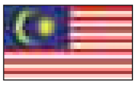
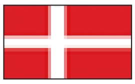
ANNUAL REPORT
2014

UNITED PLANTATIONS BERHAD

(Company No. 240-A)

Brief history and principal business activity

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

Today UP is one of the larger medium sized plantation groups in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad with a market capitalization of approximately RM5.10 billion at the end of its financial year 31 December 2014.

UP's core business activity lies within the cultivation of oil palm and coconuts. Its total cultivated landbank covers approximately 50,000ha spread over Malaysia (80%) and Indonesia (20%) and is supported by 7,000 employees across the Group.

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

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

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

Front Cover:
Prolific bunches of Premier Hybrid D X P material developed by UPRD.

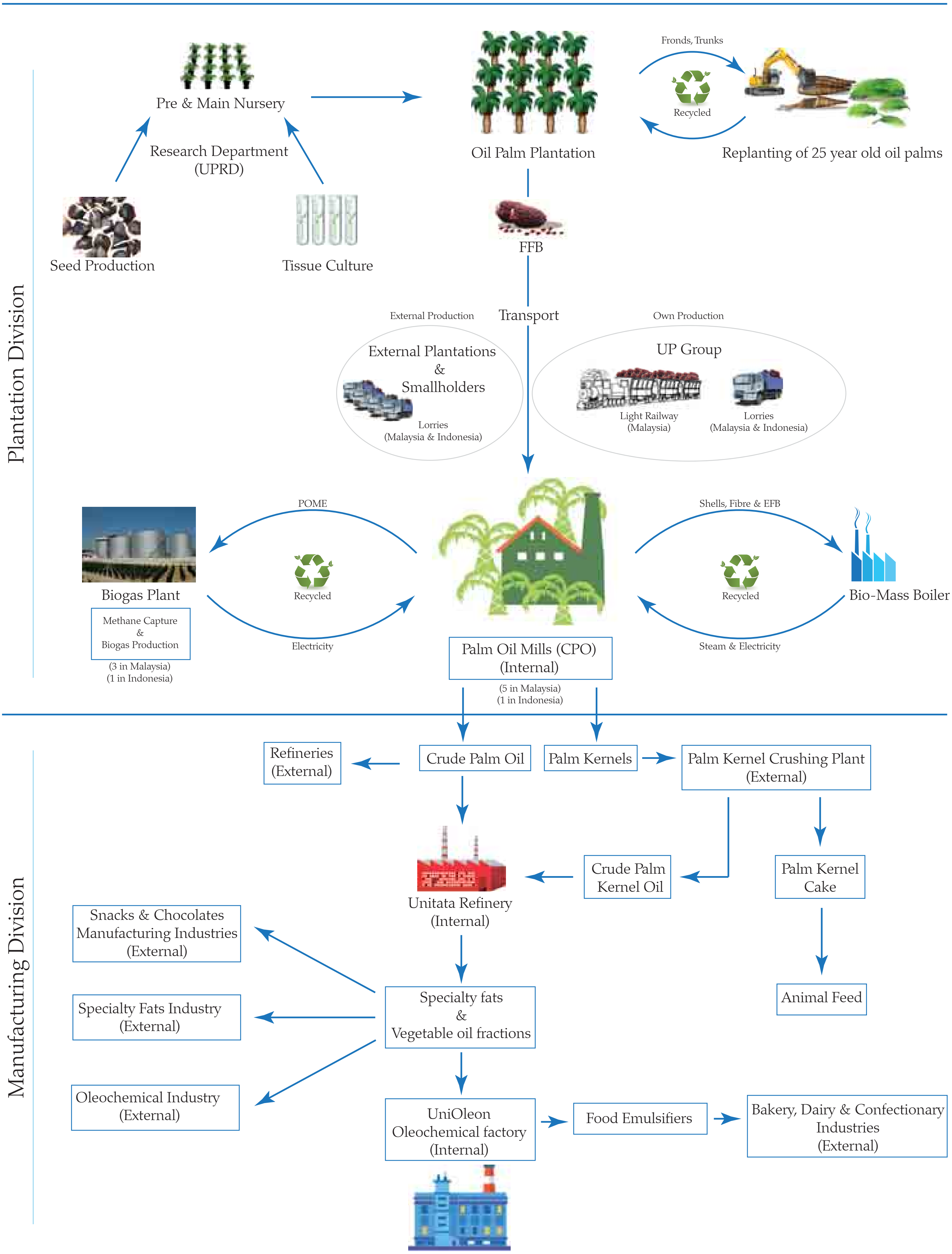
Group Philosophy

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

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

UP's Palm Oil Business Activities

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



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

Mannual watering to compliment the overhead sprinkler system during dry season.

UNITED PLANTATIONS BERHAD

(Company No. 240-A)

Contents

Corporate Information

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

Executive Committee and Senior Management

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

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

Loh Hang Pai
Executive Director (Estates)

Ho Dua Tiam
Inspector General, Estates & Special Adviser

Senior Executive Staff

Finance & Corporate

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

Ng Eng Ho
Group Financial Controller

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

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

S. Chandra Mohan
Financial Controller

Erwin Khor Siew Yan
Manager, Internal Audit

Azero bin Mohamed Anuar
Sr Accountant

Choo Kah Leong
Financial Controller, PT SSS

Norhazizi bin Nayan
Sr Manager, Human Resources

Shirley Selvasingam
Manager, IT Systems

Plantations

Edward Rajkumar Daniels
President Director,
PT SSS

C. Mohan Das
Group Manager,
Jendarata Estate

Geoffrey Cooper
Group Manager,
UIE

Nek Wahid bin Nek Harun
Group Manager,
Ulu Basir Estate

Muhammad Ratha
Deputy Group Manager
UIE

D.Amrik Singh
General Manager,
PT SSS

Azman bin Samion
Sr Plantation Manager,
PT SSS

Azhar bin Yazid
Sr Manager,
Lima Blas Estate

Ridzuan Bin Md. Isa
Manager,
Ulu Bernam Estate

S. Chantharavarnam
Manager,
Sungei Chawang Estate

Jason Joseph
Manager,
Changkat Mentri Estate

R. Siva Subramaniam
Manager,
Sungei Erong Estate

K. Thilaganathan
Manager,
Sungei Bernam Estate

Patrick Kanan
Manager,
Seri Pelangi Estate

S. Kumaresan
Manager,
Kuala Bernam Estate

Research

Dr. Xaviar Arulandoo
Director of Research

Ho Shui Hing
Research Controller

J. Vijiandran
Sr Research Manager

Lim Chin Ching
Research Manager(Biotechnology)

Kandha Sritharan
Research Manager

Appala Naidu Marie
Research Manager, PT SSS

Engineering

P. Seker
Group Engineer,
Upriver

Ir P. Rajasegaran
Group Engineer,
Downriver / Unitata

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

Ir V. Renganathan
Sr Resident Engineer,
UIE

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

Dev Ganesh
Manager, OPP
Unitata Berhad

Allan Loh Teik Boon
Manager, Commerce
Unitata Berhad

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

Mohammad Silmi
Manager, Biodiversity,
PT SSS

Group as at 26 February 2015

Plantations

- United Plantations Berhad (Malaysia)
  Issued Share Capital RM 208m
  - PT Surya Sawit Sejati (Indonesia)
    95%

Palm Oil Refining

- Unitata Berhad (Malaysia)
  100%

Others

- UniOleon Sdn. Bhd. (Malaysia)
  50%
- Bernam Agencies Sdn. Bhd. (Malaysia)
  100%
- Butterworth Bulking Installation Sdn. Bhd. (Malaysia)
  100%
- Bernam Advisory Services Sdn. Bhd. (Malaysia)
  100%
- Berta Services Sdn. Bhd. (Malaysia)
  100%

unioleon
nature our source, food our passion

General Shareholding Structure
Group as at 26 February 2015

Shareholder	Holding
Other Major Shareholders holding 5% and above	31.58%
The UIEL Group and The Bek-Nielsen Family	47.66%
Others	20.76%

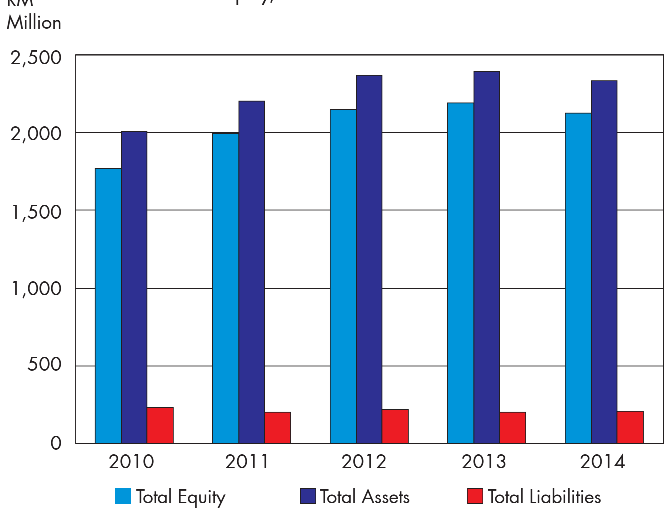
United Plantations Berhad
Share Capital : RM 208 million

Financial Highlights

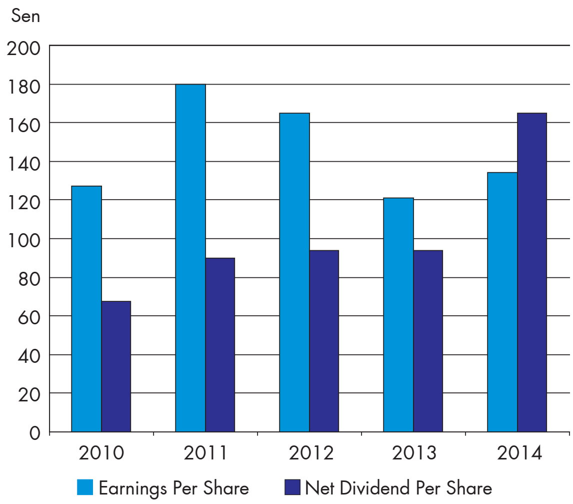
	2014	2013	Change (%)	2012	2011	2010
Revenue (RM' Million)	1,022	950	7.58	1,183	1,398	969
Profit Before Tax (RM' Million)	356	341	4.40	454	492	349
Profit After Tax (RM' Million)	279	252	10.71	342	374	264
Earnings Per Share (Sen)	134	121	10.74	165	180	127
Net Dividend Per Share (Sen)*	165	93.87	75.78	93.75	90	67.50
Dividend Payout Ratio (%)	1.23	0.78	58.72	0.57	0.50	0.53
Dividend yield as at 31 December (%)	6.76	3.61	87.30	3.75	4.74	3.95
Total Equity (RM' Million)	2,127	2,194	(3.05)	2,151	1,996	1,772
Return on Equity (%)	13.12	11.49	14.20	15.90	18.74	14.90
Total Borrowings (RM' Million)	0.80	0.30	170.27	0.08	0.39	1.49
Non-Controlling Interests (RM' Million)	2.40	1.08	122.22	0.42	0.21	0.51
Cash Position (RM' Million)	738	779	(5.26)	748	498	428
Total Assets (RM' Million)	2,334	2,396	(2.59)	2,371	2,201	2,006
Total Liabilities (RM' Million)	207	202	2.48	220	204	234
Year-End Closing Share Price (RM)	24.40	26	(6.15)	25	19	17.10

* Including proposed Final Dividend

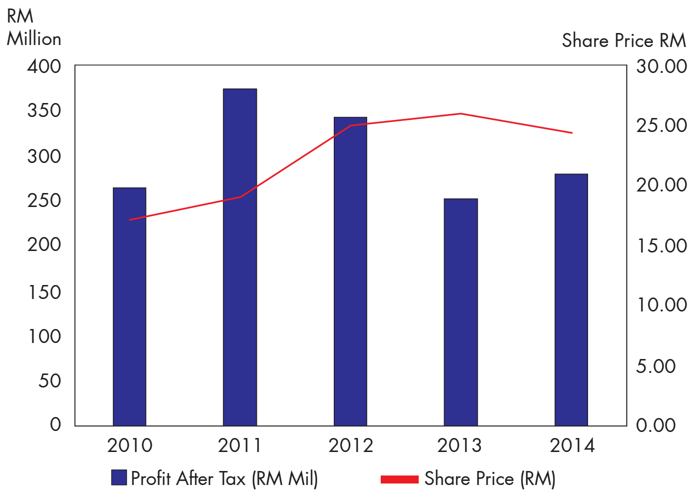
Total Equity, Total Assets and Total Liabilities



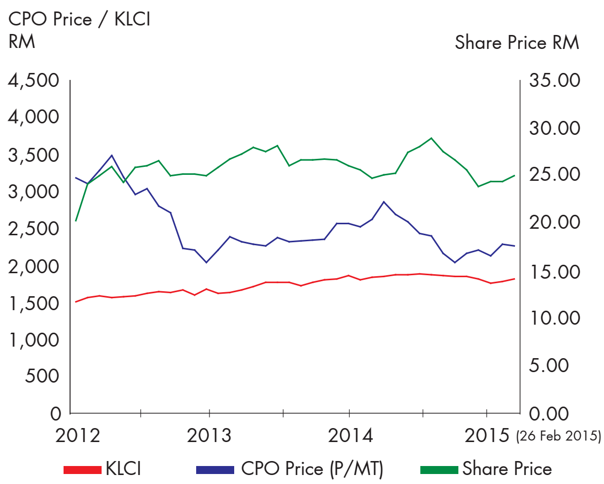
Earnings Per Share and Net Dividend Per Share (sen)



Profit After Tax and Year-End Share Price



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



Tan Sri Datuk Dr. Johari bin Mat

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

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

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

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

He held various positions in several national and international organizations, such as UNESCO, UNCRD, APDC, SEAMEO, ASCOE and COL (Commonwealth of Learning) based in Vancouver, Canada. Currently he is on the Board of a number of private companies.

