8
Singapore	1.9	4.1	4.6	2.4
Hong Kong SAR[3]	1.5	2.9	4.1	4.3
The People's Repulic of China	**7.7**	**7.7**	**2.6**	**2.6**
ASEAN-4	**6.3**	**5.1**	**3.3**	**4.4**
Malaysia	5.6	4.7	1.6	2.1
Thailand	6.5	2.9	3.0	2.2
Indonesia	6.3	5.8	4.3	7.0
Philippines	6.8	7.2	3.2	3.0
India[3]	**4.7**	**4.6**	**9.7**	**10.1**

1 Refers to EU-17
2 Emerging Asia refers to Chinese Taipei, Hongkong SAR, Indonesia, Korea, Malaysia, Philippines, PR China, Singapore and Thailand
3 Inflation refers to composite price index
e Estimate

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

Palm Oil Extraction Rates (OER) and Average FFB Yields

	2013	2012
OER (%)		
Malaysian National Average	20.25	20.35
UP-Malaysian operation	22.07	21.86
UP-Indonesian operation	24.41	24.38
FFB Yield (MT/Ha)		
Malaysian National Average	19.02	18.89
UP-Malaysian operation	22.42	25.05
UP-Indonesian operation	15.84	17.50

Malaysian CPO Production 2013

The year 2013 saw mixed performance of the Malaysian oil palm industry. The average price of CPO although lower than the previous year, was on an uptrend from a low of RM2,221 in January 2013 to close at RM2,574.50 in December 2013. CPO production recorded an increase of 2.3% to 19.22 million MT against 18.79 million MT recorded in 2012. This was due to the higher FFB yield by 0.7% as well as additional new matured areas coming into production especially in Sarawak. CPO production in Peninsular Malaysia recorded an increase of 0.1% to 10.33 million MT.

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
(retired on 11-5-2013)

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

Mr. R. Nadarajan
(appointed on 1-6-2013)
(Non-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 also authorized by the Board to obtain external legal or other independent professional advice as necessary.

c) Scope and Function

The scope and functions of the Committee shall be to:

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

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

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

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

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

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

(d) Review and approve the internal audit plan;

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

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

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

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

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

(j) Review interim financial information;

(k) Review accounting policies to determine suitability; and

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

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

d) Frequency of Meetings and Attendance

The Committee shall meet at least four times a year.

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

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

The Secretary of the Committee shall be the Company Secretary. The Secretary shall maintain minutes of the proceedings of the meetings. The minutes of the meetings shall be tabled at the United Plantations Berhad'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 2013 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	3*	3*
Mr. Ahmad Riza Basir	5	5
Mr. R. Nadarajan	2**	2**

* *up to his retirement on 11 May 2013*
** *since his appointment on 1 June 2013*

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;

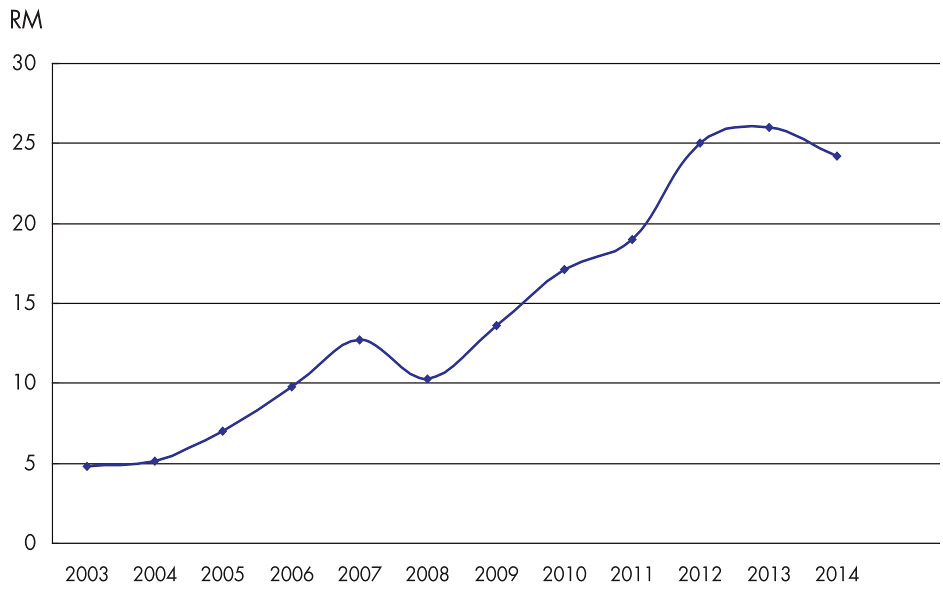
d) Reviewed and discussed with the external and internal auditors issues and their findings noted in the course of their audit of the Group, including their evaluation of the system of internal control and risk management policies and procedures;

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.

Share Price from 2003 - 4 March 2014



Additional Disclosures

Pursuant to the listing requirements of Bursa Malaysia Securities Berhad, additional disclosures by the Group for the year ended 31 December 2013 are as follows:-

1) Utilization of proceeds raised from Corporate Proposals

There were no issue of shares during the financial year.

2) Share Buy-Backs

The shareholders of the Company, by a resolution passed at the Extraordinary General Meeting held on 12 November 2013, approved the Company's plan to repurchase up to 10% of the issued and paid –up share capital which includes UP shares listed on Bursa Malaysia and the Nasdaq OMX Copenhagen. During the financial year the Company repurchased 341,774 ordinary shares of RM1.00 each of its issued shares from the open market on the Nasdaq OMX Copenhagen. The average price paid for the ordinary shares repurchased was RM25.26 per ordinary share. The repurchase transactions were financed by internally generated funds. The ordinary shares repurchased are held as treasury shares and treated in accordance with the requirements of Section 67A of the Companies Act , 1965.

3) Options, Warrants and Convertible securities

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

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

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

5) Sanctions and/or Penalties

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

6) Non-audit fees paid to External Auditors

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

	RM
Tax services	78,100

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

RM609,090 was incurred by the Group in the Financial year for its outsourced internal audit and in-house internal audit department.

Economic Outlook 2014 - Malaysia

Consumer Pricer

Headline inflation is projected to average 3% -4% in 2014 (2013:2.01%) due to mainly domestic cost factors and with the recent price adjustments arising from subsidy rationalization and the spillover effects on the prices of other goods and services The higher cost pressures, however, will be partly contained by subdued external price pressures, given the expectation of lower global food and energy prices.

Source : Bank Negara Malaysia

UP Share Prices

Year	2013	2012	2011	2010	2009
Highest Price Per Share (RM)	33.26	28.00	19.00	17.70	14.00
Lowest Price Per Share (RM)	24.70	19.16	16.00	13.32	9.70

The price of United Plantations shares on Bursa Malaysia Securities Berhad reached a high of RM33.26 and recorded a low of RM24.70 per share for the year ended 31st December 2013. Compared with the corresponding prices achieved in 2009, this represented an increase of 137.57% and 154.64% respectively.

Oil palm, the highest oil yielding crop in the world.

UNITED PLANTATIONS BERHAD

(Company No. 240-A)

Financial Statements
For the year ended 31 December 2013

Contents

Report Of The Directors For The Year Ended 31 December 2013

The Directors have pleasure in submitting for your consideration their 93rd annual report together with the audited financial statements of the Company and of the Group for the year ended 31 December 2013.

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	252,487	252,118
Attributable to:		
Equity owners of the parent	251,831	252,118
Non-controlling interests	656	-
Total	252,487	252,118

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

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

Group's Plantation Properties

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

	Hectares
Malaysia	
UIE estates	10,370
Jendarata	6,380
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)	9,061
PT Sawit Seberang Seberang (planted area)	944
	10,005
Conservation and Plasma	8,660
Sub-total	18,665
Total	59,527

Report Of The Directors For The Year Ended 31 December 2013

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 2013 were as follows:

3,040 hectares of oil palm replanted with oil palm
125 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 5 June 2013.

(b) A special dividend of 55% gross less 25% tax amounting to RM85,855,385 in respect of the previous financial year was paid on 5 June 2013.

(c) An interim dividend of 25% gross less 25% tax amounting to RM39,022,750 in respect of the current financial year was paid on 20 December 2013.

(d) A special dividend of 12.495% gross less 25% tax amounting to RM19,503,570 in respect of the current financial year was paid on 20 December 2013.

(e) A special single tier dividend of 2% amounting to RM4,162,427 in respect of the current financial year was paid on 20 December 2013.

At the forthcoming Annual General Meeting, a final single-tier dividend of 22.5% amounting to RM46,753,311 and a special single-tier dividend of 41.25% amounting to RM85,714,403 in respect of the year ended 31 December 2013 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 2014.

Treasury Shares

The shareholders of the Company, by a resolution passed at the Annual General Meeting held on 16 May 2005, approved the Company's plan to purchase up to 10% of the issued and paid-up share capital of the Company. The authority granted by the shareholders was subsequently renewed during subsequent Annual General Meetings, including the last meeting held on 11 May 2013.

During the current financial year, the Company purchased 341,774 ordinary shares of RM1.00 each of its issued shares with its internally generated funds from the open market of NASDAQ OMX Copenhagen A/S. The average price paid for the ordinary shares purchased was RM25.26 per ordinary share. The purchased treasury shares were held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act, 1965.

The Company has the right to cancel, resell these shares and/or distribute these shares as dividends at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distribution are suspended. None of the purchased treasury shares had been sold , cancelled or distributed as at 31 December 2013.

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

Report Of The Directors For The Year Ended 31 December 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
Ybhg. Dato' Carl Bek-Nielsen
Mr. Ho Dua Tiam
Mr. Ahmad Riza Basir
Y.Hormat Dato' Jeremy Derek Campbell Diamond
Mr. Martin Bek-Nielsen
Mr. Mohamad Nasir bin Ab. Latif
Mr. Loh Hang Pai
Mr. R Nadarajan (Appointed w.e.f. 1 June 2013)
Mr. G. Peter Selvarajah (Retired w.e.f. 11 May 2013)
Mr. Brian Bech Nielsen (Resigned w.e.f. 11 May 2013)

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 2013	Bought	Sold	31 December 2013	% of Issued Share Capital*
The Company:					
Ybhg. Tan Sri Datuk Dr. Johari bin Mat					
- held directly	82,000	-	-	82,000	0.04
- deemed interested	10,000	-	-	10,000	-
Ybhg. Dato' Carl Bek-Nielsen					
- held directly	2,114,556	67,935	-	2,182,491	1.05
- deemed interested	96,002,570	-	22,435	95,980,135[*1]	46.19
Mr. Ho Dua Tiam					
- held directly	707,400	-	-	707,400	0.34
Mr. Ahmad Riza Basir					
- held directly	70,500	-	-	70,500	0.03
Ybhg 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	500	-	547,413	0.26
- deemed interested	95,937,577	-	500	95,937,077[*2]	46.17
Mr. Loh Hang Pai					
- held directly	10,000	-	-	10,000	-

Report Of The Directors For The Year Ended 31 December 2013

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
45,058 shares	-	Deemed interested through immediate family members
95,980,135 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
2,000 shares	-	Deemed interested through immediate family members
95,937,077 shares		

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

By virtue of their interest in the shares of United International Enterprises Limited, 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 Directors in office at the end of the financial year did not have any interest in shares in the Company or its related corporations during the financial year.

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

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

Report Of The Directors For The Year Ended 31 December 2013

Other statutory information

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

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

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

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

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

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

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

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

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

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

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

(f) In the opinion of the Directors:

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

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

Report Of The Directors For The Year Ended 31 December 2013

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 14 March 2014.

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

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

Statements Of Comprehensive Income
For The Year Ended 31 December 2013

		Group		Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	4	950,222	1,183,389	496,076	625,850
Other income		15,548	40,704	6,994	8,084
		965,770	1,224,093	503,070	633,934
Changes in finished goods		(34,860)	(5,571)	11,058	(4,191)
Raw materials and consumables used		(270,580)	(456,869)	(10,692)	(16,047)
Amortisation of biological assets		(23,164)	(23,698)	(16,303)	(16,508)
Depreciation of property, plant and equipment		(39,766)	(38,967)	(22,363)	(21,746)
Amortisation of land use rights		(737)	(547)	-	-
Staff costs	5	(125,006)	(119,614)	(99,811)	(94,381)
Other expenses		(157,073)	(147,163)	(62,762)	(73,800)
Profit from operations	5	314,584	431,664	302,197	407,261
Finance costs	6	(28)	(26)	(24)	(24)
Investment and interest income	7	26,666	22,634	28,654	20,915
Share of results of joint venture	13	(746)	(33)	-	-
Profit before taxation		340,476	454,239	330,827	428,152
Taxation	8	(87,989)	(111,688)	(78,709)	(108,062)
Net profit for the year		252,487	342,551	252,118	320,090
Attributable to:					
Equity owners of the parent		251,831	342,241	252,118	320,090
Non-controlling interests		656	310	-	-
		252,487	342,551	252,118	320,090
Earnings per share (sen)	9	121	165		

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

Statements Of Comprehensive Income
For The Year Ended 31 December 2013

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Net profit for the year	252,487	342,551	252,118	320,090
Other comprehensive loss:				
Foreign currency translation, representing net other comprehensive loss for the year, to be reclassified to profit and loss in subsequent period, net of tax RM: nil	(5,266)	(675)	-	-
Total comprehensive income for the year	247,221	341,876	252,118	320,090
Total comprehensive income attributable to:				
Equity owners of the parent	246,565	341,663	252,118	320,090
Non-controlling interests	656	213	-	-
	247,221	341,876	252,118	320,090

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

Statements Of Financial Position
As At 31 December 2013

Group

	Note	2013 RM'000	2012 RM'000
Assets			
Non-Current Assets			
Biological assets	10 (a)	376,719	380,147
Property, plant and equipment	10 (b)	921,776	916,640
Land use rights	10 (c)	31,110	34,071
Associated company	12	50	50
Joint venture	13	9,337	3,333
Available for sale financial asset	14	6,446	6,446
Derivatives	29 (g)	1,281	-
		1,346,719	1,340,687
Current Assets			
Inventories	15	141,818	178,722
Trade and other receivables	16	125,232	102,335
Prepayments		84	281
Tax recoverable		3,199	143
Derivatives	29 (g)	-	1,400
Cash and bank balances	17	778,948	747,773
		1,049,281	1,030,654
Total Assets		2,396,000	2,371,341
Equity and Liabilities			
Equity attributable to owners of the parent			
Share capital	18 (a)	208,134	208,134
Treasury shares	18 (b)	(8,635)	-
Reserves	19	1,993,785	1,942,594
		2,193,284	2,150,728
Non-controlling interests		1,076	420
Total Equity		2,194,360	2,151,148
Non-Current Liabilities			
Deferred taxation	20	97,476	86,108
Retirement benefit obligations	21	10,930	11,142
Derivatives	29 (g)	-	283
		108,406	97,533
Current Liabilities			
Trade and other payables	22	70,860	78,681
Tax payable		17,213	28,055
Retirement benefit obligations	21	1,354	675
Derivatives	29 (g)	3,511	15,169
Bank borrowings	23	296	80
		93,234	122,660
Total Liabilities		201,640	220,193
Total Equity and Liabilities		2,396,000	2,371,341

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

Statements Of Financial Position
As At 31 December 2013

Company

	Note	2013 RM'000	2012 RM'000
Assets			
Non-Current Assets			
Biological assets	10 (a)	259,595	234,087
Property, plant and equipment	10 (b)	724,170	717,359
Subsidiary companies	11	469,251	469,251
Associated company	12	50	50
Joint venture	13	10,116	3,366
Available for sale financial asset	14	6,446	6,446
		1,469,628	1,430,559
Current Assets			
Inventories	15	58,175	50,081
Trade and other receivables	16	27,277	23,199
Prepayments		84	86
Cash and bank balances	17	678,121	691,207
		763,657	764,573
Total Assets		2,233,285	2,195,132
Equity and Liabilities			
Equity attributable to owners of the parent			
Share capital	18 (a)	208,134	208,134
Treasury shares	18 (b)	(8,635)	-
Reserves	19	1,877,532	1,820,788
Total Equity		2,077,031	2,028,922
Non-Current Liabilities			
Deferred taxation	20	92,418	85,800
Retirement benefit obligations	21	5,874	5,093
		98,292	90,893
Current Liabilities			
Trade and other payables	22	40,218	46,942
Tax payable		16,990	27,792
Retirement benefit obligations	21	754	583
		57,962	75,317
Total Liabilities		156,254	166,210
Total Equity and Liabilities		2,233,285	2,195,132

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

Statements Of Changes In Equity
For The Year Ended 31 December 2013

Group	Note	Share capital (Note 18(a))	Available for sale reserve (Note 19)	Share premium (Note 19)	Capital reserve (Note 19)	Foreign currency translation reserve (Note 19)	Treasury shares (Note 18(b))	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	RM'000
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
At 1 January 2013		208,134	893	181,920	21,798	(1,764)	-	1,739,747	2,150,728	420	2,151,148
Total comprehensive income for the year		-	-	-	-	(5,266)	-	251,831	246,565	656	247,221
Purchase of treasury shares	18(b)	-	-	-	-	-	(8,635)	-	(8,635)	-	(8,635)
Dividends, representing total transaction with owners of the parent	24	-	-	-	-	-	-	(195,374)	(195,374)	-	(195,374)
At 31 December 2013		208,134	893	181,920	21,798	(7,030)	(8,635)	1,796,204	2,193,284	1,076	2,194,360

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

Statements Of Changes In Equity
For The Year Ended 31 December 2013

Company		← Non-distributable		→	← Distributable →		
	Note	Share capital (Note 18(a))	Available for sale reserve (Note 19)	Share premium (Note 19)	Treasury shares (Note 18(b))	Retained profits (Note 19)	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 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
At 1 January 2013		208,134	893	181,920	-	1,637,975	2,028,922
Total comprehensive income for the year		-	-	-	-	252,118	252,118
Purchase of treasury shares	18(b)	-	-	-	(8,635)	-	(8,635)
Dividends, representing total transaction with owners of the parent	24	-	-	-	-	(195,374)	(195,374)
At 31 December 2013		208,134	893	181,920	(8,635)	1,694,719	2,077,031

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

Cash Flow Statements
For The Year Ended 31 December 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Cash Flows From Operating Activities					
Receipts from customers		964,027	1,171,945	496,617	629,266
Payments to suppliers		(315,938)	(486,875)	(10,335)	(14,686)
Payments of operating expenses		(241,579)	(185,024)	(181,923)	(153,821)
Payments of taxes		(90,793)	(109,830)	(82,893)	(104,023)
Other receipts		-	56,787	5,689	8,127
Net cash generated from operating activities		315,717	447,003	227,155	364,863
Cash Flows From Investing Activities					
Proceeds from sale of property, plant and equipment		4,618	571	3,512	243
Interest income		27,171	19,141	23,359	17,397
Net change in deposits with licensed banks with tenure more than 3 months		182,916	(361,000)	182,916	(361,000)
Dividend received from a subsidiary company		-	-	6,000	-
Pre-cropping expenditure incurred		(42,466)	(41,485)	(41,811)	(38,140)
Purchase of property, plant and equipment	(a)	(61,894)	(63,126)	(30,797)	(33,856)
Land use rights payment made		(1,707)	(6,106)	-	-
Investment in joint venture		(6,750)	(3,366)	(6,750)	(3,366)
Grant received from Government		314	-	314	-
Net cash used in investing activities		102,202	(455,371)	136,743	(418,722)

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

Cash Flow Statements
For The Year Ended 31 December 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Cash Flows From Financing Activities					
Interest paid		(28)	(26)	(24)	(24)
Dividends paid		(195,374)	(187,321)	(195,374)	(187,321)
Inter-company balances		-	-	9,972	33,057
Associated company balances		(7)	3	(7)	3
Purchase of treasury shares		(8,635)	-	(8,635)	-
Net cash used in financing activities		(204,044)	(187,344)	(194,068)	(154,285)
Net increase in cash and cash equivalents		213,875	(195,712)	169,830	(208,144)
Cash and cash equivalents at the beginning of year		211,693	407,405	155,207	363,351
Cash and cash equivalents at end of year	(b)	425,568	211,693	325,037	155,207

(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 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Short term funds	263,540	103,041	263,540	103,041
Deposits with licensed banks	498,448	630,102	409,980	584,049
Cash at banks and on hand	16,960	14,630	4,601	4,117
Bank overdrafts	(296)	(80)	-	-
	778,652	747,693	678,121	691,207
Less: Deposits with licensed banks with tenure more than 3 months	(353,084)	(536,000)	(353,084)	(536,000)
Cash and cash equivalents at end of year	425,568	211,693	325,037	155,207

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

Notes To The Financial Statements

1. Corporate Information

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad and was listed on NASDAQ OMX Copenhagen A/S until 2 January 2014. 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 2013 for the Group was 6,716 (2012: 6,563) and for the Company was 5,549 (2012: 5,344).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 14 March 2014.

2. Significant Accounting Policies

2.1 Basis of Preparation

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

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

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

2.2 Changes In Accounting Policies

On 1 January 2013, 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 2013.

Description	Effective for annual periods beginning on or after
• Amendments to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
• FRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
• FRS 127 Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003)	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 (IAS 19 as amended by IASB in June 2011)	1 January 2013

Notes To The Financial Statements

• FRS 127 Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
• FRS 128 Investment in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)	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
• Annual Improvements 2009-2011 Cycle	1 January 2013
• Amendments to FRS 1: Government Loans	1 January 2013
• Amendments to FRS 10, FRS 11 and FRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013

The adoption of the above standards and interpretation did not have any significant effect on the financial performance and position of the Group and of the Company except for those discussed below:

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 investment 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. The adoption of the above FRS10 did not have any impact on the financial position or performance of the Group and the Company.