Dato' Carl Bek-Nielsen

Vice Chairman
Chief Executive Director (CED)
Non-Independent

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

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

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

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

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

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

Ho Dua Tiam

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

Appointed director of the Company on 1 January 1995, Mr. Ho Dua Tiam, born in 1943, a Malaysian, is the Inspector General, Estates and Special Adviser of United Plantations Berhad.

After completing his study at the Serdang Agricultural College, he started his career with United Plantations Berhad in 1964 as a Cadet Planter. He served the Company in various positions before his appointment as Senior Executive Director on 21 June 2003. He retired from his position as Senior Executive Director (CEO) on 31 December 2012 and continues to serve the Company as Inspector General, Estates and Special Advisor of UP Berhad from 1 January 2013.

He is also a director of United International Enterprises (M) Sdn. Bhd. and Maximum Vista Sdn. Bhd. He is not on the Board of any other public listed company.

He is a Council member and Deputy President of the Malaysian Agricultural Producers Association (MAPA) and Chairman of its Finance and Executive Committee.

Ahmad Riza Basir

Independent
Non-Executive Director
Member of the Audit Committee

Appointed director of the Company on 17 June 2000, Mr. Ahmad Riza Basir, born in 1960, a Malaysian, is a lawyer by training.

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

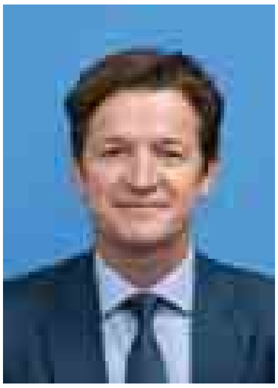
He is a director of Perlis Plantations Berhad, a public listed company on Bursa Malaysia Securities Berhad. He is also a member of the Board of Directors of several other private limited companies in Malaysia.

Dato' Jeremy Derek Campbell Diamond
Independent
Non-Executive Director
Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees.

Appointed director of the Company on 31 July 2001, Dato' Jeremy Derek Campbell Diamond, born in 1940, a British citizen with Permanent Resident status in Malaysia, graduated from Durham University with a B.Sc.(Hons.) in Agricultural Economics and Management in 1963.

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

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



Martin Bek-Nielsen
Executive Director
Non-Independent

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

After his graduation in 1999 he returned to Malaysia to take up the position of Corporate Affairs Officer. In 2001, he was appointed to the position of Executive Director and on 20 February 2003 was promoted to his current position of Executive Director (Finance and Marketing). On 9 November 2004 he was appointed Commercial Director of Unitata Berhad.

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

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

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

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

Appointed director of the Company on 28 July 2004, Mr. Mohamad Nasir bin Ab. Latif, born in 1958, a Malaysian, graduated in 1989 with a Bachelors degree in Social Science (Major-Economics), Universiti Sains Malaysia and obtained a certified Diploma in Accounting & Finance from The Chartered Association of Certified Accountants in 1996 and Master of Science in Investment Analysis from University of Sterling, United Kingdom in 1999.

Started his career with the Employees Provident Fund (EPF) in 1982 and held several positions including State Enforcement Officer (1990 – 1995), Senior Research Officer, Investment & Economics Research Department (1995 – 1998) and Manager, Investment & Economics Research Department (1998 – 2003), Senior Manager, Company & Intermediary Supervision Division (June 2003 – March 2008), Senior Manager, Equity Investment Department (April 2008- June 2009), General Manager, International Equity Department (July 2009 – April 2013) and currently is the Deputy Chief Executive Officer (Investment).

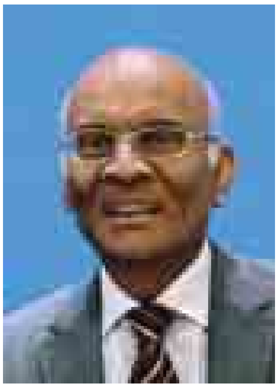
He is also a member of the Board of Directors of PLUS MALAYSIA BERHAD and Battersea Project Company Limited.

Loh Hang Pai
Executive Director
Non- Independent

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

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

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



R. Nadarajan
Independent
Non-Executive Director
Member of the Audit, Nomination and Remuneration Committees

Appointed director of the Company on 1 June 2013, Mr. R. Nadarajan, born in 1948, a Malaysian, joined the company in 1977 as a Management Accountant, after having qualified and worked in the UK in various capacities in management accounting and finance. He was promoted to the position of Financial Controller in 1980 and to the position of Company Secretary/ Group Manager Finance in 2000. He fully retired in 2012 as Group Financial Adviser, a position he held since 2008 on retirement as Company Secretary/ Senior Group Manager, Finance.

He is an associate member of the Chartered Institute of Management Accountants, United Kingdom(UK) and a member of the Malaysian Institute of Accountants.

He is not on the Board of any other public listed companies.

Note:

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

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

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

4. Attendance of Board Meetings
   Details of the Directors' attendance at Board Meetings are set out in the Statement on Corporate Governance on page 95.

Special presentation by our Chairman, Ybhg. Tan Sri Datuk Dr. Johari bin Mat to Mr. Ho Dua Tiam, Inspector General, Estates & Special Adviser for his 50 years of sterling service to the Company.

Recognition of long serving staff and executives during our Company Dinner.

Chairman's Statement

On behalf of the Board of Directors of United Plantations Berhad, it gives me much pleasure to present to you the Annual Report of our Company and Group for the financial year ended 31 December 2014.

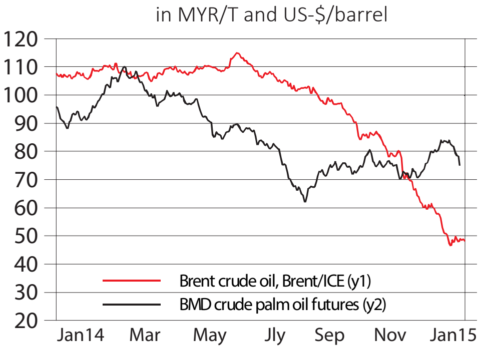
Summary of Operating Environment

Another eventful and busy year has ended. Looking back, 2014 has in so many ways been a turning point for the global commodity sector. Right from mineral fuel oils, base metals and agricultural products almost all major commodity prices have declined dramatically during the second half of the year. The phenomenal demand from China that lifted commodity prices over the last decade has been turned upside down reaching a "new normal", thereby indicating that the super commodity cycle appears to be over for now.

Economically, the global scenario was challenging in 2014 with China slowing down, the European Union wobbling combined with geopolitical tensions in Russia and Ukraine impacting economies and trade in many countries. Fortunately, the US provided signs of recovery which has been a catalyst for growth and employment in 2014 generating some optimism globally.

Crude Palm Oil (CPO) prices which during the first quarter of 2014 trended upwards made a u-turn towards the middle of the year sliding lower in the second half of the year.

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



Prices from 2 Jan 2014 untill 26 Jan 2015

The contributing factors for this decline were amongst others the rising CPO stocks in Malaysia and Indonesia coupled with larger supplies of soya beans particularly due to the bumper harvest in the USA and most importantly the very prominent decline in mineral oil prices which turned the financial feasibility of the biodiesel industry into disarray.

Fortunately, the Malaysian Government acted wisely by removing the export duty for CPO thus stabilizing prices. However, the dramatic fall in prices by more than 40% year-on-year has resulted in major challenges for the palm oil sector where margins are being squeezed in times of rising labour costs and higher input costs thus testing the competitive advantage vis-à-vis the other 16 oils & fats.

Comparison of Daily Wage Between Malaysia and Indonesia
(With Indonesia 2006's Wage Rate as the Base year)

Whilst United Plantations Bhd (UP) enjoyed the higher CPO prices during the beginning of the year, our operations were significantly impacted by the weather extremes experienced during 2014 in Malaysia. During the first quarter of 2014, most parts of Malaysia suffered an unprecedented drought depleting national water reservoirs and catchment areas to record low levels compelling water rationing to be implemented in many parts of the Peninsular.

For the first time ever we had to stop processing Fresh Fruit Bunches (FFB) at the Ulu Bernam Palm Oil Mill due to salt water ingression up the Bernam River which resulted in chronic water shortages. The oil palms were exposed to a prolonged period of acute moisture deficit inevitably impacting production 5-6 months later. Nevertheless, during the tail end of the year the weather extremes continued to manifest itself this time through periods of unprecedented high monsoon rainfall notably in November and December resulting in

The challenges of harvesting during the exceptionally wet weather season in December 2014.

serious floods across most parts of Malaysia including sections of our Malaysian estates. It was claimed by the authorities that these floods were supposedly the worst Malaysia had experienced in 42 years with over 170,000 people being evacuated from their homes to safer grounds. A total of 190,600 Ha of oil palm estates in Malaysia were affected by these floods including about 5,000 Ha on United Plantations Bhd where water levels ranging from 1 to 4 feet hampered all field operations. Inescapably, this impacted our production through higher field losses in the last 2 months.

The lower than expected production arising from the adversities in weather in Q1 and Q4 combined with the significant drop in prices in the second half of the year therefore affected the performance of our Malaysian estates.

On the positive side, our Group's subsidiaries generated improved performances. On our Indonesian estates results were up notably due to better operational efficiencies combined with a lower unit cost of production, mainly attributable to the better yields. Albeit facing a much tougher operating environment with margins coming under pressure, our downstream refining business also managed to perform well, mainly due to the ability to meet the stronger demand for high quality sustainable and traceable palm oil products combined with favourable hedging positions.

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

An aerial view of flooding in recently replanted fields.

Successful evacuation of harvested bunches using our light rail system during the December 2014 floods.

Financial Review of Operations

- The Group's revenue during 2014 increased by 7.6% compared to 2013, reaching RM 1,022 million. This was mainly attributable to the significant increase in the selling prices of palm kernel oil products by the refinery.

- The Group's profit before tax increased by 4.4% from RM 341 million in 2013 to RM 356 million in 2014.

- The United Plantations Group was, despite the above mentioned factors, able to achieve a profit after tax of RM 279 million for 2014 which was an increase of 10.7% from RM 252 million in 2013. The Board of Directors therefore joins me in placing on record that the results, in spite of the adverse weather conditions and sliding commodity prices, have been satisfactory for the year 2014.

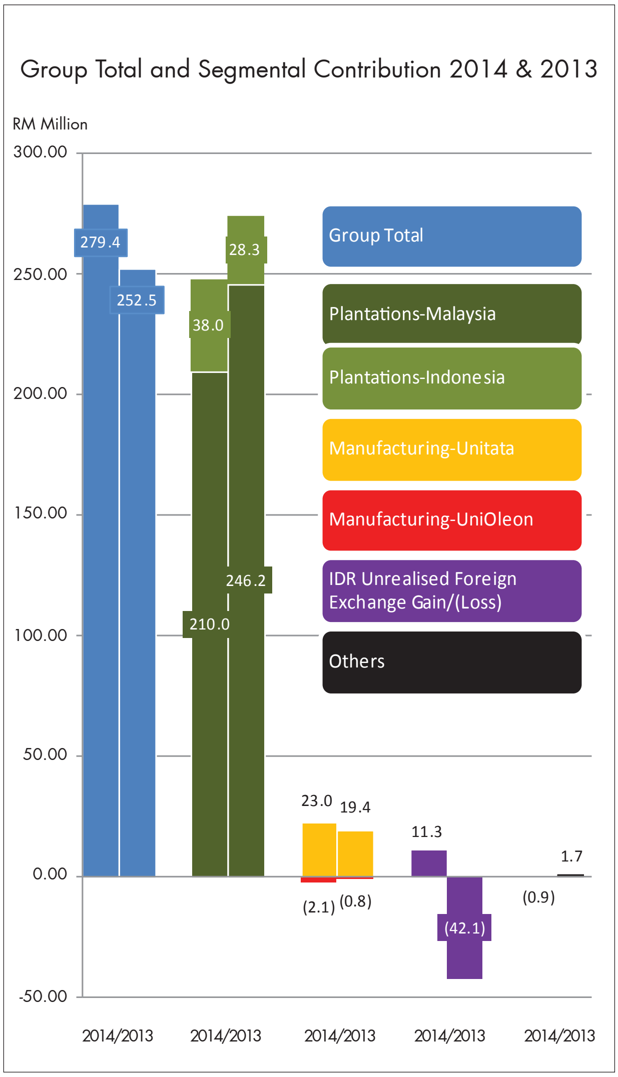
Dividends

- The Board of Directors has recommended a Final Single Tier Dividend of 20% per share and a Special Single Tier Dividend of 40% per share for the year ending 31 December 2014.