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 11 has been applied in accordance with the relevant transitional provisions set out in FRS 11. The adoption of the above FRS11 did not have any impact on the financial position or performance of the Group and the Company.

The Group's and Company's jointly controlled entity meets the definition of a joint venture and hence continued to be accounted for using the equity method as disclosed in Note 13.

FRS 12 Disclosures 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 and Company's financial position or performance.

FRS 13 Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS. FRS 13 defines fair value as an exit price. As a result of the guidance in FRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. FRS 13 also requires additional disclosures.

Application of FRS 13 has not materially impacted the fair value measurements of the Group and the Company. Additional disclosures where required, are provided in the respective notes.

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

The amendments to FRS 101 introduce a grouping of items presented in other comprehensive income. Items that will be reclassified ("recycled") to profit or loss at a future point in time (e.g.: net loss or gain on available-for-sale financial assets) have to be presented separately from items that will not be reclassified (e.g.: revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's and the Company'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.

Notes To The Financial Statements

2.3 Summary Of Significant Accounting Policies

(a) Subsidiary Companies And Basis Of Consolidation

(i) Subsidiaries

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

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

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2013. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

(b) Exposure, or rights, to variable returns from its involvement with the investee,

(c) The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee

(b) Rights arising from other contractual arrangements

(c) The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statements of financial position and statements of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

(a) Derecognises the assets (including goodwill) and liabilities of the subsidiary

(b) Derecognises the carrying amount of any non-controlling interests

(c) Derecognises the cumulative translation differences recorded in equity

(d) Recognises the fair value of the consideration received

(e) Recognises the fair value of any investment retained

(f) Recognises any surplus or deficit in profit or loss

Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

(iii) Transactions with non-controlling interests

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

(b) Associated Companies

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

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

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

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

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

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

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

(c) Joint Venture

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

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

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

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

Notes To The Financial Statements

(d) (i) Biological Assets

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

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

(ii) Property, Plant and Equipment And Depreciation

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

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

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

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

Spare parts which are held for use in the production or supply of goods or services and are expected to be used during more than one period, and thus are classified under property, plant and equipment. The cost will be charged out to income statement when the spare parts are utilised.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the profit or loss.

(iii) Land Use Rights

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

(e) Inventories

Agricultural produce stocks are stated at net realisable value at the reporting date.

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

(f) Income Tax

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

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

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

(g) Foreign Currencies

(i) Functional And Presentation Currency

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

(ii) Foreign Currency Transactions

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

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

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

(iii) Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

(a) Assets and liabilities for each statements of financial position presented are translated at the closing rate prevailing at the reporting date;

(b) Income and expenses for each profit or loss are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

(c) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

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

The principal exchange rates used for foreign currency ruling at the reporting date are as follows:

	2013 RM	2012 RM
1 United States Dollar (USD)	3.2755	3.0580
100 Indonesian Rupiah (IDR)	0.027	0.032

(h) Revenue Recognition

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

(i) Sale of goods

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

(ii) Interest income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

(iii) Dividend income

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

(iv) Revenue from services

Revenue from services is recognised when services are rendered.

(v) Rental income

Rental income is recognised on a time proportion basis.

(i) Employee Benefits

(i) Short term benefits

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

(ii) Defined contribution plans

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

(iii) Defined benefit plans

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

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

(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.

Notes To The Financial Statements

(p) Equity Instruments

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

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

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

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

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

(r) Research And Development Costs

All general research and development costs are expensed as incurred.

(s) Operating Leases - The Group As Lessee

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

(t) Government grants

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

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

Notes To The Financial Statements

2.4 Significant Accounting Estimate

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

(i) Impairment of property, plant and equipment

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

(ii) Biological Assets

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

Notes To The Financial Statements

2.5 Standards Issued But Not Yet Effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective:

Description	Effective for annual periods beginning on or after
• Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
• Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities	1 January 2014
• Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
• Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
• IC Interpretation 21 Levies	1 January 2014
• Amendments to FRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
• Annual Improvements to FRSs 2010-2012 Cycle	1 July 2014
• Annual Improvements to FRSs 2011-2013 Cycle	1 July 2014
• FRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
• FRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
• FRS 9 Financial Instruments: Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139	To be announced

The Directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

<u>FRS 9 Financial Instruments: Classification and Measurement</u>

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 and the Company's financial assets. The Group and the Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Notes To The Financial Statements

Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

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.

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 companies for annual periods beginning on or after 1 January 2014.

However, on 7 August 2013, MASB has further decided to allow Transitioning Entities to defer adoption of the MFRS Framework for another year. MFRS will therefore be mandated for all companies for annual periods beginning on or after 1 January 2015.

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2015. 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 2015.

Notes To The Financial Statements

3. Group Structure

The subsidiary companies are as follows:

Company	Country of incorporation and principal place of business	Percentage of equity held by the Group* 2012 / 2013 %	Percentage of equity held by non-controlling interest* 2012 / 2013 %	Activities (see below)
Unitata Berhad	Malaysia	100	-	(a)
Butterworth Bulking Installation Sdn. Bhd.	Malaysia	100	-	(b)
Bernam Advisory Services Sdn. Bhd.	Malaysia	100	-	(c)
Berta Services Sdn. Bhd.	Malaysia	100	-	(c)
PT. Surya Sawit Sejati ("PT SSS1")	Indonesia	95	5	(d)
PT. Sawit Seberang Seberang ("PT SSS2")	Indonesia	93	7	(e)
Bernam Agencies Sdn. Bhd.	Malaysia	100	-	(f)
United International Enterprises (M) Sdn. Bhd.	Malaysia	100	-	Dormant
Kapal Bernam Sdn. Bhd.	Malaysia	100	-	Dormant
Scanlook Sdn. Bhd.	Malaysia	100	-	Dormant

** equals to the proportion of voting rights held*

The subsidiary companies are primarily engaged in the following activities:

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

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

(c) Trading, marketing and investment holding.

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

(e) Business of oil palm cultivation in Indonesia.

(f) Investment holding.

Notes To The Financial Statements

The joint venture is as follows:-

Company		Country of incorporation and principal place of business	Percentage of equity held by the Group*		Principal Activities
			2013 %	2012 %	
Unioleon Sdn. Bhd.	(a)	Malaysia	50	50	Food emulsifiers

** equals to the proportion of voting rights held*

(a) The joint venture is accounted for using the equity method.

The Company had on 20 June 2012 entered into a Joint Venture Agreement with Oleon NV to form a new joint venture, Unioleon Sdn. Bhd. which is to develop a food emulsifier plant in Pulau Indah at an estimated cost of USD32 million.

The Group has 50% of the voting rights of its joint arrangement. Under the contractual arrangement, unanimous consent is required from all parties to the agreement for all relevant activities.

The joint arrangement is structured via separate entity, Unioleon Sdn. Bhd. and provide the group with the rights to the net assets of Unioleon Sdn. Bhd. under the arrangement. Therefore Unioleon Sdn. Bhd. is classified as a joint venture of the Group.

The commitment at the reporting date in respect of this investment was RM15 million out of which RM10.116 million had been invested to date. The Group's and the Company's balance commitments in respect of its interest in Unioleon Sdn. Bhd. are disclosed in Note 28. The financial statements of the joint venture are coterminous with those of the Group.

The associated company is as follows:

Company		Country of incorporation and principal place of business	Percentage of equity held by the Group*		Principal Activities
			2013 %	2012 %	
Bernam Bakery Sdn. Bhd.	(a)	Malaysia	30	30	Dormant

** equals to the proportion of voting rights held*

(a) The associate is accounted for using the equity method.

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

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

4. Revenue

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Revenue consists of the following and excludes, in respect of the Group, intragroup transactions:				
Sales proceeds of produce stocks	428,873	522,254	496,076	625,850
Sales proceeds of finished goods	519,627	659,319	-	-
Rendering of services	1,722	1,816	-	-
	950,222	1,183,389	496,076	625,850

5. Profit From Operations

		Group		Company	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Profit from operations is arrived at, after charging:					
Directors' remuneration					
- fees		785	831	689	670
- emoluments		4,498	3,643	4,474	3,619
- others		89	84	89	84
Auditors' remuneration					
- statutory audit: current year		309	309	207	207
- non-audit service		6	6	6	6
- statutory audit fee received by a member firm of EY Global		159	104	-	-
Write-down of inventories	(a)	119	10,652	119	472
Rental of premises		145	171	-	-
Rental of equipment		1,789	1,288	649	386
Impairment on buildings		171	-	-	-
Impairment on land use rights		-	2,531	-	-
Property, plant and equipment written off		76	48	76	48
Unrealised foreign exchange loss		42,928	28,034	1	28
Realised foreign exchange loss		8,973	318	-	-

		Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
and crediting:					
Rental income		127	126	127	126
Profit on disposal of property, plant and equipment		2,739	539	1,628	243
Reversal of write-down of inventories	(a)	5,900	-	-	-
Unrealised foreign exchange gain		-	1,402	-	-
Realised foreign exchange gain		-	5,454	-	-

(a) The reversal of write-down of inventories was made during the financial year when the related inventories were sold above its carrying amount.

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Wages and salaries	102,341	99,238	81,194	79,187
Social security cost	856	763	373	323
Pension costs				
- defined contribution plans	5,879	4,918	4,912	4,778
- defined benefit plans (Note 21)	1,721	381	1,449	(2,457)
Other staff related expenses	14,209	14,314	11,883	12,550
	125,006	119,614	99,811	94,381

Included in staff costs of the Group and of the Company are executive directors' emoluments amounting to RM4,498,000 and RM4,474,000 (2012: RM3,643,000 and RM3,619,000) respectively.

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

6. Finance Costs

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Finance costs consist of interest expenses on:				
- bank overdraft/bankers acceptances	28	26	24	24

Notes To The Financial Statements

7. Investment And Interest Income

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Dividend income from a subsidiary company	-	-	6,000	-
Interest received from a subsidiary company	-	-	-	286
Interest income from deposits with licensed banks	26,666	22,634	22,654	20,629
	26,666	22,634	28,654	20,915

8. Taxation

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
Income tax	77,906	103,782	72,950	99,420
Overprovision in prior years	(1,285)	(1,159)	(859)	(1,158)
	76,621	102,623	72,091	98,262
Deferred tax (Note 20):				
Relating to origination and reversal of temporary difference	15,697	9,065	9,583	9,800
Overprovision in prior year	(4,329)	-	(2,965)	-
	11,368	9,065	6,618	9,800
Total income tax expense	87,989	111,688	78,709	108,062

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year.

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	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	340,476	454,239	330,827	428,152
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	85,119	113,560	82,707	107,038
Income not subject to tax	(1,213)	(1,136)	(2,626)	(1,136)
Expenses not deductible for tax purposes	10,439	10,132	3,123	3,944
Utilisation of current year reinvestment allowance and double deduction for research	(671)	(626)	(671)	(626)
Utilisation of previously unrecognised tax losses and unutilised reinvestment allowances	-	(8,897)	-	-
Overprovision of deferred tax in prior years	(4,329)	-	(2,965)	-
Overprovision of income tax in prior years	(1,285)	(1,159)	(859)	(1,158)
Others	(71)	(186)	-	-
Tax expense for the year	87,989	111,688	78,709	108,062

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 RM251,831,000 (2012: RM342,241,000) divided by the weighted number of ordinary shares of 208,116,528 (2012: 208,134,266) in issue during the year.

	Group	
	2013	2012
	sen	sen
Basic earnings per share for: Profit for the year	121	165

The Group has no potential ordinary shares in issue as at reporting date and therefore, diluted earnings per share has not been presented.

Notes To The Financial Statements

10. (a) Biological Assets

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Pre-cropping expenditure				
Cost				
At 1 January	700,169	675,195	541,613	503,473
Additions	42,466	41,485	41,811	38,140
Exchange differences	(25,202)	(16,511)	-	-
At 31 December	717,433	700,169	583,424	541,613
Accumulated amortisation and impairment losses				
At 1 January				
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
Amortisation for the year	23,164	23,698	16,303	16,508
Exchange differences	(2,472)	(924)	-	-
At 31 December	340,714	320,022	323,829	307,526
Analysed as:				
Accumulated amortisation	339,109	318,417	323,829	307,526
Accumulated impairment losses	1,605	1,605	-	-
	340,714	320,022	323,829	307,526
Net book value				
At 31 December	376,719	380,147	259,595	234,087

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 press release dated 31 July 2012, the Malaysian Accounting Standards Board ("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 IFRIC 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 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. On 7 August 2013, MASB further announced that due to the revision of timeline by the International Accounting Standard Board ("IASB"), MASB has decided to further extend the transitional period for another year, that is the adoption of the MFRS Framework by all entities for annual periods beginning on or after 1 January 2015. Transitioning Entities are entities that are within the scope of MFRS 141 Agriculture 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 plant to be measured at costs or valuation and that the produce growing on bearer plant 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).

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.

In 2012, the Company was listed on both the Main Market of Bursa Malaysia Securities Berhad (Bursa) and NASDAQ OMX Copenhagen A/S (Nasdaq CPH) and to comply with the directive of the Danish BA, the Group and Company had under this note presented the financial effect on the financial statements of the Group had biological assets been measured at fair value in accordance with IAS 41 Agriculture.

Notes To The Financial Statements

Subsequently, the Group had obtained approval from Nasdaq CPH on 29 November 2013 and the Company's shares were delisted from Nasdaq CPH on 2 January 2014.

Notwithstanding this development, the management decided to continue with this disclosure as United International Enterprises Limited which is the largest shareholder of the Company is also listed in Nasdaq CPH and would therefore require to comply with the directive. This disclosure is also in compliance with Part D-Thorough Public Dissemination under Chapter 9 of Bursa's listing requirements which stipulated that disclosure should not be made on selective basis.

The Group and the 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.

		31 December 2012			2013	31 December 2013		
	Reference	Biological assets	Deferred tax liabilities	Retained earnings	Result for the year	Biological assets	Deferred tax liabilities	Retained earnings
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
FRS		380,147	86,108	1,739,747	252,487	376,719	97,476	1,796,204
Fair value adjustment of biological assets	1	54,170	-	54,170	60,670	60,670	-	60,670
Exchange differences		(18,526)	-	-	-	(29,202)	-	-
Deferred tax effect		-	13,543	(13,543)	(15,168)	-	15,168	(15,168)
Adjustments as at 1 January 2012/2013		521,108	130,277	390,831	-	556,752	143,820	431,458
Total adjustments		556,752	143,820	431,458	45,502	588,220	158,988	476,960
Adjusted to IFRS		936,899	229,928	2,171,205	297,989	964,939	256,464	2,273,164

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 31 December 2012 and 31 December 2013 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 15% are as follows:

	31 December 2013 RM'000	31 December 2012 RM'000
Oil Palms		
Area (Ha)	45,810	45,628
Average FFB selling price (RM/MT)	480	475
Coconut Palms		
Area (Ha)	3,090	3,090
Average selling price (RM/nut)	0.59	0.51

The FFB and coconut yields are conservatively assumed to be averaging between 8MT/Ha to 26MT/Ha and 15,000 nuts/Ha to 27,000 nuts/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:

- 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 year 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 2012/1 January 2013	936,899
Gain arising from changes in fair value less cost to sell	60,670
Exchange differences	(29,202)
Net movement during the year under FRS	(3,428)
At fair value less cost to sell as at 31 December 2013	964,939

Sensitivity Analysis

A 10% increase/decrease to the long-term crude palm oil price used of RM2,277/tonne would result in an increase/decrease to the fair value of biological assets by RM212 million as at 31 December 2013. A 1% increase in the discount rate will result in a decrease to the fair value of biological assets by RM45 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	Long term leasehold land	Buildings	Plant and machinery	Capital work-in-progress*	Spare Parts	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost							
At 1 January 2013	204,413	385,452	251,307	593,960	15,055	-	1,450,187
Additions	-	-	9,815	26,433	25,646	-	61,894
Disposals	-	-	(7,876)	(46,215)	-	-	(54,091)
Written off	-	-	-	(161)	-	-	(161)
Reclassification	-	-	3,611	13,644	(17,255)	-	-
Exchange differences	-	-	(6,516)	(11,647)	(737)	-	(18,900)
Reclassified from inventory (Note 15)	-	-	-	-	-	1,136	1,136
At 31 December 2013	204,413	385,452	250,341	576,014	22,709	1,136	1,440,065
Accumulated depreciation and impairment losses							
At 1 January 2013							
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
Depreciation for the year	-	4,132	7,392	28,242	-	-	39,766
Impairment	-	-	171	-	-	-	171
Disposals	-	-	(7,630)	(44,328)	-	-	(51,958)
Written off	-	-	-	(85)	-	-	(85)
Exchange differences	-	-	(436)	(2,716)	-	-	(3,152)
At 31 December 2013	-	50,318	135,788	332,183	-	-	518,289
Analysed as:							
Accumulated depreciation	-	50,318	130,637	315,387	-	-	496,342
Accumulated impairment losses	-	-	5,151	16,796	-	-	21,947
	-	50,318	135,788	332,183	-	-	518,289
Net book value							
At 31 December 2013	204,413	335,134	114,553	243,831	22,709	1,136	921,776

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 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)
Reclassification	-	-	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

Group

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

	2013 RM'000	2012 RM'000
In the estates of the Company in Peninsular Malaysia	4,577	6,511
In Unitata Berhad	18,132	4,423
In PT SSS1, Central Kalimantan, Indonesia	-	4,121
	22,709	15,055

Notes To The Financial Statements

Company

	Freehold land	Long term leasehold land	Buildings	Plant and machinery	Capital work-in-progress	Spare parts	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost							
At 1 January 2013	203,848	385,452	170,228	324,486	6,511	-	1,090,525
Additions	-	-	4,997	21,223	4,577	-	30,797
Disposals	-	-	(292)	(6,011)	-	-	(6,303)
Written off	-	-	-	(161)	-	-	(161)
Reclassifications	-	-	2,090	4,421	(6,511)	-	-
Reclassified from inventory (Note 15)	-	-	-	-	-	585	585
At 31 December 2013	203,848	385,452	177,023	343,958	4,577	585	1,115,443
Accumulated depreciation							
At 1 January 2013	-	46,186	115,866	211,114	-	-	373,166
Depreciation for the year	-	4,132	4,855	13,376	-	-	22,363
Disposals	-	-	(46)	(4,125)	-	-	(4,171)
Written off	-	-	-	(85)	-	-	(85)
At 31 December 2013	-	50,318	120,675	220,280	-	-	391,273
Net book value							
At 31 December 2013	203,848	335,134	56,348	123,678	4,577	585	724,170

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

10. (c) Land Use Rights

	Group	
	2013	2012
	RM'000	RM'000
At 1 January	34,071	31,763
Additions	1,707	6,106
Amortisation for the year	(737)	(547)
Impairment	-	(2,531)
Exchange differences	(3,931)	(720)
At 31 December	31,110	34,071

11. Subsidiary Companies

Investment in subsidiary companies	Company	
	2013	2012
	RM'000	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.

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 RM1.00 for every RCCPS held.

(e) Each RCCPS entitles the holder the right on winding up or other return of capital (other than the redemption of the RCCPS) to receive, in priority of the ordinary shareholders of the company.

In the current financial year, the various issuers changed the terms of the RCCPS issued . The revised salient features of the RCCPS issued by the various issuers are as follows:

(a) Each RCCPS entitles the holder the right to be paid, out of such profits available for distribution, a cumulative dividend at a rate as the issuer of the RCCPS shall decide from time to time.

(b) Each RCCPS entitles the holder the right to vote if there is any resolution for the winding up of the company, reduction of the capital, declaration of dividend on any RCCPS or if a resolution affects the special rights and privileges attached to the RCCPS.

(c) The RCCPS are redeemable at the option of the issuer for RM1.00 for every RCCPS held.

(d) The RCCPS are convertible at the option of the issuer into ordinary shares on the basis of one ordinary share of RM1.00 for every RCCPS held.

(e) Each RCCPS entitles the holder the right on winding up or other return of capital (other than the redemption of the RCCPS) to receive, in priority of the ordinary shareholders of the company.

The non-controlling interests in respect of PT SSS1 and PT SSS2 are not material to the Group. Hence, summarised financial information of these two subsidiaries are not presented.