- Summary of Dividends for the year ended 31 December 2014 are:

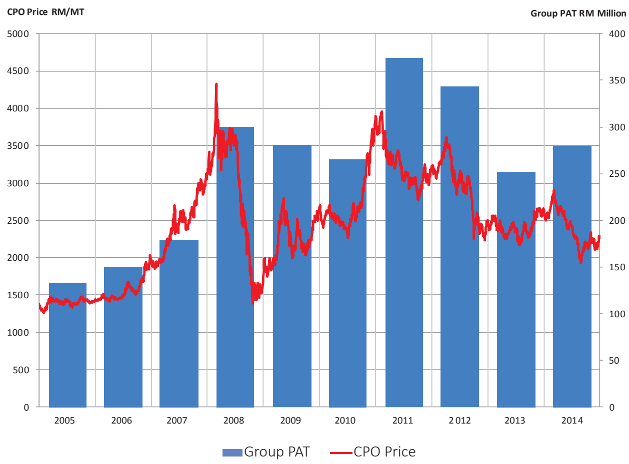
	Percent
Interim Extraordinary Special Dividend declared and paid	75%
Interim single tier Dividend declared and paid	20%
Special single tier Dividend declared and paid	10%
Proposed Final Single Tier Dividend	20%
Proposed Special Single Tier Dividend	40%
Total Dividends	165%

The total dividend pay-out will therefore amount to RM 342.9 million (RM1.65 @ 208million shares) for the year ended 2014 which is considerably higher than previous years as a result of the one-off interim Extraordinary Special Dividend of 75% equal to RM 156 million paid out in September 2014.



Nevertheless, the Board of Directors is committed towards maintaining a strong balance sheet and especially a cash position, which as of 31 December 2014 stood at RM 738 million, in order to secure the company's ability to fully fund its operations and internal capital requirements deemed necessary to sustain and improve the high

CPO Price vs Group Profit After Tax



Harvesting of young palms using a mechanised chisel.

standards of our operations. This position will also ensure that the Group has the capability to strategically and prudently invest in order to grow our business and take advantage of opportunities should these arise, regardless of market conditions.

Plantation Operations

- CPO production in 2014 reached 144,162 MT (Malaysia) and 41,440 MT (Indonesia) totalling 185,602 MT of CPO for the Group compared to 183,491 MT of CPO in 2013. The 1.2% increase in the Group's overall production, equal to 2,111 MT of CPO was primarily a function of the improved performance of our Indonesian properties where production rose by 13.4% which cushioned the decline in production of 1.9% on our Malaysian estates, the latter of which were subject to a high replanting coupled with the consequences of the weather extremes already explained on pages 12 and 13.

UP Group	Metric Tonnes (MT) CPO		
	2014	2013	Change
Malaysia	144,162	146,962	(1.91%)
Indonesia	41,440	36,529	13.44%
Total UP Group	185,602	183,491	1.2%

UP Indonesia's production accounted for 22.3% of our Group's CPO production in 2014 compared to 19.9% in 2013 which is a pleasing development.

- A total of 2,625 hectares of oil palms were replanted on our Malaysian properties during 2014 compared to 3,040 hectares in 2013. Whilst our Group's average age profile has improved, we must nevertheless appreciate that the major bulk of our Group's replanting programme for our Malaysian Estates will only be completed by 2017. Indeed, during the course of the last 5 years our Malaysian estates have replanted a total of 12,457 hectares of oil palms equal to 35% of the total area under oil palm today. This is absolutely necessary if we are to further improve on the age profile of our established plantations and with that our average yields.

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


Loading of evacuated bunches from the fields into the 2MT cages using scissor lift trailer.

As of 31 December 2014 our Group's areas planted up with oil palms can be summarized as follows:

In Hectares	2014	2013	Change
UP Malaysia			
Mature Area	28,291	28,643	(1.2%)
(oil palms between $2\,^1/_2$ - 5 years in age)	24.28%	19.8%	22.6%
Immature Area	7,475	7,162	4.4%
Total Area under Oil Palm	35,766	35,805	(0.1%)
UP Indonesia			
Mature Area	9,655	9,967	(3.1%)
Immature Area	-	38	-
Total Area under Oil Palm	*9,655	10,005	(3.5%)
Grand Total for the Group	45,421	45,810	(0.8%)
Total Group Area having come into Maturity	1,953	3,659	(46.6%)

* net of 350 ha converted to Plasma.

As indicated in the table above, our Group's total area planted with oil palms (Malaysia and Indonesia) has therefore now reached 45,421 hectares compared to 23,348 hectares 13 years ago.

From the table one can also note that the total immature area in relation to the total area under oil palms in 2014 now stands at 16.5% compared to 15.7% in 2013. The total immature area on our Malaysian Estates is now 20.9% compared to 20.0% in 2013.

Whilst our Group encountered severe weather problems during the year, the average yield nevertheless increased slightly from 4.69 MT CPO/Ha in 2013 to 4.87 MT CPO/Ha in 2014 as indicated in the table on the next page.

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 on our Malaysian estates arising from the serious floods experienced in November and December 2014.

3) The consequences of the extreme drought experienced during the first quarter of 2014 which adversely impacted the yields on our Malaysian properties during the 4th quarter in 2014.

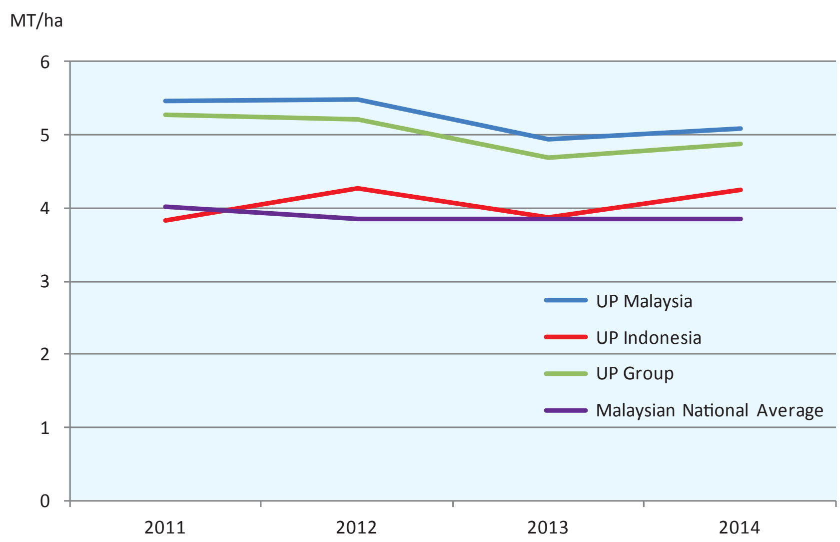
Pruning of tall palms is essential in minimising crop losses.

CPO Yield / Hectare /Year

	2014	2013	Change
UP Group average yield in (MT) FFB/Hectare	21.40*	20.83*	2.7%
UP Group average Oil Extraction Rates (OER) in %	22.77*	22.50*	1.2%
UP Group average Kernel Extraction Rates (KER) in %	5.02*	5.14*	(2.3%)
UP Malaysian Average Yield in (MT)CPO/Hectare	5.09	4.95	2.8%
UP Indonesian Average Yield in (MT)CPO/Hectare	4.24	3.88	9.6%
UP Group Average Yields in (MT)CPO/Hectare	4.87*	4.69*	3.8%
Malaysian National yield in (MT) CPO/Hectare	3.84	3.85	(0.3%)

** includes our Indonesian plantations.*

UP's CPO Yield Per Mature Hectare



Land preparation activity in progress for replanting of oil palms.

Breeding of high FFB and oil yielding materials, good nursery and field management practices are key elements to remain competitive.

Replanting Policy

Concerted efforts are continuously being made by Management to enhance the Company's Breeding-Agronomy and Tissue Culture activities as these remain of prime importance in terms of our Group's ability to further improve our agronomic 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 2014 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.

Extensive replanting is underway at Jendarata which will improve the future yields.

Modern Hospital/Health Care Centre at Lada Estate, Central Kalimantan.

Indonesia

Our Plantation Division in Indonesia continued to improve and generated a Group contribution of RM38.0 million in 2014 against RM28.3 million in 2013, representing an increase of 34.3%.

Whilst operating conditions continue to be challenging it is with much satisfaction that after 9 years of operations since entering Indonesia the efforts and commitment provided towards the difficult expansion process into Central Kalimantan is finally paying off.

All plantings have now reached maturity and the company now provides employment for 1,459 employees, many of whom were previously unemployed.

The Indonesian Rupiah's appreciation against the Malaysian Ringgit resulted in an unrealized currency exchange gain of RM 11.3 million for our Group against an unrealized currency exchange loss of RM 42.1 million experienced in 2013.

I am pleased to report to shareholders that all infrastructural investments in Indonesia are almost completed with only minor additions to be done. Additional 12 new terrace houses and staff quarters were completed in 2014 bringing the total number of high quality modern living quarters for our

A mirror reflection of the Lada Mill captured on its water reservoir.

A recently completed"state-of-the-art"housing complex with the mill in the background at Lada Estate, Central Kalimantan.

executives, staff and workers to more than 350 units. Whilst the Board of Directors remains committed to its business in Indonesia, it also wishes to report that difficulties continue to be experienced in Indonesia in obtaining permits for any future expansion linked with prolonged delays and demands surrounding the issuance of these permits. With the significantly increased labour cost as well as the lower selling prices of CPO and PK, the investment climate seems less favourable compared to 2006 when the company entered Indonesia in spite of our satisfactory results. Further expansion will therefore only be considered if the investment climate improves. In the meantime, management is doing a good job in consolidating the existing properties where agricultural standards have now reached standards similar to those on its Malaysian properties.

Under the first phase, 9,655 hectares of oil palms (net of 350 ha converted to Plasma) have been planted and about 6,000 hectares of permanent conservation areas established. These conservation areas consist primarily of riparian reserves, peat swamps as well as heavily degraded secondary forests as a result of the intense logging activities carried out in the past prior to us acquiring the properties. These sanctuaries are a testimony to our Group's commitment towards maintaining an important balance between economy and ecology, however, at the same time accepting the fact that conservation means development as much as it does protection of the environment.

Copenhagen Zoo

ZOO COPENHAGEN

Our Group's collaboration with Copenhagen Zoo continues to develop very satisfactorily with notable initiatives having been made with additional new ones underway. The objective of this cooperation is to ensure that Environmental Management and smooth operation of our Biodiversity Department continues as planned in order for these softer yet important values to become an even stronger integral part of our agricultural operations. (see pages 70-72)

Cost of Production of Crude Palm Oil

- The cost of production (before depreciation and amortization) during 2014 rose by 5.1% from RM805/MT CPO to RM846/MT CPO for our Malaysian operations.

- This increase is of great concern and is primarily a reflection of the lower CPO production which declined by 2,800 MT on our Malaysian properties or 1.9% vis-à-vis 2013 combined with the necessary yet higher upkeep costs required to reinstate the UP standards following two years of acute labour shortages on our Malaysian estates resulting in many essential work programmes to fall behind. These have now been corrected. Nevertheless, it must be underlined that labour wages have risen very alarmingly by 40-45% for all harvesters and general field employees over the last four years with further increases rumoured to be just around the corner.

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

Selling Prices of CPO and Palm Kernels

- The average selling price for Crude Palm Oil achieved during the year fell from RM 2,702/MT in 2013 to RM2,353/MT in 2014 for our Malaysian CPO, a decline of 12.9%.

	Crude Palm Oil			Palm Kernel		
	2014	2013	Change	2014	2013	Change
MPOB Average price (RM)	2,384	2,371	0.5%	1,671	1,372	21.8%
UP's Average price (RM)	2,353	2,702	(12.9%)	1,774	1,283	38.3%

- The average selling price for Palm Kernels recorded an increase of 38.3% to RM1,774/MT in 2014 compared to RM1,283/MT in 2013 for our Malaysian Palm Kernels due to favourable forward sales.

Coconut Production

- Our coconut production of 68,424,355 nuts, recorded a decrease of 8.4% compared to 74,678,131 nuts in 2013. This was a function of the coconut palms recovering from the biological resting phase coupled with the consequences of the drought during the 1st quarter of 2014 which impacted bud formation as well as pollination and with that nut production. Average yields decreased from 26,858 nuts/hectare in 2013 to 25,056 nuts/hectare in 2014 equal to a decline of 6.7% year on year.

High yielding Yellow Dwarf coconuts.

A beautiful landscaped driveway through the Unitata refinery complex.

Manufacturing Division

Unitata Berhad

In our downstream refinery division our wholly owned subsidiary Unitata performed satisfactorily under the increasing competitive circumstances, by recording a profit after tax of RM 23.0 million against RM 19.4 million in 2013.

The improved results were mainly due to increased sales volumes of high quality, sustainable and traceable products, positive trading results as well as cost cutting measures.

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

UniOleon Sdn Bhd

The establishment of our Oleochemical division materialized in 2014 through our 50:50 Joint Venture company, UniOleon Sdn Bhd. Our new Food Esters Factory in Pulau Indah was officially inaugurated on the 25th November 2014 by Her Royal Highness Princess Astrid of Belgium as well as our Honourable Minister of Plantation Industries and Commodities, Yang Berhormat Datuk Amar Douglas Uggah Embas.

It was a meaningful event that was well organized and highlighted the industrious work undertaken by UniOleon's Managing Director and his team thus completing phase one of our investment. Going forward the focus will now move to the commercial side of the business.

Dato' Carl Bek-Nielsen briefing HRH Princess Astrid of Belgium, the Honourable Minister of Plantation Industries and Commodities, YB Datuk Amar Douglas Uggah Embas and other dignitaries at the official opening of the UniOleon plant.

The new 45tph Biomass Reciprocating Boiler with the employees' housing and administrative complex at Ulu Basir.

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.

Our commitment towards providing and improving social amenities remains very much a hallmark within our Group. Continuous improvements were made during 2014 to maintain the highest possible welfare standards for our workforce.

During 2014 UP was awarded a 2nd placing out of 178 companies under the Best Corporate Social Responsibility (CSR) category by the Edge Billion Ringgit Club. This award was presented by the Deputy Prime Minister of Malaysia, YAB Tan Sri Dato' Hj. Muhyiddin Hj. Mohd. Yassin and was a pleasing achievement indicating acknowledgment of our Group's continuous focus on responsible palm oil production.

Reducing our Carbon Footprint

Our Group's commitment towards reducing its "carbon footprint" and thereby its Greenhouse Gas (GHG) emissions remains a high priority to which new initiatives and important investment decisions continue to be made. Following an updated and very comprehensive Life Cycle Analysis (LCA) report it was pleasing to note that UP from 2004 -2013 has managed to reduce its GHG emissions per kg refined oil by 33%. Our target is to reach a reduction of 50% vs the 2004 figures before the end of 2018. (see pages 54-55)

United Plantations and the Roundtable on Sustainable Palm Oil

The tireless efforts undertaken by the Group over the past many decades in terms of its leadership within the segment of sustainable agricultural production continues to be recognised 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 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. Our Group has continued to demonstrate its desire to implement new initiatives that go beyond the current RSPO Principles & Criteria by committing to de-link deforestation to palm oil by introducing new policies and commitments. UP has therefore committed to a no deforestation policy ensuring that no development of areas with High Carbon Stock (HCS) and High Conservation Value (HCV) will take place.

A detailed report on our CSR activities is accounted for in a separate section of this annual report. (see pages 30 - 85)

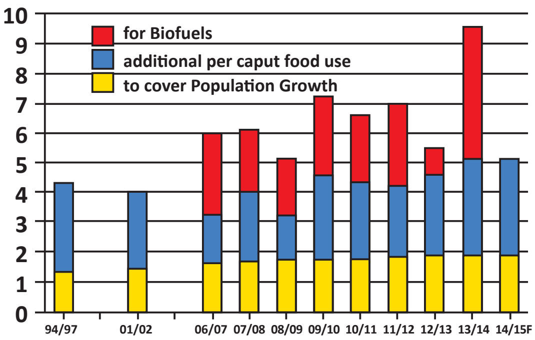
Prospects and Outlook

Based on the current operating environment, UP is mindful of the challenges 2015 will bring. In accordance with its replanting policy, United Plantations will continue to replant large areas of its older and less productive oil palm stands in Malaysia during 2015. All areas in its Indonesian operations will be in production in 2015 which is expected to partly compensate for the crop loss from the replanted areas in Malaysia.

The US and South American soybean crop production and ending stocks are expected to increase further during 2015 which may extend the pressure on vegetable oil prices seen in 2014 due to the anticipated increase in supply.

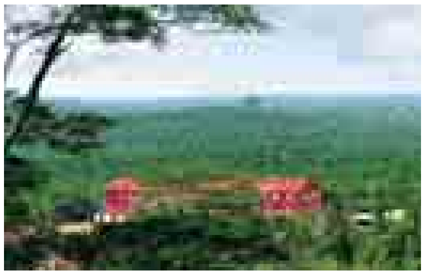
The significant decline in mineral oil prices is expected to put further pressure on the vegetable oil price complex as it is likely that less vegetable oils will be converted into biodiesel. This will invariably have consequences that have not fully materialised.

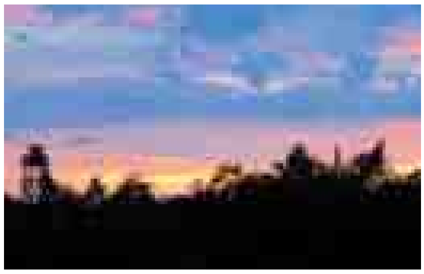
17 Oil & Fats
Growth of World Consumption (Mn T)



However, the recent announcement by the Indonesian Goverment to increase subsidies for usage of palm oil in biofuels have supported prices. In addition, the wet weather experienced during December 2014 in Malaysia and parts of Indonesia have softened the bearishness stemming from the mineral oil price collapse and the prospective record soya bean crop. Furthermore, the depreciation of the Malaysian Ringgit against the USD has further supported CPO prices in Malaysian Ringgit and this is expected to continue into 2015 as the finalisation of the quantitive easing programme by the US Federal Reserve and the likely first interest rate rise is then expected to take place.

In view of the above, and with the current prevailing prices of palm oil and palm kernel in the market, the Board of Directors is of the view that the future looks more challenging. Nevertheless, with the prices contracted under our forward sales policy and with the Indonesian production partly compensating for the drop from the replanted areas in Malaysia, the Board of Directors expects that the results for 2015, will nevertheless be satisfactory.





Environment and landscapes, their character and quality, help define the self-image of a region.

Acknowledgement

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

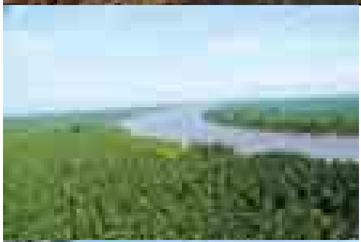
In addition I would like to take this opportunity to place on record my appreciation of the commitment, understanding and wise counsel I have received from the Directors and the Executive Directors, at all times. In this connection I would like to congratulate and thank Mr Ho Dua Tiam, Inspector General Estates, for his 50 years of sterling service and immense contribution. Finally, and on behalf of the Board of Directors, I would also like to place on record my sincere appreciation to all United Plantations' employees for their loyal and dedicated service which is so essential for the future growth and well-being of our Group of Companies.

TAN SRI DATUK DR. JOHARI BIN MAT
CHAIRMAN

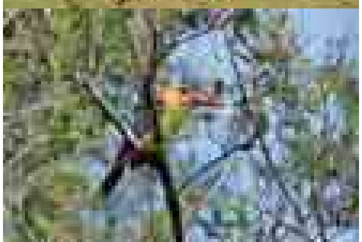
UP was awarded 2nd placing out of 178 companies under the Best Corporate Social Responsibility Initiatives (CSR) category by the Edge Billion Ringgit Club. The award was presented to our Chairman, Ybhg. Tan Sri Datuk Dr. Johari bin Mat.












Corporate Social Responsibility (CSR)

Contents




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.

Creating Shared Value(CSV)

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 our Company and the health of the communities around us are mutually dependent, thus enabling UP to create economic value by also creating societal value.

For generations, UP has focused on maintaining social and environmental awareness and striving to the best of its abilities to create a balance between economy and ecology. This focus resulted in the World's first RSPO certificate being awarded to United Plantations in 2008. Today a vital part of UP's CSR Policy therefore continues to be our commitment to the Principles and Criteria of the RSPO and building on their principles and criteria.

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

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

Employees

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

Environment

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

Community

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

Marketplace

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

One of our jungle reserves at Lima Blas Estate. UP places strong emphasis on conservation of jungle reserves and promoting green corridors.

UP and The Roundtable on Sustainable Palm Oil (RSPO)

The RSPO is a global, multi-stakeholder initiative formed in 2004 as a response to the world's growing demand for sustainably produced palm oil. The primary objective of the RSPO is to promote a credible standard of palm oil production that is socially, economically and environmentally acceptable.

Roundtable

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

Sustainable

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

Established under the Article 60 of the Swiss Civil Code on 8 April 2004, the not-for-profit association embraces today more than 1,900 members including producers and processes, trading houses, consumer goods manufacturers, retailers, banks and investors to nature conservation NGOs and social or development NGOs. UP has been a member since the inception in 2004.

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.

Palm oil is today the most used vegetable oil in the world, contributing to more than 33% of the global production of oils and fats. Palm oil is versatile and has numerous users. It is found in food products, soaps, detergents, cosmetics, plastics and over the last number of years also in biofuel production.

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.

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

Source: RSPO Website

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.

UP and Certification

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 2014, more than 53 companies have obtained certification.

UP builds on the RSPO

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

Global Volume Of Certified Palm Oil

The total volume of certified sustainable palm oil globally in 2014 was above 11.2 million MT. The total volume of certified sustainable palm kernels was above 2.5 million MT. The total production area providing the above mentioned quantities was above 2.59 million Ha.

Unfortunately the global uptake of RSPO certified palm oil was only 50% of the supply thereby outpacing demand. With the European reform on labelling introduced in December 2014 as well as significantly increased commitments from International Brand manufacturers to switch to Sustainable Palm Oil it is anticipated that demand will start picking up going forward. This is viewed as important to ensure continuous support and commitment to the RSPO by sceptical producers including smallholders that would want a carrot to follow the strict principles and criteria of the RSPO.

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. 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. United Plantations' entire oil palm plantations in Malaysia were successfully certified in accordance with the RSPO Principles & Criteria on the 26th of August 2008 making United Plantations the world's first producer of certified sustainable palm oil. Our capability of supplying sustainably certified, traceable and high quality palm oil and palm kernel oil is an important part of our commitment to customers. Our total RSPO certified and traceable quantity available is approximately 160,000 MT of palm oil and 40,000 MT of palm kernels per annum.

For the new Indonesian estates, UP is committed to move towards full certification of all its areas by 2016. For Schemed Smallholders Including Plasma Schemes full certification is expected by 2019.

Commitment to Traceability

United Plantations is committed to moving towards full segregation and traceable supply chain models and is therefore slowly reducing mass balance and greenpalm solutions. Today approximately 70% of UP's production is RSPO certified segregated and traceable palm oil. Full certification and production and use of segregated and traceable palm oil is expected to be reached in 2019, including any outside crop that is purchased.

Source: RSPO Website

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. The ISPO and RSPO audits for our Indonesian Plantations are expected to be finalized in 2015 and 2016 respectively.

United Nations Grants "Special Consultative Status" to RSPO

UNITED NATIONS

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

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

The RSPO can be referred to by the UN Council or any of its affiliates aside from being able to submit written statements relevant to the work of the UN Council, which may be circulated among members of the UN Council by the UN Secretary General.

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

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

Supply Chain options under the RSPO

UP produces approximately 160,000 MT of palm oil and 40,000 MT of palm kernels that are certified under the RSPO. This value is sold based on various supply chain models as follows depending on customers' demand and supply capabilities.

Identity Preserved / IP

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

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

Segregated / SG

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

This option guarantees that the end product contains certified sustainable palm oil, but it can be expensive to keep certified and non-certified palm oil separate throughout the supply chain, particularly through various complex fractionation and blending processes.

UP sells the bulk of its RSPO certified production (65%) as segregated traceable palm oil to customers globally.

Mass Balance / MB

Certified sustainable palm oil and non-certified palm oil is mixed to avoid the costs of keeping the two separate. The refinery is only allowed to sell the same amount of Mass Balance palm oil as the amount of certified sustainable palm oil purchased. This means that there is no guarantee that the end product contains certified sustainable palm oil. However, this option supports certified sustainable palm oil through mixing, and the oil is consumed somewhere by someone.

UP sells a small part of its production (15%) as mass balance palm oil to customers globally.