Notes To The Financial Statements

12. Associated Company

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Investment in an associated company				
Unquoted shares, at cost	101	101	101	101
- Share of post acquisition losses and reserves (see Note (i) below)	(51)	(51)	-	-
- Accumulated impairment losses	-	-	(51)	(51)
	50	50	50	50

	Group	
	2013	2012
	RM'000	RM'000
Represented by:		
Share of net assets	50	50
Note (i):		
Share of post acquisition losses and reserves is arrived at as follows:		
Profit for the year	-	-
Share of accumulated losses	(51)	(51)
	(51)	(51)

Notes To The Financial Statements

13. Joint Venture

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Unquoted shares, at cost	10,116	3,366	10,116	3,366
Share of post acquisition losses and reserves	(779)	(33)	-	-
	9,337	3,333	10,116	3,366
Analysed as:				
Unquoted shares, at cost				
At 1 January	3,366	-	3,366	-
Acquisition during the year	6,750	3,366	6,750	3,366
At 31 December	10,116	3,366	10,116	3,366
Share of post-acquisition reserve:				
At 1 January	(33)	-	-	-
Share of results	(746)	(33)	-	-
At 31 December	(779)	(33)	-	-

The summarised financial statements of the joint venture are as follows:

(i) Summarised statements of financial position

	2013 RM'000	2012 RM'000
Assets		
Non-current assets		
Property and equipment	40,909	7,110
Current assets		
Other receivables	72	5
Cash and bank balances	2,508	907
Total current assets	2,580	912
Total assets	43,489	8,022

	2013 RM'000	2012 RM'000
Liabilities		
Current liabilities		
Other payables	1,617	1,356
Amount owing to related company	45	-
Total current liabilities	1,662	1,356
Non-current liabilities		
Term loan	20,633	-
Investment grants	2,456	-
	23,089	-
Total liabilities	24,751	1,356
Net assets	18,738	6,666

(ii) Summarised statements of comprehensive income

	2013 RM'000	2012 RM'000
Revenue	-	-
Other income	284	-
Other operating expenses	(1,776)	(66)
	(1,492)	(66)

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in joint venture is as follows:

	2013 RM'000	2012 RM'000
Net assets at 1 January	6,666	-
Issuance of share	13,500	6,732
Loss for the year	(1,492)	(66)
Net assets at 31 December	18,674	6,666
Interest in joint venture (%)	50	50
Carrying value of Group's interest in joint venture	9,337	3,333

Notes To The Financial Statements

14. Available-For-Sale Financial Assets

	Group / Company	
	2013	2012
	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	
	2013	2012
	RM'000	RM'000
At 1 January	6,446	6,446
Fair value adjustment	-	-
At 31 December	6,446	6,446

Notes To The Financial Statements

15. Inventories

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Produce stocks	43,859	35,230	36,592	25,534
Estate stores	29,360	34,071	22,168	24,547
Raw materials	21,187	23,728	-	-
Finished goods	43,658	79,060	-	-
Consumables	4,890	6,633	-	-
Less: Reclassified to property, plant and equipment (Note 10(b))	(1,136)	-	(585)	-
	141,818	178,722	58,175	50,081

During the current financial year, certain classes of spare parts have been reclassified to property, plant and equipment.

16. Trade And Other Receivables

		Group		Company	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Current trade receivables					
Third parties		71,818	85,688	265	806
Due from subsidiary companies	(b)	-	-	-	8,172
		71,818	85,688	265	8,978
Less: Allowance for impairment					
Third parties		-	(65)	-	-
Trade receivables, net	(a)	71,818	85,623	265	8,978
Other receivables					
Due from subsidiary companies	(b)	-	-	7,657	9,048
Due from an associated company	(c)	10	3	10	3
Deposits	(d)	37,462	2,594	16,800	2,125
Sundry receivables		15,942	14,115	9,578	10,078
		53,414	16,712	34,045	21,254
Less: Allowance for impairment due from subsidiary companies		-	-	(7,033)	(7,033)
Other receivables, net		53,414	16,712	27,012	14,221
Total trade and other receivables		125,232	102,335	27,277	23,199
Add: Cash and bank balances (Note 17)		778,948	747,773	678,121	691,207
Total loans and receivables		904,180	850,108	705,398	714,406

(a) Trade receivables

Included in trade receivables is an amount of RM60,748,000 (2012: RM75,400,000) due from companies in which certain Directors had significant interest in 2012. During the current financial year, the said Directors' interest in these companies have been reduced and the said Directors have stepped down from the boards of these companies on 3 May 2013. These companies have therefore ceased to be a related party. 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 75 days (2012: 10 to 60 days).

Except for the amount as disclosed above, 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Neither past due nor impaired	71,454	84,479	265	8,978
1 to 30 days past due not impaired	211	932	-	-
31 to 60 days past due not impaired	71	82	-	-
61 to 90 days past due not impaired	45	40	-	-
91 to 120 days past due not impaired	37	90	-	-
	364	1,144	-	-
Impaired	-	65	-	-
	71,818	85,688	265	8,978

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 97% (2012: 88%) 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 RM364,000 (2012: RM1,144,000) 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	
	2013	2012
	RM'000	RM'000
Trade receivables - nominal amounts	-	65
Movement in allowance accounts:		
At 1 January	65	65
Written off	(65)	-
At 31 December	-	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 a repayment term of 30 days and the overdue trade debt bears an average interest of approximately 3.40% per annum in 2013. 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 RM37,274,000 and RM16,649,000 (2012: RM2,033,000 and RM2,033,000) respectively being deposits placed with a broker for Bursa Malaysia Derivatives Bhd. for crude palm oil futures.

Notes To The Financial Statements

17. Cash And Bank Balances

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Cash at banks and on hand	16,960	14,630	4,601	4,117
Deposits with licensed banks	498,448	630,102	409,980	584,049
Short term funds	263,540	103,041	263,540	103,041
Cash and bank balances (Note 16)	778,948	747,773	678,121	691,207

Short term funds are investments in income trust funds in Malaysia. The trust funds invest in highly liquid assets which are readily convertible to a known amount of cash with insignificant changes in value.

The weighted average interest rates during the financial year and the average maturity period of deposits as at 31 December 2013 are as follows:

	Weighted average interest rates	
	2013	2012
	%	%
Deposits with licensed banks	3.46	3.46
Short term funds	3.03	3.01

18. (a) Share Capital

	Number of ordinary shares of RM1 each		Amount	
	2013	2012	2013	2012
	Unit'000	Unit'000	RM'000	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.

(b) Treasury Shares

The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe the purchase of treasury shares is in the best interests of the Company and its shareholders. The Company has the right to cancel, resell and/or distribute these shares as dividends at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distribution are suspended.

During the financial year, the Company purchased its issued ordinary shares of RM1.00 each from the open market as follows:-

			Purchase Price Per Share		
	No of shares	Cost RM	Highest RM	Lowest RM	Average RM
2013					
At beginning of financial year	-	-			
Purchased during November 2013	267	6,729	25.20	25.20	25.20
December 2013	341,507	8,627,971	25.53	24.32	25.26
At end of financial year	341,774	8,634,700			

There were no purchase of treasury shares in 2012. The share buy-back was financed by internally generated funds. The purchased shares are held as treasury shares in accordance with the provision of Section 67A of the Companies Act, 1965.

Notes To The Financial Statements

19. Reserves

		Group		Company	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Distributable					
Retained profits	(a)	1,796,204	1,739,747	1,694,719	1,637,975
Non-distributable					
Available for sale reserve	(b)	893	893	893	893
Share premium		181,920	181,920	181,920	181,920
Capital reserve	(c)	21,798	21,798	-	-
Foreign currency translation reserve	(d)	(7,030)	(1,764)	-	-
		197,581	202,847	182,813	182,813
Total		1,993,785	1,942,594	1,877,532	1,820,788

The nature and purpose of each category of reserve are as follows:

(a) Retained profits

The entire retained earnings can be distributed as dividend under the single tier system.

(b) Available for sale reserve

The available for sale reserve represents the cumulative fair value changes of available for sale financial assets.

(c) Capital reserve

The capital reserve is in respect of bonus shares issued by subsidiary companies out of their retained earnings.

(d) Foreign currency translation reserve

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

20. Deferred taxation

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
At 1 January	86,108	77,043	85,800	76,000
Recognised in profit or loss (Note 8)	11,368	9,065	6,618	9,800
At 31 December	97,476	86,108	92,418	85,800
Presented after appropriate offsetting as follows:				
Deferred tax assets	(9,011)	(10,934)	(3,412)	(2,610)
Deferred tax liabilities	106,487	97,042	95,830	88,410
	97,476	86,108	92,418	85,800

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

Deferred tax liabilities of the Group:

	Accelerated Capital Allowances RM'000	Others RM'000	Total RM'000
At 1 January 2013	96,692	350	97,042
Recognised in profit or loss	10,000	(555)	9,445
At 31 December 2013	106,692	(205)	106,487
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

Notes To The Financial Statements

Deferred tax assets of the Group:

	Retirement Benefit Obligations RM'000	Unutilised tax losses and reinvestment allowances RM'000	Others RM'000	Total RM'000
At 1 January 2013	(2,954)	(1,679)	(6,301)	(10,934)
Recognised in profit or loss	(117)	(689)	2,729	1,923
At 31 December 2013	(3,071)	(2,368)	(3,572)	(9,011)
At 1 January 2012	(1,925)	(3,359)	(2,478)	(7,762)
Recognised in profit or loss	(1,029)	1,680	(3,823)	(3,172)
At 31 December 2012	(2,954)	(1,679)	(6,301)	(10,934)

Notes To The Financial Statements

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM'000
At 1 January 2013	88,410
Recognised in profit or loss	7,420
At 31 December 2013	95,830
At 1 January 2012	80,060
Recognised in profit or loss	8,350
At 31 December 2012	88,410

Deferred tax assets of the Company:

	Retirement Benefit Obligations RM'000	Others RM'000	Total RM'000
At 1 January 2013	(1,419)	(1,191)	(2,610)
Recognised in profit or loss	(238)	(564)	(802)
At 31 December 2013	(1,657)	(1,755)	(3,412)
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)

21. Retirement Benefit Obligations

The Company and certain subsidiary companies pay retirement benefits to their eligible employees in accordance with the terms of employment and practices. These plans are generally of the defined benefit type under which benefits are based on employees' years of service and at predetermined rates or average final remuneration, and are unfunded. From the financial year 2011 onwards, the subsidiaries in Indonesia provided employee benefits under the Labour Law No.13. No formal independent actuarial valuations have been undertaken to value the Group's obligations under these plans but are estimated by the Group. The obligations of the Group are based on the following actuarial assumptions:

	2013 %	2012 %
Discount rate in determining the actuarial present value of the obligations	6.0 - 7.5	6.0 - 7.5
The average rate of increase in future earnings	4.0 - 10.0	4.0 - 10.0
Turnover of employees	10.0 - 20.0	10.0 - 20.0

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Present value of unfunded defined benefit obligations	12,284	11,817	6,628	5,676
At 1 January	11,817	14,162	5,676	8,659
Reversal of provision	-	(2,457)	-	(2,457)
Provision during the year	1,721	2,838	1,449	-
Paid during the year	(618)	(2,408)	(497)	(526)
Exchange difference	(636)	(318)	-	-
At 31 December	12,284	11,817	6,628	5,676
Analysed as:				
Current	1,354	675	754	583
Non-current:				
Later than 1 year but not later than 2 years	375	365	36	55
Later than 2 years but not later than 5 years	455	633	269	218
Later than 5 years	10,100	10,144	5,569	4,820
	10,930	11,142	5,874	5,093
	12,284	11,817	6,628	5,676

Notes To The Financial Statements

22. Trade And Other Payables

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current trade payables				
Third parties	13,167	15,621	1,434	1,077
Other payables				
Due to subsidiary companies	-	-	635	597
Advances from customers	770	1,901	770	1,501
Accruals	34,841	33,749	28,125	25,214
Sundry payables	22,082	27,410	9,254	18,553
	57,693	63,060	38,784	45,865
Total trade and other payables	70,860	78,681	40,218	46,942
Add: Bank borrowings (Note 23)	296	80	-	-
Total financial liabilities carried at amortised cost	71,156	78,761	40,218	46,942

(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 (2012: 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 RM253,000 (2012: RM492,000) owing to a company in which certain directors have an interest. This amount is interest free, unsecured and repayable on demand.