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

GreenPalm

GreenPalm operates the RSPO Book and Claim supply chain option. The supply chain option is one of four provided by the RSPO to either support or use certified palm oil and palm kernel oil.

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

Book and Claim / (GreenPalm)

GreenPalm is a certificate trading programme that allows manufacturers and retailers to purchase one GreenPalm certificate from an RSPO certified grower for each tonne of palm oil used.

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

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

UP sells a small percentage of its RSPO certified products as greenpalm certificates to customers globally, however, with the growing demand for segregated and traceable palm oil it is expected that our supply chain will be fully certified as sustainable & traceable palm oil by 2019, thereby moving away from greenpalm certificates as a means of selling our RSPO certified production.

For further information on the various supply chain options kindly see: www.rspo.org or www.greenpalm.org

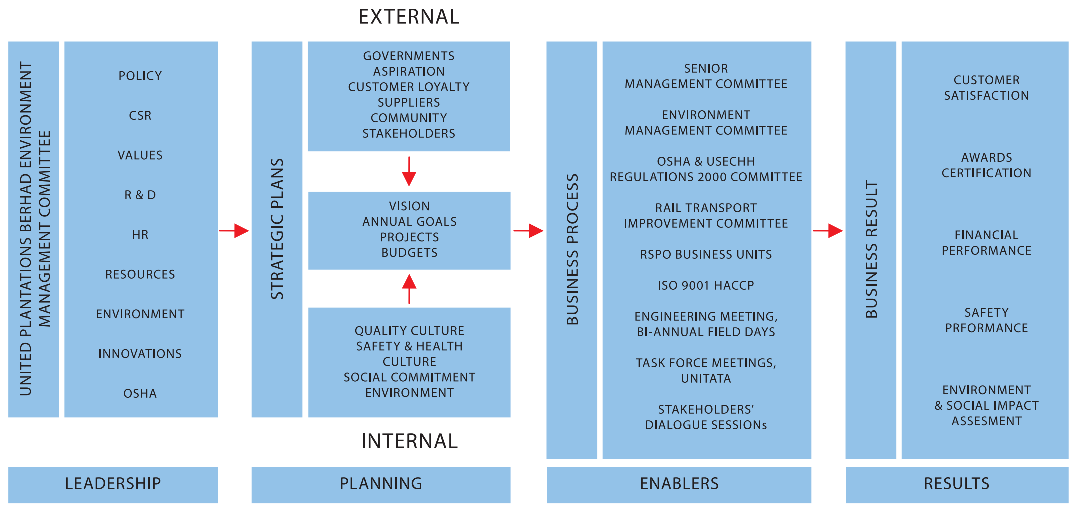
Depending on what supply chain system(IP,SG,MB or Greenpalm) customers use, the following table indicates what trademarks and corresponding claims can be used on the various products containing palm oil.

Supply Chain Systems And Trademarks

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

= Mandatory in product claims that face consumers

Operations & Environment Management System



Operations & Enviroment Management System (OEMS)

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 (EMC) 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.

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 EMC in order to formalise and take charge of necessary and relevant CSR topics.

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

1. RSPO Principles and Criteria

2. Field Management Manual

3. Standard Operating Procedures - oil palm field practices

4. Standard Operating Procedures - palm oil mill operations

5. Occupational Safety and Health and HIRARC Manual

6. Environment & Social Impact Assessments and its Management & Monitoring Plans

7. High Conservation Value 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.

EMC Meeting chaired by Dato' Carl Bek-Nielsen

Employees

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

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.

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:

Process of dehusking coconuts manually.

Standard of Conduct

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

Obeying the Law

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

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

Consumers

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

Shareholders

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

Business Partners

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

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.

Mr. Mohan from UPRD briefing participants on good nursery management practices during the Field Day at UIE.

Mr. Azhar Yazid, Senior Manager Lima Blas Estate, at a recent replanting on undulating terrain well established with cover crop.

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

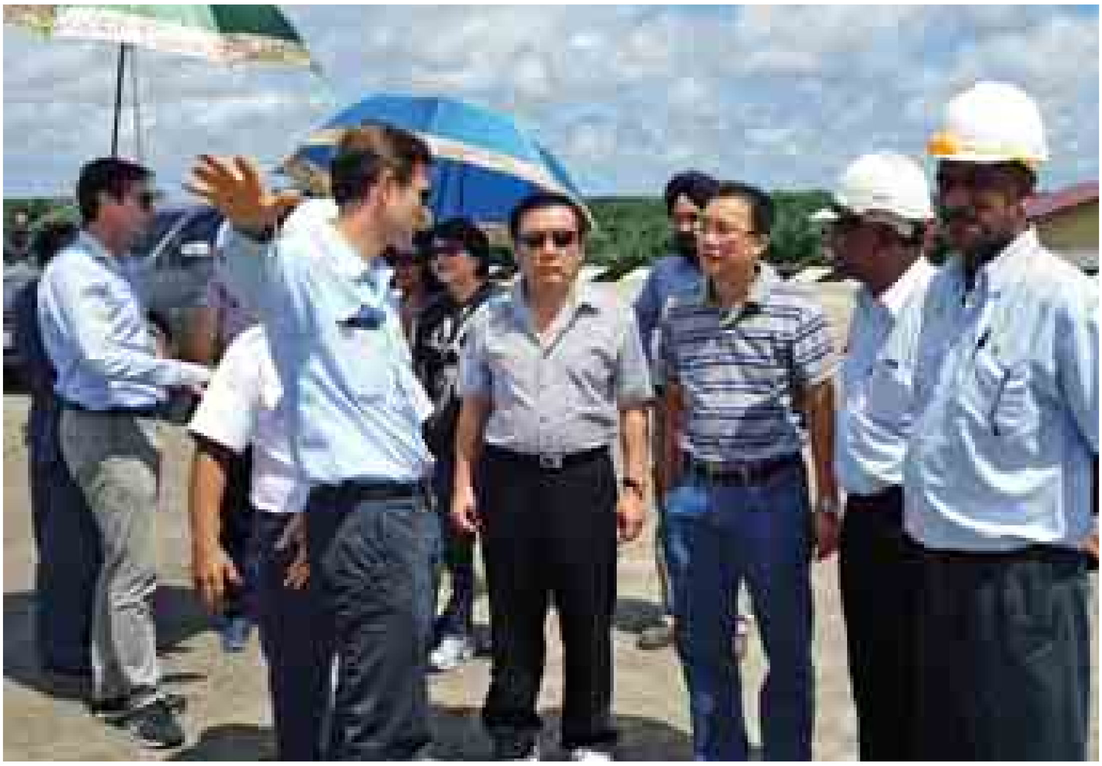
We do not engage in nor support the use of child or forced labour in our operations. The minimum age of workers should not be less than 16 years. We adhere to the International Labour Organisation's (ILO) core labour standards.

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

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

The buffalo assisted method is used successfully for the evacuation of fresh fruit bunches.

Our Chief Executive Director receiving guests from Musimas at Lada Estate.



Our Chief Executive Director briefing Mr. ET Lim, Chairman of Musimas at Lada 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 three Business Units in 2007 for the welfare of our female employees. A Gender Committee was formed in our plantation in Indonesia in 2011.

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

Guest Workers Policy

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

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



UP provides equal opportunities for gender participation and different nationalities in our plantation operations.

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

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

- There will be no contract substitution.

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

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

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

Human Rights Policy

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

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

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

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

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

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

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

Harvesting of bunches at 28 months from planting on Jendarata estate.

Manual fertiliser application in process at UIE's main nursery.

Guest Worker Committees

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

Each estate and department has a formal guest workers' committee comprising representatives of various nationalities, contractors, staff and management which meet monthly. It is a collaborative platform to address all issues pertaining to guest workers, induction course, "Home Away From Home", festival celebrations, safety, health and recreation.

Loaded FFB cages ready for sterilization.

Occupational Safety And Health

Occupational Safety And Health Policy

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

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

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

- Devote our continuous efforts to accident prevention, by conducting Hazard Identification, Risk Assessment and Risk Control (HIRARC) on all our operations.
- Provide continuous training and supervision to all categories of employees to build and promote a safe and healthy work environment in full compliance with legislative requirements.
- Equip and train employees to use appropriate protective equipment and to develop health and safety conscious citizens.
- We ban the use of Paraquat weedicide (1,1′-Dimethyl-4, 4′-bipyridinium dichloride) in our plantations and facilities and are committed to reduce and phase out pesticides that fall under the WHO IA & IB category when effective and suitable alternatives are available.
- Develop a culture of individual responsibility and accountability for the employee's own well being as well as those of the personnel and facilities under their control.
- Require contractors working on our behalf and suppliers doing business with us to adhere to the Safety and Health regulations and standards.

Mechanised spear drenching for oryctes beetle control in immature oil palms.

Two of our experienced Medical Hospital Assistants at Jendarata Group Hospital.

Estate Group Hospitals

The Group operates two well-equipped estate group hospitals in Malaysia and one in Indonesia with trained resident Hospital Assistants supervised by a Medical Doctor. Regular inspections of the employees' housing are made by the Health Care Team to ensure that sanitation, health and drainage standards are upkept according to the Company's policies.

Department of Safety & Health

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

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

CHRA

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

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

HIRARC

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

A well- equipped Hospital/Health Care Center with ambulance service provided to cater for the immediate health needs of workers, staff and officers at Lada Estate, Central Kalimantan.

Environment

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

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.

- Promoting the conservation and development of biodiversity within our group of plantations.

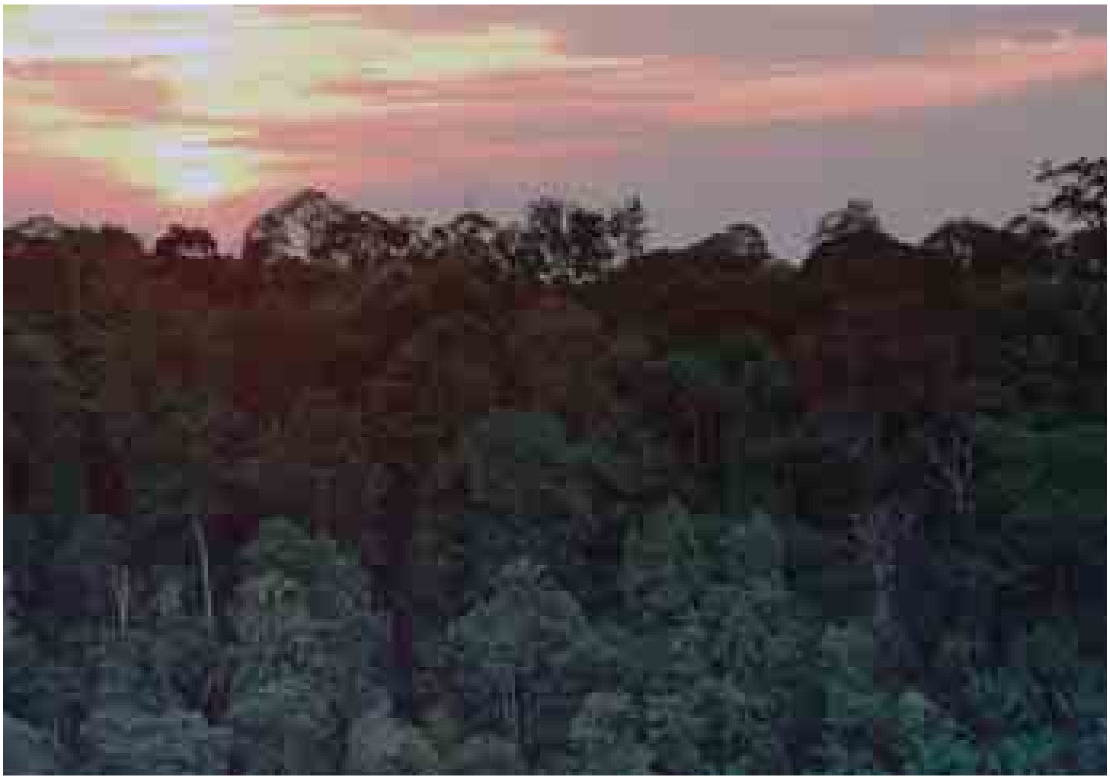
- Respecting the rights of people in our communities impacted by our activities. We will seek to identify adverse social and environmental impacts through respective assessments and take necessary and appropriate steps to avoid, minimize and/ or mitigate them.

- We want to ensure that our agricultural operations comply with the following criteria:

  - No development on High Carbon Stock (HCS) forests
  - No development on High Conservation Value (HCV) forest areas
  - No development on peat lands
  - Free, prior and informed consent (FPIC) for indigenous and local communities in all negotiations
  - Compliance with all relevant laws and National Interpretation of RSPO Principles and Criteria

We strive to maintain an open and dynamic approach towards continuous improvements in respect of HCV, HCS, GHG Emissions and FPIC.