23. Bank Borrowings

	Group	
	2013 RM'000	2012 RM'000
Bank overdraft - unsecured	296	80

The interest rate applicable to the bank borrowings for the year was 7.10% (2012: 7.10%) per annum.

24. Dividends

	Group / Company			
	Amount		Net Dividends per Share	
	2013 RM'000	2012 RM'000	2013 sen	2012 sen
Final dividend paid in respect of previous financial year: - 30% gross less 25% tax (2012: 30% gross less 25% tax)	46,830	46,830	22.50	22.50
Special dividend paid in respect of previous financial year - 55% gross less 25% tax (2012: 50% gross less 25% tax)	85,856	78,051	41.25	37.50
Interim dividend in respect of the current financial year: - 25% gross less 25% tax (2012: 25% gross less 25% tax)	39,023	39,025	18.75	18.75
Special dividend in respect of the current financial year: - 12.495 % gross less 25% tax (2012: 15% gross less 25% tax)	19,503	23,415	9.37	11.25
Special dividend in respect of the current financial year: - 2% single tier (2012: Nil)	4,162	-	2.00	-
	195,374	187,321	93.87	90.00

At the forthcoming Annual General Meeting, a final single-tier dividend of 22.5% amounting to RM46,753,311 and a special single-tier dividend of 41.25% amounting to RM85,714,403 in respect of the year ended 31 December 2013 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 2014.

25. Significant Inter-Company Transactions

	Company 2013 RM'000	Company 2012 RM'000
Sale of raw materials to a subsidiary company	193,627	215,878
Sale of biomass and biogas steam to a subsidiary company	2,195	2,430
Interest charged to a subsidiary company	-	286

All transactions with the subsidiary company 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. These companies were deemed related by virtue of common directorship held by certain directors in both AAK and the Group. During the year, the said directors have ceased to be directors in AAK. Accordingly, the transactions with AAK are no longer deemed as related party transactions.

The Group also entered into transactions with International Plantations Services Limited (IPS), a company incorporated in Bahamas. This company is deemed to be a related party by virtue of common directorship held by certain directors in IPS and the Group.

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the year:

Nature Of Transaction	Amount Billed Group		Amount Billed Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sale of cocoa butter substitute to AAK	-	429,625	-	-
Service fees paid to IPS	200	200	200	200

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 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Amount outstanding at 31 December:				
Due from AAK	-	75,459	-	59
Due to IPS	(253)	(492)	(253)	(492)

(b) Compensation of key management personnel

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

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Short-term employee benefits	4,361	3,629	4,337	3,605
Post employment benefits:				
Defined contribution plan	688	569	688	569
	5,049	4,198	5,025	4,174

Notes To The Financial Statements

27. Segmental Information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:-

(a) The plantations segment carries on the business of oil palm and coconut cultivation and processing on its plantations in Peninsular Malaysia and Kalimantan, Indonesia. Under this segment, there is also an active Research Centre providing improved planting material for the Group's estates as well as for the Malaysian agricultural sector in general.

(b) The palm oil refining segment which carries on the business of palm oil processing, manufacturing of edible oils, fats, soap products, cocoa butter substitute and trading in crude palm oil and palm oil products.

(c) The other segments which consists of bulking facilities which carries on the business of handling and storage of vegetable oils and molasses and holding companies for subsidiaries in Indonesia which are also involved in marketing and trading of the Group's products.

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

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

The analysis of Group operations is as follows:

(i) Business segments

	Plantations		Palm Oil Refining		Other Segments		Elimination		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue and expenses										
Revenue:										
External sales	428,873	522,254	519,627	659,319	1,722	1,816	-	-	950,222	1,183,389
Inter-segment sales	193,627	222,286	-	-	-	-	(193,627)	(222,286)	-	-
Total revenue	622,500	744,540	519,627	659,319	1,722	1,816	(193,627)	(222,286)	950,222	1,183,389
Results:										
Segment results/ operating profit/(loss)	335,692	435,371	22,512	26,392	(43,620)	(30,099)	-	-	314,584	431,664
Interest income	23,419	21,475	1,478	200	19,166	19,172	(17,397)	(18,213)	26,666	22,634
Interest expense	(17,421)	(17,963)	(4)	(276)	-	-	17,397	18,213	(28)	(26)
Share of results of joint venture	-	-	-	-	(746)	(33)	-	-	(746)	(33)
Income taxes	(82,858)	(111,088)	(4,632)	(190)	(499)	(410)	-	-	(87,989)	(111,688)
Net profit for the year									252,487	342,551

Notes To The Financial Statements

	Plantations		Palm Oil Refining		Other Segments		Elimination		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	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	2,034,413	2,021,214	288,706	292,659	57,048	47,639	-	-	2,380,167	2,361,512
Investment in an associated company	-	-	-	-	50	50	-	-	50	50
Investment in a joint venture	-	-	-	-	9,337	3,333	-	-	9,337	3,333
Other investments	-	-	-	-	6,446	6,446	-	-	6,446	6,446
Consolidated total assets									2,396,000	2,371,341
Segment liabilities	177,391	181,713	23,929	38,138	320	342	-	-	201,640	220,193
Consolidated total liabilities									201,640	220,193
Other information										
Capital expenditure *	83,248	99,813	22,661	10,670	158	234	-	-	106,067	110,717
Depreciation	30,847	30,734	8,829	8,131	90	102	-	-	39,766	38,967
Amortisation	23,901	24,245	-	-	-	-	-	-	23,901	24,245
Other significant non-cash expenses:										
Write-down of inventories/ (reversal of write-down)	119	472	(5,900)	10,180	-	-	-	-	(5,781)	10,652
Impairment on land use rights/buildings	-	2,531	171	-	-	-	-	-	171	2,531
Net realised foreign exchange (gain)/loss	-	-	8,862	(5,454)	111	318	-	-	8,973	(5,136)
Net unrealised foreign exchange (gain)/loss	1	-	752	(1,402)	42,175	28,034	-	-	42,928	26,632

Notes To The Financial Statements

(ii) Geographical segments

In determining the geographical segments of the Group, revenue is based on the geographical location of customers. Total assets and capital expenditure are based on the geographical location of assets:

	Malaysia		Indonesia		Europe		United States		Others		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	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	503,809	609,256	121,422	113,267	256,346	288,219	54,348	148,820	14,297	23,827	950,222	1,183,389
Segment assets	2,067,709	2,003,189	281,758	315,176	23,742	27,181	18,164	20,139	4,627	5,656	2,396,000	2,371,341
Capital expenditure *	95,426	82,672	10,641	28,045	-	-	-	-	-	-	106,067	110,717

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

		Group	
		2013 RM'000	2012 RM'000
Biological assets	10 (a)	42,466	41,485
Property, plant and equipment	10 (b)	61,894	63,126
Land use rights	10 (c)	1,707	6,106
		106,067	110,717

(iii) Information about a major customer

Revenue from one major customer amounted to RM356,269,000 (2012: RM429,625,000), arising from sales by the palm oil refining segment.

28. Capital Commitments

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Capital expenditure approved by the directors but not contracted	79,217	96,632	72,891	83,978
Capital expenditure contracted but not provided for	13,525	31,672	6,543	6,843
	92,742	128,304	79,434	90,821
Share of capital commitments in a joint venture	4,884	11,634	4,884	11,634

29. Financial Instruments

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its interest rate, liquidity, foreign exchange, commodity price and credit risks. The Group operates within clearly defined guidelines that are approved by the Board.

During the year, the Group entered into commodity futures contracts. Control and monitoring procedures include, amongst others, setting of trading limits and the manner and timing of management reporting. Such derivative trading is also under the close supervision of an executive director. These control procedures are periodically reviewed and enhanced where necessary in response to changes in market condition.

(b) Interest rate risk

The Group's primary interest rate risk relates to short term fixed rate term deposits with licensed banks and negotiable papers issued by licensed banks. The Group does not hedge this exposure. The maturity periods are mixed such that the Group's cash flow requirements are met while yielding a reasonable return. The effective interest rates and the average maturity days are as disclosed in Note 17.

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

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM749,000 (2012: RM508,000) 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 RM749,000 (2012: RM508,000) higher/lower. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market movements.

(c) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily RM and Indonesian Rupiah ("IDR"). The foreign currencies in which these transactions are denominated are mainly US Dollars ("USD").

Approximately 47% (2012: 53%) of the Group's sales are denominated in foreign currencies whilst almost 65% (2012: 64%) 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 RM3,254,000 and RM1,633,000 (2012: RM2,782,000 and RM2,555,000) 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 2013, the Group hedged 52% (2012: 24%) and 100% (2012: 100%) of its foreign currency denominated sales and purchases respectively, for which firm commitments existed at the reporting date, extending to September 2014 (2012: August 2013).

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 2013:		
Ringgit Malaysia denominated advances to foreign subsidiaries	241,433	241,433
At 31 December 2012:		
Ringgit Malaysia denominated advances to foreign subsidiaries	277,353	277,353

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 2013:				
Forwards used to hedge				
receivables	USD	117,665	-	117,665
payables	USD	66,251	-	66,251
As at 31 December 2012:				
Forwards used to hedge				
receivables	USD	124,780	-	124,780
payables	USD	87,351	-	87,351

The net recognised loss as at 31 December 2013 on forward exchange contracts used to hedge receivables and payables as at 31 December 2013 amounted to RM1,497,000 (31 December 2012: net recognised loss RM1,400,000).

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD and IDR exchange rates against the functional currencies of the Group entities, with all other variables held constant.

	Group	
Functional currency of the Group	2013 RM'000 Profit net of tax	2012 RM'000 Profit net of tax
USD/RM		
- strengthened 3%	(325)	(1,450)
- weakened 3%	325	1,450
IDR/RM		
- strengthened 3%	7,032	8,320
- weakened 3%	(7,032)	(8,320)

(d) Credit risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Except for the amount due from a major customer of the palm oil refinery unit, the Group has no other significant concentration risk that may arise from exposures to a single debtor or to a group of debtors. Trade receivables are monitored on an ongoing basis via Company management reporting procedures.(with the exception of fixed deposits and short term funds invested in income trust funds). The average credit terms granted to the Group's customers are 10 to 75 days.

Credit risk of commodity futures contracts arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Group and the Company have a gain position. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market prices.