- Continuously working to mitigate our water footprint related to mill waste, maintaining buffers along natural waterways, harvesting rainwater, frugal domestic water usage and judicious use of pesticides & weedicides.



One of our forest conservation area at Lima Blas Estate.

We are committed to reduce and phase out chemicals that fall under the WHO 1A & 1B category when effective and suitable alternatives are available.

- Continuously working on sound oil management e.g. determining appropriate amount and composition of nutrients based on annual leaf nutrient analyses, empty fruit bunches systematically applied in field, planting of leguminous cover crops.
- Continuously working towards a dynamic and innovative waste management and utilization system aimed towards zero waste.
- Continuous focus on promoting new technologies with low environmental impact as well as reducing GHG emissions.
- Protect and conserve Endangered , Rare and Threatened Tree species and Animals.
- We will strive to commit our contractors and suppliers to adhere to the environment regulations and thereby focus on traceability within our supply chain.

Environmental Commitments in place:

i) Zero-burn policy (1989)

ii) No primary forest clearing policy (1990)

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

iv) No HCV forest clearing policy (2005)

v) Methane capturing policy (2006)

vi) No Paraquat use policy (2010)

vii) No new planting on peat policy (2010)

viii) High Carbon Stock Assessment & Land Use Change Analysis for new plantings (2014)

The water reservoir at Jendarata attracts a wide range of birds.

Environmental Sustainability and Governance

To ensure continuous focus on our environmental commitments, sustainability Governance is done through our Environmental Management Committee (EMC) which is chaired by the Chief Executive Director. Whilst Members of the EMC include The Executive Director (Finance & Marketing), Director of Research and representatives from our Plantation and Engineering divisions as well as our subsidiary companies.

The objective of the EMC is to monitor and discuss environmental progress and issues and to propose necessary actions in relation to sustainability matters, including avenues to improve and enhance our practices as well as implementing new policies and standards for current and new developments.

As part of our environmental focus we have committed to go beyond the current sustainability principles and criteria under the RSPO by adding further to our current policies(see p.XX) by committing to a No Deforestation policy thereby refraining from developing areas of High Carbon Stock.

New Planting Procedure(NPP)

UP will continue to follow the Principles and Criteria of the RSPO including the New Planting Procedures (NPP) and commitment to undertake FPIC negotiations prior to any new development which are subject to review by an independent third party certifying body and posted for public comments on the RSPO website.

High Conservation Value(HCV) Assessment

As a member of the RSPO, UP is 100% committed to embrace and implement the sustainability concepts outlined in the RSPO Principles and Criteria (P&C). According to the RSPO P&C as well as Indonesian laws, Environmental Impact Assessments (EIA) and High Conservation Value Assessment (HCV) were conducted prior to commencing plantation development. UP has not only followed the recommendations of these assessments but expanded the scope to include much larger conservation areas than that stipulated in the EIA and HCV assessments. Todate more than 6,000 ha are set aside as conservation areas in line with the Company's policy to maintain and manage the ecological integrity of the landscape in which UP operates its 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.

Endangered and Protected Species

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

Zoological Society of London

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

ZSL's review covered 25 of the world's largest publicly listed palm oil companies on best practice on disclosure and Company Transparency. Whilst there is still room for improvement, we are pleased to inform that UP came out as second best as seen in the table below provided by The Rakyat Post:

High Carbon Stock (HCS) Assessment

HCS assessment is relatively new in the oil palm plantations; it was initially conducted by Golden Agri – Resources and SMART in Collaboration with The Forest Trust and Greenpeace in June 2012. For clarity HCS assessment is to develop a detailed Sustainability Plan for the landscape. Land Use Change Assessment is to evaluate the change in Carbon Stock from implementing an oil palm development plan and develop a management & monitoring plan in order to attempt to minimise the carbon impact of development. United Plantations is ever open to new issues and new technologies and in October 2014 embarked on a HCS assessment in accordance with RSPO's New Planting Procedure in our land concessions in Indonesian for development of PLASMA – smallholders.

In this connection UP appointed PT. Daemeter Consulting (Daemeter), a leading independent consulting firm promoting sustainable development through responsible and equitable management of natural resources, particularly in Asia's emerging economies. With offices in USA and Indonesia, they offer a wide range of professional services to support clients in achieving their social and environmental objectives. PT. Daemeter consultants have undertaken training in RSPO carbon stock assessment as well as in the use of the RSPO Palm GHG toolkit.

Executive Summary by PT. Daemeter

PT. Surya Sawit Sejati (PT SSS) is an Indonesian oil palm plantation company owned by UP. UP is a member of the RSPO and has committed to maintaining compliance with the RSPO standards for sustainability throughout their plantations. For New Planting Procedure submissions the RSPO requires the inclusion of a Land Use Change (LUC) analysis.

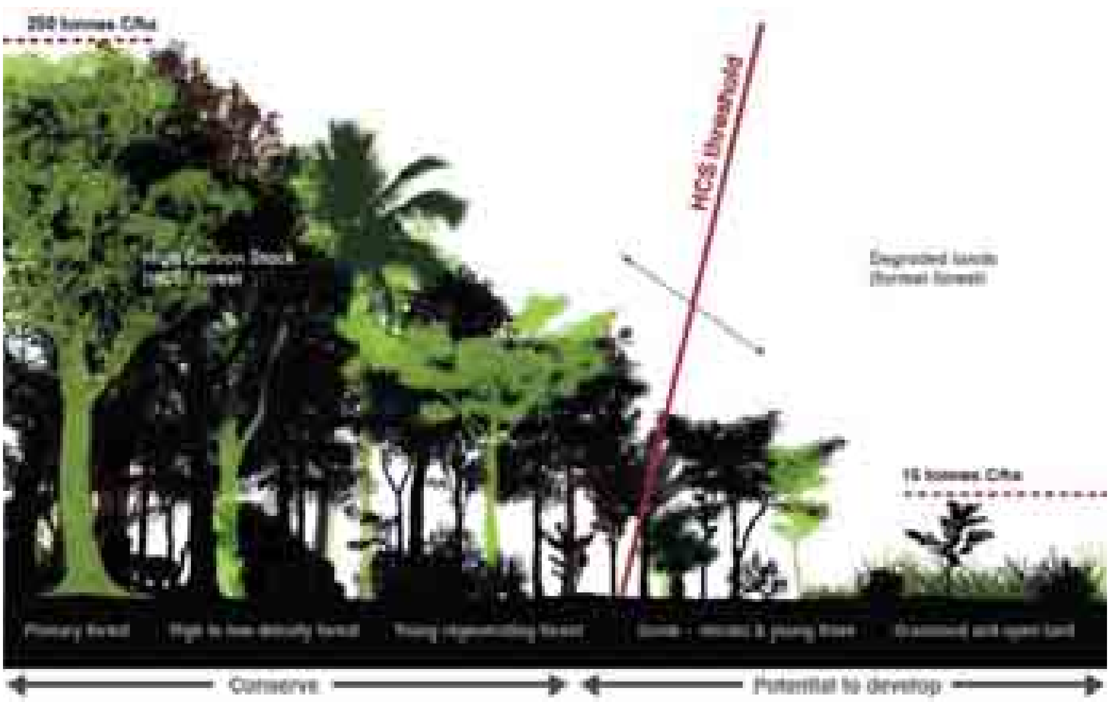
Scope

PT SSS requested PT. Daemeter to carry out a LUC analysis for their intended planting in Kumai Estate. The area of interest is the plantable area as well as the conservation area associated with the plantable area.

The analysis is based on the proposed management regime for new planting, which is a 25 year crop cycle.

Activities

Steps in developing this report include making a landcover map based on satellite image interpretation. Subsequently this map was verified (and alterations made to the initial map) based on in-field observations. Within areas with high carbon stocks, measurements were made to verify published carbon stock values. Agronomic data regarding planning use of fuel and fertilizer for the management of the crop were provided by PT SSS staff. Land use change data and agronomic data were combined to calculate carbon emissions.



Analysis

The LUC analysis requires quantification of the carbon emissions or sequestration associated with clearing the current landcover and replanting with oil palm. Other factors that are taken into account are:

- Agronomic data (emissions associated with fuel and fertilizer use).
- Sequestration of carbon in the conservation area that is associated with the oil palm development. This includes emissions resulting from the draining and subsequent oxidation of peatlands.

The areas planned for development (952 ha) are areas with low carbon stocks (e.g. scrub and grassland). The areas that are not planned for development (1,121 ha) are areas with high carbon stocks; these are areas of natural forest with predominantly peat soils. Avoiding development of these areas is an important step in reducing carbon emissions.

Results

Avoidance of high carbon stock areas from PT SSS's development plan results in predicted emission of 243 tCO_2e, which can be considered carbon neutral.

The conservation area contains very large stocks of carbon in both the vegetation and the peat soils. Determining whether carbon stocks are increasing or decreasing in the conservation areas requires monitoring over a period of at least 5 years. Measurements at a single point in time were taken and consequently this does not have data to predict changes in carbon stocks, as previously mentioned analysis, that the nett change in carbon stocks in the conservation area was zero(i.e. emissions and sequestrations are balanced).

Management and Mitigation

Observation that almost all the activities required to manage and mitigate the loss of carbon stocks are already being carried out by PT SSS. The main actions involve:

- Avoiding the development of high carbon stock areas (e.g. forested and peat areas).
- Protecting forested areas from damage. PT SSS is in the process of developing community agreements that preclude logging. Also community mapping was taking place; this avoids uncertainty over land ownership, such uncertainty often results in encroachments to forested areas.

Conclusions

Oil palm development that takes place solely on mineral soils in areas with currently low carbon stocks is expected to result in a nett sequestration of carbon over the 25 year oil palm crop lifecycle.

The key recommendations/ actions relating to mitigation of loss of carbon involve PT SSS maintaining its commitments to neither developing HCV forest nor areas with peat soils.

Additionally the conservation areas require active management, a key recommendation is maintaining the water table in the peat areas by blocking any drains that have been built in the peat areas.

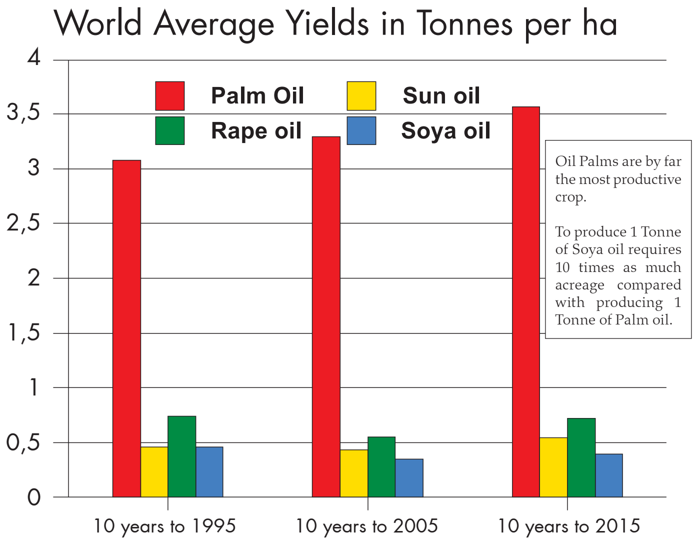
Other recommendations focus on maintaining a strong fire prevention and control capacity, there is clearly a strong economic imperative here.

Carbon stock monitoring should take place in the peat soil and forested areas. This report provides baseline data that will enable trends and changes in carbon stock to be determined.

Summary

Summary of Carbon Balance over a 25 year rotation for 952 ha of development

Item	Quantification (tCO_2e)
Emissions from Clearing Current Land Cover	-105,057.59
Sequestration from growth of Oil Palm	127,871.17
Emissions from Fertilizer Use	-16,202.60
Emissions from Fuel Use	-6,854
Sequestration in the Conservation Area	0
Total (net carbon emission)	-243.02



Deforestation - How to balance Development & Conservation

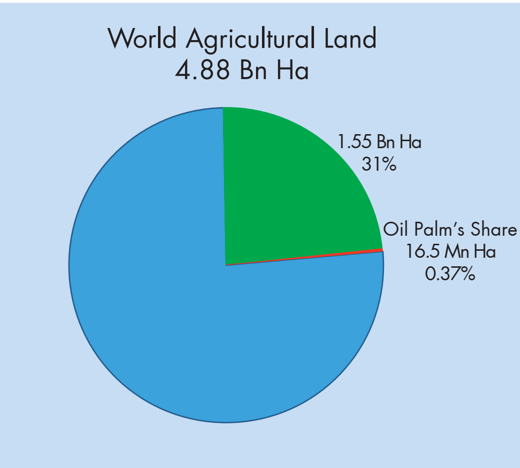
Globally, according to the Food & Agricultural Organization (FAO), about 13 million hectares of forests are cleared every year. Between 1990 to 2012 more than 320 million hectares of forests were cleared and converted into other uses such as commercial ranching, agriculture, town expansion as well as infrastructural projects amongst others.