Exposure to credit risk

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

Notes To The Financial Statements

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the trade receivables of its operating segments on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group			
	2013		2012	
	RM'000	% of total	RM'000	% of total
By Segment:				
Plantations	1,207	1.68%	2,470	2.88%
Palm Oil Refining	70,216	97.77%	82,836	96.75%
Others	395	0.55%	317	0.37%
	71,818	100.00%	85,623	100.00%

At the reporting date, approximately 85% (2012: 88%) of the Group's trade receivables were due from a major customer of the palm oil refinery unit. This customer was a related party in 2012 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 RM493,000 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 2013			
Non-hedging derivatives: Current			
Forward currency contracts	183,916	-	(1,497)
Commodity futures contracts	622,019	-	(2,014)
		-	(3,511)
Non-Current			
Commodity futures contracts	158,403	1,281	-
Total derivatives		1,281	(3,511)
Group 2012			
Non-hedging 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)

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 September 2014(2012: August 2013) (Note 29(c)).

During the financial year, the Group recognised a loss of RM2,230,000 (2012: loss of RM14,052,000) arising from fair value changes of derivative contracts. The fair value changes are attributable to changes in commodity prices and forward exchange rates.

Determination of fair value

Fair value of the commodity futures contracts is determined by reference to the difference between the contracted rate and the forward rate as at the reporting date.

Fair value of the forward currency contracts is determined by reference to the difference between the contracted rate and the market rate as at the reporting date.

(h) Financial Instruments Recognised In The Statements Of Financial Position

The net carrying value of financial assets and financial liabilities which are carried at fair value on the statements of financial position of the Group and of the Company as at the financial year end are represented as follows:

	Group		Company	
	Carrying Amount RM'000	Fair value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial assets				
At 31 December 2013				
Non-current unquoted shares (Note 14)	6,446	6,446	6,446	6,446
At 31 December 2012				
Non-current unquoted shares (Note 14)	6,446	6,446	6,446	6,446

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

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

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

(iii) the book value of the negotiable instrument of deposit approximates its fair value due to the interest rate which approximates the market rate for similar instrument; and

(iv) the fair value of unquoted available-for-sale financial asset is estimated by discounting future cash flows using rate currently available for investment of similar industry and risk.

As such, the Group and the Company do not anticipate the carrying amounts recorded at the reporting date for the above financial instruments to be significantly different from the values that would eventually be received or settled.

(i) Fair Value Hierarchy

The Group and the Company use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 December 2013, the Group and the Company held the following financial instruments carried at fair value in the statement of financial position:

	31 December 2013 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	(733)	(733)	-	-
Forward currency contracts	(1,497)	-	(1,497)	-
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 2013, there were no transfers to or from Level 3.

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.

Reconciliation of fair value measurements of Level 3 financial instruments

The Group and the Company carry unquoted equity share as available-for-sale financial instruments classified as Level 3 within the fair value hierarchy.

There is no movement in the available-for-sale financial asset as summarised below:

	Group and Company	
	2013 RM'000	2012 RM'000
At 1 January / 31 December	6,446	6,446

Notes To The Financial Statements

30. Capital Management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or expansion plans of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting dividend payment policies. No changes were made in the objectives, policies or processes during the years ended 31 December 2013 and 31 December 2012.

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 2013 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained profits				
- realised	1,906,157	1,852,149	1,750,545	1,698,241
- unrealised	(54,369)	(57,868)	(55,826)	(60,266)
	1,851,788	1,794,281	1,694,719	1,637,975
Total share of accumulated loss from joint venture				
- realised	(381)	(33)	-	-
Total share of accumulated loss from an associated company				
- realised	(51)	(51)	-	-
	1,851,356	1,794,197	1,694,719	1,637,975
Less: Consolidation adjustments	(55,152)	(54,450)	-	-
Total retained profits	1,796,204	1,739,747	1,694,719	1,637,975

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 114 to 190 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 2013 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 190 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 14 March 2014

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 114 to 190 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 14 March 2014.

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
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of United Plantations Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 114 to 190.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and auditors' reports of all subsidiaries of which we have not acted as auditors, which are indicated in Note 3 to the financial statements, being financial statements that have been included in the consolidated financial statement.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other Matters

The supplementary information set out in Note 31 on page 190 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG
AF: 0039
Chartered Accountants

YAP SENG CHONG
No. 2190/12/15(J)
Chartered Accountant

Kuala Lumpur, Malaysia
14 March 2014

Shareholders Information As At 4 March 2014

Authorised Share Capital	:	RM500,000,000
Issued & Fully Paid-up Capital	:	RM208,134,266 (including 341,774 treasury shares)
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One Vote per ordinary share

Categories Of Shareholders As At 4 March 2014

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Issued Capital *
Less than 100 shares	150	4.17	4,888	0.00
100 to 1,000 shares	1,721	47.90	1,331,888	0.64
1,001 to 10,000 shares	1,369	38.10	4,976,341	2.39
10,001 to 100,000 shares	276	7.68	8,555,363	4.12
100,001 to less than 5% of issued shares	71	1.98	63,405,156	30.51
5% and above of issued shares	6	0.17	129,518,856	62.33
Total	3,593	100.00	207,792,492	100.00

Directors' Shareholdings As At 4 March 2014

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	42.08	-	-
2. Employees Provident Fund Board	29,007,098	13.96	-	-
3. Perbadanan Pembangunan Pertanian Negeri Perak (Perbadanan)	13,065,158	6.29	330,000*5	0.16
4. United International Enterprises Limited (UIEL)	8,478,132	4.08	87,456,945*1	42.09
5. C & M Holding Limited (C & M HL)	-	-	95,935,077*2	46.17
6. Brother's Holding Ltd (BHL)	-	-	95,935,077*2	46.17
7. Ybhg. Dato' Carl Bek-Nielsen	2,182,491	1.05	95,980,135*3	46.19
8. Mr. Martin Bek-Nielsen	547,413	0.26	95,937,077*4	46.17
9. Aberdeen Asset Management PLC and its subsidiary	-	-	24,653,200*6	11.86
10. Mitsubishi UFJ Financial Group, INC (MUFG)	-	-	24,653,200*6	11.86

*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, C & M HL, BHL and through immediate family members.
(4) Deemed interest by virtue of substantial shareholdings in MVSB, UIEL, IPS Ltd, C & M HL, BHL 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 4 March 2014

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	-
Ybhg. Dato' Carl Bek-Nielsen	2,182,491	1.05	95,980,135	46.19
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	547,413	0.26	95,937,077	46.17
Mr. Mohamad Nasir bin Ab. Latif	-	-	-	-
Mr. Loh Hang Pai	20,000	0.01	-	-
Mr. R. Nadarajan	-	-	-	-

Shareholders Information As At 4 March 2014

	Thirty (30) Largest Shareholders As At 4 March 2014		
	Name of Shareholder	No. of Shares	% of Issued Capital*
1.	Maximum Vista Sdn Bhd	86,891,100	41.82
2.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	26,142,098	12.58
3.	HSBC Nominees (Asing) Sdn Bhd BNP Paribas SECS SVS Lux For Aberdeen Global	14,507,500	6.98
4.	Perbadanan Pembangunan Pertanian Negeri Perak	13,065,158	6.29
5.	United International Enterprises Ltd	8,454,217	4.07
6.	HSBC Nominees (Asing) Sdn Bhd Exempt An for Danske Bank A/S (Client Holdings)	4,142,462	1.99
7.	Kumpulan Wang Persaraan (Diperbadankan)	3,609,800	1.74
8.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	2,597,500	1.25
9.	BHR Enterprise Sdn Bhd	2,422,440	1.17
10.	Ybhg. Dato' Carl Bek-Nielsen	2,097,491	1.01
11.	HSBC Nominees (Asing) Sdn Bhd Exempt An for The Bank of New York Mellon SA/NV (Jyske Clients)	1,654,919	0.80
12.	HSBC Nominees (Asing) Sdn Bhd BNP Paribas SECS SVS Paris For Aberdeen Asian Smaller Companies Investment Trust PLC	1,502,600	0.72
13.	Employees Provident Fund Board	1,500,000	0.72
14.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Aberdeen)	1,365,000	0.66
15.	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund AM4N for Aberdeen Institutional Commingled Funds LLC	1,357,000	0.65
16.	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	1,161,000	0.56
17.	Amanahraya Trustees Berhad Public Islamic Optimal Growth Fund	870,300	0.42
18.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for OCBC Securities Private Limited (Client A/C-NR)	865,832	0.42
19.	HSBC Nominees (Asing) Sdn Bhd Exempt An for UBS AG (Client Assets)	778,017	0.37
20.	HSBC Nominees (Asing) Sdn Bhd Exempt An for BNP Paribas Securities Services (Singapore - SGD)	766,900	0.37
21.	Mr. Ho Dua Tiam	707,400	0.34
22.	Cartaban Nominees (Asing) Sdn Bhd RBC Investor Services Bank for Global Emerging Markets SmallCap (Danske Invest)	691,200	0.33
23.	KAF Nominees (Tempatan) Sdn. Bhd. Bernam Nominees (Tempatan) Sdn Bhd for United Plantations Berhad Education And Welfare Fund	680,000	0.33
24.	CIMB Commerce Trustee Berhad Public Focus Select Fund	651,300	0.31
25.	Amsec Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd for Tenaga Nasional Berhad Retirement Benefit Trust Fund (FM-Aberdeen)	617,500	0.30
26.	HSBC Nominees (Asing) Sdn Bhd BNP Paribas SECS SVS Paris for HI-KABL-FONDS	583,000	0.28
27.	Maximum Vista Sdn Bhd	555,500	0.27
28.	Cartaban Nominees (Asing) Sdn Bhd Exempt An for Nordea Bank Danmark A/S	518,901	0.25
29.	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	502,000	0.24
30.	M & A Nominee (Tempatan) Sdn Bhd Jendarata Bernam Provident Fund	501,200	0.24
		181,759,335	87.47