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

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

Indeed, things should be put 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

One must recognise that the world's growing population reached 7.3 billion people during the course of 2014, which bears the major brunt of our environmental woes as humans more than ever before are exerting an unprecedented impact on the world's natural resources caused by our growing demands.

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

As can be seen in the 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 deemed suitable as agricultural land, of which, 1.55 billion hectares or 31.3% is currently farmed with agricultural crops leaving the remaining 68.7% or 3.357 billion hectares of agricultural land falling 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 2014 was 16.5 million hectares or equal to 0.34% 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 2014.

Nevertheless, concerted efforts must continue to be made towards increasing the industry's agricultural yields in order to optimise 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 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 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 comprehensive update was undertaken providing management with a detailed and clear overview of the development in the Company's efforts to reduce its carbon footprint over the last decade.

More importantly the updated LCA has helped to identify additional areas in need of further improvement 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.

An aerial view of Sungei Bernam Coconut Estate with the Bernam River in the background.

Emissions Reduction

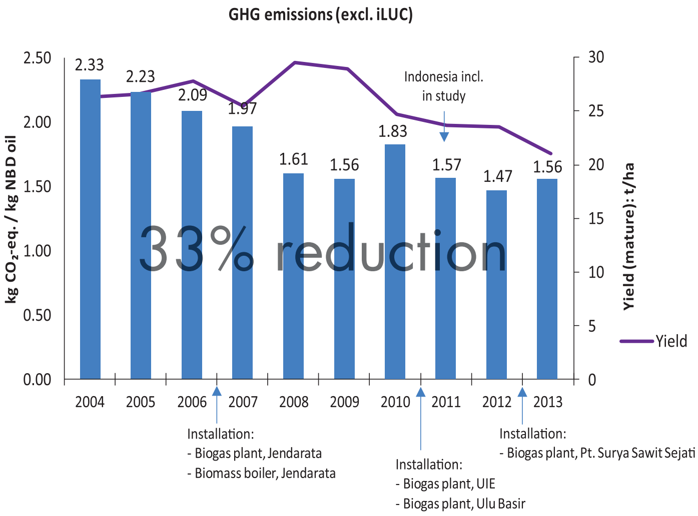
Since then significant investments have been made in promoting green energy starting with the Biomass Reciprocating Boiler cum Power Plant and constructing four Biogas Plants. These projects combined have since helped to significantly reduce our emissions of CO_2 by 70% and CH_4 by 80% at the respective 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 33% in 2014 when compared to pre-2005 levels. With further investments , we anticipate reducing "Carbon Footprint" per MT of refined palm oil produced by 50% in 2018 when compared to previous 2004 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.



The biogas plant at UIE with the nursery at the forefront.

UP's unique light railway system showing a diesel locomotive pulling a train of cages containing fresh fruit bunches. The railway system stretches over 530km and is one of the reasons for its superior quality crude palm oil. It also burns less fossil fuel compared to other modes of transport.

Water Footprint

Introduction

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

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

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

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

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

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

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

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

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

Reservoir at Jendarata securing clean and stable supply of water for the mill.

would occur. The rainfall in the UP group ranges from 1,600 to 2,500 mm per year, with the average being 2,000 mm. Monthly distribution is reasonably uniform, but drought does occur when some estates receive less than 100mm of rainfall over 2-4 months as experienced in the first quarter of 2014. Weirs have been constructed across the collection drains to harvest rainfall and hold back water to raise the water table.

Moisture Conservation on Fragile Soils

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

Weirs for Moisture Conservation

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

Good water management practices are essential to sustain high stable yields.

Effects of Moisture Stress

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

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

UPRD –established in the early 1950's, is an integral component of the Group and is recognised as an industry leader with regards to its breeding programmes and agronomic practices.

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. In the tropics crop losses can reach as high as 75%.

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

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

A few examples of biological control of pests.

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
	2014	2013	2012			
Pesticides / Herbicides (kg per MT oil)	0.93	0.80	0.54	29	28	3.73

**The 2014 pesticide/herbicides usage figure has increased compared to the two previous years as a consequence of lower crop production and a significant increase in immature hectarage.*

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 minimising the use of pesticides through implementing the following key components of IPM:

Establishing Beneficial Flowering Plants

Todate a total of 135,201 beneficial broadleaf flowering plants have been planted in our plantations thereby 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. However this year due to replanting in most of the estates the rise is not significant.

Cassia cobanensis	-	*37,209*	*planted*
Tunera subulata/ulmifolia	-	*73,065*	*planted*
Antignon leptosus	-	*8,602*	*planted*
Carambola sp	-	*3,233*	*planted*
Others	-	*13,092*	*planted*
Total		*135,201*	*planted*

Surveillance and Monitoring of Pest Outbreaks

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

Use of biological pesticides and pheromones

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

Commonly found rat species in our Malaysian plantations, it can cause extensive damage to ripe and unripe bunches.

Biological pest controller of rats

Rats

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

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

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

The magnificent Barn Owl.

Barn Owl

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

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

Leopard cats

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

Year	2014	2013	2012	2011	2010
Total Boxes	2,032	1,905	1,825	1,632	1,594
Total Area Under Owl (ha)	27,654	27,017	28,676.	27,758	27,519
Box to land ratio in Scheme	13.61	14.18	15.71	17.01	17.26
% Occupancy in Scheme	46.60	71.81	78.30	90.20	88.90
Total Planted Area (ha)	36,111	35,813	35,862	35,761	35,398
Box to land ratio over Total Planted Area	17.77	18.80	19.65	21.91	22.21
Rodenticide ai/planted ha (kg/ha)	0.000091	0.000309	0.000532	0.000504	0.000077

Rat infestation in oil palm plantations are commonly combated by administering chemical treatments and increasing the population of barn-owls, *Tyos alba*, an effective rat predator. In UP's Kalimantan estates, barn-owls are rare, and considering that it is non-native to the area, it was decided to "test" the rat-predator effect of leopard cats rather than to introduce barn-owls. If successful, this option has several advantages:

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

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

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

Of the seven radio-collared cats, one died from unknown reasons a week after capture-release, one was eaten by a large python after a few months of tracking, and five remain at large. The results to date reveal that, in contrast to common beliefs, leopard cats are residents in the plantation, reproduce regularly and feed extensively on rats. Many have specialised in capturing rats in the palm trees rather than on the ground, and the males roam over 5-10ha in contrast to 2-5ha for the females. This study will continue throughout 2015.

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

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

Extensive bagworm infestation in properties neighbouring UP.

Trunk injection is only used as a last resort to control bagworm outbreak.

Mowing of Harvesters' Paths

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

Use of Safer Class 3 & 4 pesticides wherever possible

In line with the RSPO's continuous improvement initiatives the Company's Operations and Environment Management Committee monitors and reviews the company's pesticides usage, exploring avenues to reduce overall pesticide usage as well as evaluating alternative safer pesticides. In this context, UP has since February 2008 been working towards minimizing the usage of Paraquat, which has been documented in the annual RSPO Surveillance Audits. In May 2010, the Board based on Management's advice took the decision to voluntarily phase out the usage of Paraquat, a goal which was realized with effect from October 2010.

Monocrotophos

Monocrotophos is a class 1B insecticide which is permitted in Malaysia for trunk injection of palms affected by bagworm. Foliar application usage was disapproved by the Malaysian Government in 1996. Efforts to source and evaluate alternatives for the Class 1B insecticide, monocrotophos, have been ongoing since 2006 and are still being pursued together with

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 135,201 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.

Visitors from Club Demeter of France being briefed by Mr. Ho Shui Hing, Research Controller on integrated pest management.

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 (pg 64) when all other attempts to contain or control a bagworm outbreak have been exhausted. This is in full compliance with all relevant rules and regulations in Malaysia as well as with the RSPO's Principles & Criteria.

During 2014, monocrotophos usage is simillar to the previous year although the Company has successfully reduced its use of monocrotophos as an active ingredient basis by approximately 54% since 2006. Much progress and efforts are being made to continue this positive trend.

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

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

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

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

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.

Safe handling and mixing of pesticides.

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

Input	Per tonne oil basis					
	Oil Palm*			Soybean**	Sunflower**	Rapeseed**
	2012	2013	2014			
Fertiliser nutrients						
Nitrogen (N-kg)	16	16	16	315	96	99
Phosphate (P2O5-kg)	7	6	7	77	72	42
Potash (K2O-kg)	34	33	40	NA	NA	NA
Magnesium (MgO-kg)	5	4	5	NA	NA	NA
Pesticides/Herbicides (kg)	0.54	0.80	0.93	29	28	3.73
Energy (GJ)	0.49	0.94	0.83	2.90	0.20	0.70

* includes palm oil + palm kernel oil (UP, 2012-2014- Malaysian Operations)
** Data from FAO,1996 - Pesticide data for rapeseed updated in 2014.

The quantity of agrochemicals (fertiliser 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 was reduced in 2014 whilst pesticide usage rose in 2014 as a result of the significant increase in immatured areas and the lower production level from previous year.

Carefully calibrated mechanical weedicide application to facilitate cover crop establishment.

EFB is being evenly spread around young palms for nutrients and moisture conservation.

Production and Level of Utilisation of Oil Palm Biomass Residues in UP in 2014 (Dry Matter Basis-Malaysian Operations)

Biomass	Quantity Produced (MT)	Quantity Utilised (MT)	% Utilisation	Method of Utlisation
Trunks and fronds at replanting	195,882	195,882	100	Mulch
Pruned fronds	301,829	301,829	100	Mulch
Spent male flowers	29,022	29,022	100	Organic matter recycled on land
Fibre	54,143	54,143	100	Fuel & mulch in nursery
Shell	32,724	32,724	100	Fuel & mulch for polybag seedlings
POME	22,712	20,699	91	Biogas generation, nutrient source and base for organic fertiliser production
EFB	66,162	62,854	95	Mulch and Fuel
Total	702,474	697,153	-	-
Level of utilisation =99.2%				

In 2014, a total of 702,474 MT of biomass residues were generated through the various field and mill operations of the Company. Of these, 697,153 MT or 99.2% of the total, were effectively utilised with most of the residues recycled as organic matter back to the fields, in the form of organic mulch in the nursery or as fuel source, thereby enriching our soils and displacing the use of fossil fuels whilst adding value to these biomass.

Fertilizer Equivalent and Monetary Value of Oil Palm Biomass Residues Recycled on Land in UP in 2014-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	195,882	2,449	823	3,150	1,502
Pruned fronds	Mulch	301,829	6,804	2,213	5,755	3,767
Spent male flowers	Organic Matter	29,022	934	618	1,717	891
EFB	Mulch	50,932	886	374	2,462	566
Digested POME	Irrigation	20,699	720	455	1,132	828
Total (MT)		598,364	11,793	4,483	14,216	7,554
Monetary value (RM)			14,539,919	1,649,808	12,552,487	3,474,841
Total monetary value RM 32,217,055						

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 2014, the total organic matter recycled on land in UP amounted to 598,364 MT, which is equivalent to 239,346 MT of carbon. At this rate we are returning 20 MT of organic matter or 7.8 MT of carbon to each hectare, over the period of a year, thereby helping to replenish the soil carbon stock which is an important component of soil health.

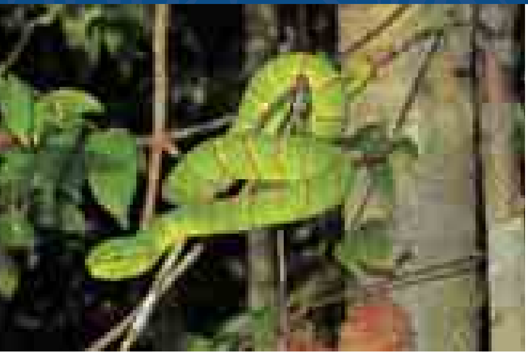
Upon mineralisation, the organic residues release substantial quantities of previously locked plant nutrients to the soil which is available for palm uptake. The fertiliser equivalent of the material recycled on land is of the order of 38,045 MT of NPKMg fertiliser which in itself is worth a very substantial RM32.22 million at the prevailing 2014 fertiliser prices.

Isokinetic Monitoring of Gaseous Emissions from the Palm Oil Mills

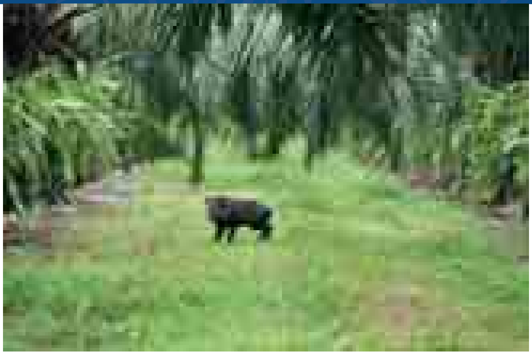
In conformance to the Department of Environment's stipulations as well as to monitor the quality of our gaseous emissions, flue gas compositions were regularly checked by certified assessors throughout 2014. The average dust concentration in the flue gases of all five palm oil mills in UP's Malaysian 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 and emission in some mills were as low as half of the allowable limits.