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

Comparative Statistics - 10 Years

Year ended 31 December	2013 RM'000's	2012 RM'000's	2011 RM'000's	2010 RM'000's	2009 RM'000's	2008 RM'000's	2007 RM'000's	2006 RM'000's	2005 RM'000's	2004 RM'000's
Balance Sheet Analysis										
Issued Capital	208,134	208,134	208,134	208,134	208,134	208,134	208,134	208,134	208,134	208,134
Reserve	1,985,150	1,942,594	1,788,252	1,563,935	1,430,011	1,224,853	988,347	863,967	770,169	682,098
Non-Controlling Interests	1,076	420	207	505	125	619	672	304	-	-
Funds Employed	2,194,360	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
Biological Assets	376,719	380,147	377,947	355,266	321,821	241,345	196,499	184,723	182,644	191,620
Property, Plant and Equipment	921,776	916,640	902,084	874,153	846,380	744,175	724,354	705,737	685,550	686,185
Land Use Rights	31,110	34,071	31,763	30,794	31,173	25,105	25,665	22,464	-	-
Other Non-Current Assets	17,114	9,829	7,811	9,600	10,603	28,301	26,915	3,258	4,331	11,111
Current Assets	1,049,281	1,030,654	880,664	736,347	627,011	606,157	389,070	306,798	308,165	242,319
Total Assets	2,396,000	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
Less: Liabilities	201,640	220,193	203,676	233,586	198,718	211,477	165,350	150,575	202,387	241,003
Net Assets Employed	2,194,360	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
Other Data										
Profit Before Tax	340,476	454,239	491,541	349,460	372,797	397,818	232,985	199,569	181,637	160,661
Tax	87,989	111,688	117,955	84,753	91,913	98,259	53,597	49,561	48,609	31,754
Net Profit	252,487	342,551	373,586	264,707	280,884	299,559	179,388	150,008	133,028	128,907
Non-Controlling Interests	(656)	(310)	365	(400)	591	-	13	-	-	-
Profit attributable to equity owners of the Parent	251,831	342,241	373,951	264,307	281,475	299,559	179,401	150,008	133,028	128,907
Earnings Per Share (in sen)	121.00	165.00	180.00	127.00	134.95	143.93	86.19	72.07	63.91	61.93
Dividend Rate (Ordinary Share) - Interim and Final	103.25%	125%	120%	90%	70%	50%	40%	5% T.E.& 30%	30%	30%
Share Prices On The Bursa Malaysia Securities Berhad										
Highest	33.26	28.00	21.16	17.70	14.00	14.60	14.80	9.75	7.05	5.15
Lowest	24.70	19.16	16.00	13.32	9.70	7.85	9.00	7.00	4.90	4.30
Production -Malaysia										
Palm Oil - own - MT	146,962	161,407	165,408	164,066	198,883	203,864	176,272	192,204	188,171	177,670
Palm Kernel - own - MT	35,118	40,331	42,163	42,522	53,134	55,537	47,753	53,567	49,935	48,140
Coconuts - Nuts ('000)	74,678	74,110	71,763	83,331	75,541	83,626	87,049	74,035	81,749	76,978
FFB Yield per hectare - MT	22.42	25.05	25.16	24.61	29.05	29.60	25.46	27.83	26.54	26.30
CPO Yield per hectare - MT	4.95	5.48	5.47	5.28	6.31	6.38	5.45	5.90	5.65	5.52
Palm Oil extraction rate - %	22.07	21.86	21.73	21.46	21.73	21.54	21.41	21.21	21.30	20.99
Palm Kernel extraction rate - %	5.27	5.46	5.54	5.56	5.81	5.87	5.80	5.91	5.65	5.69
Coconuts Yield per hectare - Nuts	26,858	26,077	24,771	28,135	22,616	25,037	25,962	22,070	24,028	22,632
Cost Of Production - Malaysia **	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Palm Oil - Per MT	805	719	646	594	539	574	554	506	536	534
Palm Kernel - Per MT	197	195	161	145	120	121	130	110	115	115
Coconuts (in Sen) - Per Nut	9	10	9	8	10	10	8	9	9	8
Average Sales Price										
Palm Oil - Per MT	2,702	3,017	3,050	2,408	2,242	2,368	1,840	1,468	1,420	1,512
Palm Kernel - Per MT	1,283	1,584	2,168	1,532	1,031	1,691	1,121	906	1,020	893
Coconuts (in Sen) - Per Nut	75	71	65	45	47	38	32	34	29	25
Production -Indonesia										
Palm Oil - own - MT	36,529	35,182	24,747	5,435	-	-	-	-	-	-
Palm Kernel - own - MT	6,793	6,679	4,277	830	-	-	-	-	-	-
FFB Yield per hectare - MT	15.84	17.50	16.22	14.98	-	-	-	-	-	-
CPO Yield per hectare - MT	3.87	4.27	3.84	2.12	-	-	-	-	-	-
Palm Oil extraction rate - %	24.41	24.38	23.80	21.23	-	-	-	-	-	-
Palm Kernel extraction rate - %	4.54	4.63	4.14	3.24	-	-	-	-	-	-
Cost Of Production - Indonesia	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Palm Oil - Per MT	1,012	1,035	1,390	1,147	-	-	-	-	-	-
Palm Kernel - Per MT	250	242	92	146	-	-	-	-	-	-
Average Sales Price										
Palm Oil - Per MT	2,179	2,381	2,553	2,755	-	-	-	-	-	-
Palm Kernel - Per MT	997	1,032	1,247	2,000	-	-	-	-	-	-

Notes:
* Production of CPO and PK commenced in July 2010.
** Cost of production figures do not include depreciation.

All Properties Of The Group

Properties	Tenure	Area In Hectares	Description		Age In Years	Net Tangible Asset Value RM '000
Jendarata Estate	Leasehold		Registered Office - 1,369 sq.m.		49	1,179
36009 Teluk Intan	Expiring on:		Research Station - 1,070 sq.m.		48	1,799
Perak Darul Ridzuan	15.01.2062	606.16	Oil Palm & Coconut Estate			92,987
	07.06.2104	623.77	Palm Oil Mill	10,032	79	8,127
	07.06.2104	36.07	Biomass Plant	sq.m.	8	2,173
	20.11.2067	997.06				
	22.08.2068	151.67				
	Yr to Yr	33.62				
	Freehold	3,931.25				
Kuala Bernam Estate	Freehold	830.11	Coconut Estate			12,769
Batu 18, Jalan Bagan Datoh						
36300 Sungai Sumun						
Perak Darul Ridzuan						
Sungei Bernam Estate	Leasehold		Coconut Estate			29,851
Sungai Ayer Tawar	Expiring on:		Copra Kiln - 1,022 sq.m.		39	
45200 Sabak Bernam	Yr to Yr	16.59				
Selangor Darul Ehsan	28-03-2056	1.33				
	Freehold	2,274.11				
Ulu Bernam Estate	Leasehold		Oil Palm Estate			36,566
36500 Ulu Bernam	Expiring on:		Palm Oil Mill - 8,193 sq.m.		81	2,220
Perak Darul Ridzuan	Yr to Yr	95.31				
	Freehold	3,098.57				
Changkat Mentri Estate	Leasehold		Oil Palm Estate			22,447
36500 Ulu Bernam	Expiring on:					
Perak Darul Ridzuan	26.11.2067	1,538.60				
	01-10-2081	162.94				
	Freehold	847.77				
Ulu Basir Estate	Leasehold		Oil Palm Estate			48,185
36500 Ulu Bernam	Expiring on:		Palm Oil Mill - 6,352 sq.m.		24	684
Perak Darul Ridzuan	26-11-2067	11.40				
	20-01-2087	2,468.00				
	08.12.2099	159.50				
	Yr to Yr	129.44				
	Freehold	1,218.62				
Sungei Erong Estate	Leasehold		Oil Palm Estate			44,999
36500 Ulu Bernam	Expiring on:					
Perak Darul Ridzuan	02.11.2064	53.90				
	08-04-2033	809.39				
	Yr to Yr	43.18				
	Freehold	2,756.53				
Sungei Chawang Estate	Freehold	3,280.69	Oil Palm Estate			29,478
36500 Ulu Bernam	Yr to Yr	5.50				
Perak Darul Ridzuan						
Seri Pelangi Estate	Leasehold		Oil Palm Estate			11,882
Batu 11 3/4	Expiring on:					
Jalan Bidor	15.06.2068	1,419.02				
36000 Teluk Intan	Freehold	2.82				
Perak Darul Ridzuan						
Lima Blas Estate	Freehold	2,888.89	Oil Palm Estate			132,025
35800 Slim River			Palm Oil Mill - 8,210 sq.m.			2,096
UIE	Leasehold		Oil Palm Estate			375,131
Pantai Remis	Expiring on:		Palm Oil Mill - 6,148 sq.m.		22	2,260
Perak Darul Ridzuan	23.12.2103	10,359.26				
	Freehold	9.94				
Unitata Berhad	Freehold	18.45	Palm Oil Refinery			
36009 Teluk Intan			Complex, Soap Plant,	Buildings	39	24,837
Perak Darul Ridzuan			Cebes Plant			
Bernam Bakery	Freehold	0.45	Bakery		29	18
36009 Teluk Intan						
Perak Darul Ridzuan						
Butterworth	Leasehold		Bulking & Storage &			
Bulking Installation	Expiring on:		Rigging Facilities			
4536 Deep Water Wharf	31-08-2019	0.84			41	55
12100 Butterworth						
PT Surya Sawit Sejati	Leasehold		Oil Palm Estate			155,841
Pengakalan Bun, Central	Expiring on:		Palm Oil Mill - 90,000 sq.m.		4	9,064
Kalimantan, Indonesia	24.09.2040	2,508.47				
	**	12,999.53				
PT Sawit Seberang Seberang	Leasehold		Oil Palm Estate			12,547
Pengakalan Bun, Central	Expiring on:					
Kalimantan, Indonesia	**	3157.00				

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

Group's Plantation Properties As At 31 December 2014

	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	5,310			2,964	2,368	3,354	2,658	2,495	1,337	2,131	6,026	9,061	906	38,610
Immature-Planted 2011	67					30	124	188			1,115			1,524
Immature-Planted 2012	265			185		94	490			309	1,255		38	2,636
Immature-Planted 2013	373				18	260	228	564		300	1,297			3,040
Sub-Total	6,015			3,149	2,386	3,738	3,500	3,247	1,337	2,740	9,693	9,061	944	45,810
COCONUT :														
Mature	25	735	2,009											2,769
Immature-Planted 2011			148											148
Immature-Planted 2012		10	38											48
Immature-Planted 2013		65	60											125
Sub-Total	25	810	2,255											3,090
OTHER AREAS:														
Other Crops	5													5
Conservation and Plasma					12					85	91	6,352	2,213	8,753
Buildings,roads,drains, air-strips,nurseries, railway, etc.	335	20	37	45	151	249	163	39	85	64	586	95		1,869
TOTAL	6,380	830	2,292	3,194	2,549	3,987	3,663	3,286	1,422	2,889	10,370	15,508	3,157	59,527

Oil Palm		
Age in years	Hectares	% Under crop
4 - 5	7,621	17
6 - 8	10,277	22
9 - 18	11,228	25
19 and above	9,484	21
Mature	38,610	84
Immature	7,200	16
Total	45,810	100

Tranquil view of oil palms from our up-river estate.

Locations of Estates, Factories and Holdings in Peninsular Malaysia

Planted Area (Hectares) 31 December 2013

Estate	Oil Palm	Coconut	Other Crops	Total
UIE	9,693	-	-	9,693
Jendarata	6,015	25	5	6,045
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	9,061	-	-	9,061
PT SSS2	944	-		944
TOTAL (Hectares)	45,810	3,090	5	48,905

A well maintained lateritic field road flanked by luxuriant palms.