Palm Oil Mill	Average Dust Concentration (g/Nm^3)
Jendarata Stack 5	0.177
Ulu Bernam Boiler 2 & 3	0.301
UIE Boiler 1 & 3	0.308
Ulu Basir Boiler 1 - 4	0.311
Lima Blas Boiler 1 & 2	0.259

A modern Mill at Lada Estate with a biogass plant to reduce our Carbon Footprint.



Bornean Keeled Green Pit Viper



Wild Boar

Proboscis Monkey

Biodiversity and Partnership

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

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

Memorandum of Understanding

ZOO COPENHAGEN

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:

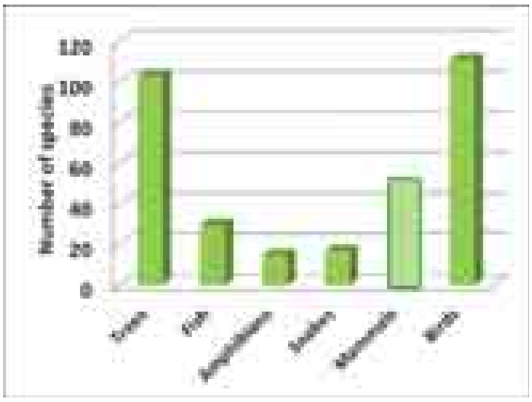
- Biodiversity (Fauna and Flora)
- Habitat and Ecosystem
- Forestry and rehabilitation
- Hydrology and Limnology
- GIS and Mapping
- Integrated Pest Management
- RSPO and ISPO
- Protection and Monitoring
- Community Outreach

Biodiversity Division

The Biodiversity Division office was laid as part of the Lada Estate field office. The field office was officially opened in September 2011, when the Biodiversity Division made a short presentation to Her Royal Highness Princess Benedikte of Denmark, UP's senior management, 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 standardised ecological census techniques and deploying camera traps, cage traps, mistnets, harptraps and pitfalls, the team has recorded 226 vertebrate species many of which are protected by the Indonesian law and some are listed on the IUCN-red list as "Endangered" or "Critically Endangered".



Water sample testing

GIS

Nursery

Habitat and ecosystems

The Biodiversity team has developed two nurseries for native tree species. To date more than 60,000 seedlings from 25 species have been propagated, primarily from seeds and cuttings collected from within the Company's own conservation areas. These include exotic species such as Ulin *(Eusideroxylon zwager)*, Meranti *(Shorea acuminata)*, Jelutung *(Dyera lowii)* and Agathis *(Agathis borneensis)*. The species are carefully selected to approximate the natural species composition for each type of habitat, or to enrich existing degraded habitats. Seedlings are nurtured and monitored for growth and survival rate to optimise the rehabilitation process. The conservation areas are dominated by five types of habitats: mixed Dipterocarp forest, peat swamp forest, fresh water swamp forest, riparian forest and mangrove forest. Each habitat type requires its own specific conservation intervention, for example, choice of species composition, timing and silvicultural treatment. To optimise the rehabilitation process several research-plots have been established, where comparative studies are being conducted by manipulating ecological variables.

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.

GIS Database

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.

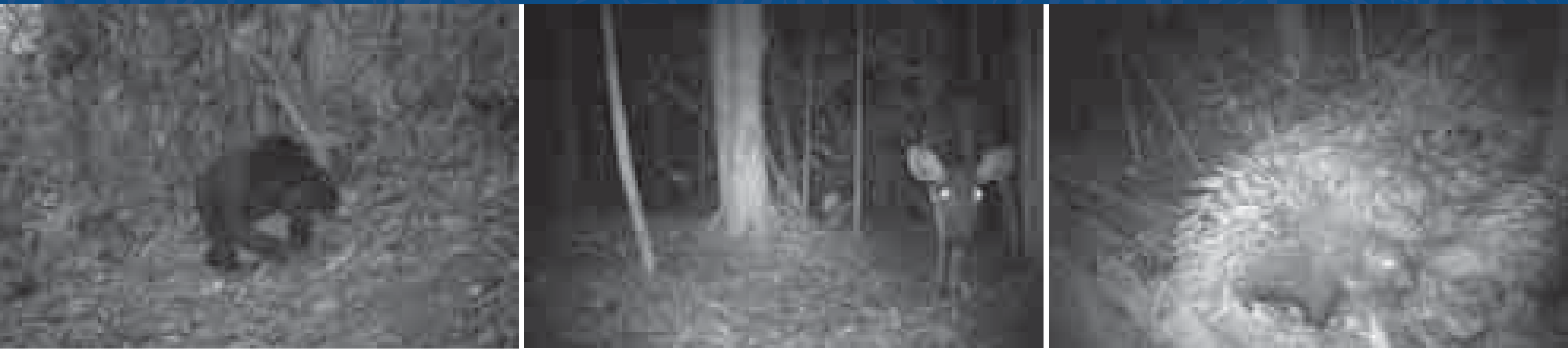
The number of species, combined with the location, date, numbers, observer, weather patterns and season are but a few of the information provided along with an observation of, for example, an orangutan, bird or tree.

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 minimise 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.



Camera traps are used for recording and monitoring of wildlife at our conservation areas at Central Kalimantan.

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

RSPO ISPO

The 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 advise 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

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.

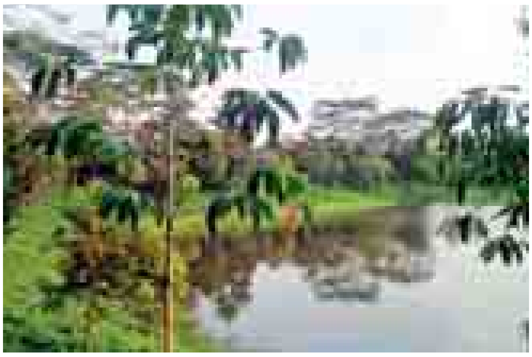
Tree Reserves

We have continued to place strong emphasis on accumulating more species of trees to achieve greater diversity in our tree parks.

During 2014 the tree reserve areas near the main office building at our UIE Estate continue to grow well and the 'Lagoon Tree Reserve' (which was established in 2008) now resembles a dense area of forest land with abundant tree species as well as a healthy variety of birdlife. The Lagoon itself is stocked with a wide variety of fresh water fish which attracts fish eagles as well as the Malayan Otter.

The Riparian/River Reserve strip along the side of the Anak Macang River has been intensified with a further 800 trees from across a wide variety of different tropical species from our own on-site nursery and from external sources.

The next phase of this initiative which is embarking in 2015 will be to enrich the various tree park reserves with a wider variety of the most rare, valuable, and endangered species in Malaysia and Borneo, covering approximately 150 varieties including the large growing timber trees from the Dipterocarpaceae Family, and these will be supplied from the nursery owned by James Kingham (Malaysia's Tree Guru) who has dedicated the past 20 years to collect them from the jungles.



We look forward to being part of this noble conservation programme which is also being supported by Oleon NV our JV partners in the oleochemical industry. This initiative will help to conserve these rare tree species for the future through the establishment of a world class indeginous tree species seed garden.

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

Community

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

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

Social Commitments

Our Company's commitment towards providing and improving social amenities remains very much a hallmark within our Group. Continuous improvements were made during 2014 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 ages of 5 to 12 years.

UP continues to provide and maintain crèches for personalised 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, 46 scholarships were granted to children of our employees during 2014, thereby enabling these students to pursue their tertiary studies.

Modern kindergarten facilities are provided to support education and development activities for our employees children at Lada Estate, Central Kalimantan.

A playground in the vicinity of a kindergarten for young children at Jendarata Estate, Division One.

Young primary school children attending a painting/art class.

Modern terrace apartment blocks are provided for our workers at Central Kalimantan.

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 2014 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. 10 additional terrace apartment blocks have been built providing first class housing facilities for more than 200 employees during 2014.

Modern housing both semi-detached and apartment blocks are completed at Lima Blas Estate.

Annual Benevolent Payments

Annual benevolent payments as well as other compassionate and educational payments made by the Group to workers amounted to RM781,835 during 2014.

Dato' Carl Bek-Nielsen and Mr. Martin Bek-Nielsen with some of the receipients of the benevolent payment to long serving employees.

Group Employees

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

It should be noted that the palm oil industry has a shortage of oil palm harvesters and other workers in the critical areas affecting production, mill throughput and palm oil quality, which deserve the immediate attention of the Malaysian Government.

Group's Employees - Year 2011 to Current

	28 Feb 2011	29 Feb 2012	28 Feb 2013	31 Jan 2014	31 Dec 2014
UP Bhd	5,463	5,489	5,297	5,548	5,563
Unitata Bhd	308*	267	255	229	227
Butterworth Bulking Installation Sdn. Bhd.	17	17	18	16	15
PT SSS1, Indonesia	1,084	994	802	1,175	1,481
PT SSS2, Indonesia	188	140	108	105	-
Total	7,060	6,907	6,480	7,073	7,286

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

Social and Environmental Commitments of the Group

	2010 RM	2011 RM	2012 RM	2013 RM	2014 RM	Grand Total RM
Hospital & Medicine for Employees	1,629,885	1,751,450	1,782,549	1,887,592	2,083,013	9,134,489
Retirement Benevolent Fund	209,000	259,000	247,750	195,250	253,250	1,164,250 **
Education, Welfare, Scholarships & Others	182,917	327,153	360,840	384,514	319,011	1,574,435 **
Bus Subsidy for School Children	252,154	244,767	271,784	254,608	209,574	1,232,887 **
External Donations	100,948	121,119	247,360	156,583	145,301	771,311
New Infrastructure-Road, TNB and Water–Supply for domestic use	1,321,092	4,123,650	1,492,659	877,124	910,529	8,725,054
Employee Housing	15,951,380	21,803,511	11,719,418	3,747,645	8,856,462	62,078,416
Infrastructure Projects, Buildings, Community Halls, Places of Worship	353,054	3,669,590	1,201,266	914,786	868,542	7,007,238
Provision of Social Amenities	7,824,000	7,898,712	8,436,477	8,064,964	8,235,585	40,459,738
Environment Friendly Operational Activities	8,496,000	8,555,344	9,381,704	10,755,059	10,536,299	47,724,406
Environment Friendly Projects (Biogas, Biomass-others)	12,600,000	2,373,000	4,946,000	2,935,999	3,551,035	26,406,034
Biodiversity & Conservation (Forest reserve, Endangered tree species projects, Collaboration with Copenhagen Zoo)	550,000	1,481,066	597,000	543,824	534,586	3,706,476
TOTAL	49,470,430	52,608,362	40,684,807	30,717,948	36,503,187	209,984,734

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

We provide meals, medical care and cash allowances to our retired workers who wish to stay at our Senior Citizen Home.

The bakery makes a full range of high quality bread, cookies and cakes.

A well landscaped modern housing facility at Lada Estate, Central Kalimantan.

The 64 years old De Rivaud Club House at Lima Blas Estate. Inaugurated by Comte Rene De Rivaud in February 1951.

CSR activities in Indonesia

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

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

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

Scholarships are provided to needy children among the villages in which we operate and socialisation with the surrounding communities in the form of investments in infrastructure projects, participation in cultural and sports events as well as religious ceremonies are important avenues to build up a sense of togetherness between the company and neighbouring communities.

Some of our CSR activities undertaken in Central Kalimantan.

Joyful young scholars at our playschool at Lada Estate, Central Kalimantan.

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 2014 the Company's football team won the Hilir Perak Football League. We also co-sponsor sporting events such as badminton tournaments and the Annual Estates Sports Gala organised by the Malaysian Palm Oil Association.

Our Jendarata Football Club team emerged winners in the 2014 Hilir Perak Football League.

Fostering goodwill amongst local communities through sports.

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

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

Smallholders' Field Day

As part of our Company's involvement, UP continuously engages with smallholders,. We invited farmers from local districts to visit our plantations to get a better understanding of good agricultural practices, sustainability initiatives and environmental protection. The smallholders were given training sessions in safe handling of pesticides, integrated pest control, nursery upkeep, optimal harvesting procedures and fertiliser application in order to assist them with their agricultural interests.

Plasma Schemes/Outgrowers Scheme

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

UP's Commitment to Plasma Projects

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

Todate 512 hectares of Plasma have been developed for 343 smallholders and an additional 1,200 hectares is expected to be developed in 2015 and 2016. This parcel (2,073 hectares) is currently undergoing RSPO New Planting Procedures (NPP) assessment. In conjunction with NPP protocols, a HCV assessment, a HCS assessment, Environment and Social Impact assessment and participatory community mapping and consultation in accordance with FPIC have been successfully conducted. A total of 1,121 hectares of HCS were identified and are not planned for development and will be conserved. 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 Plasma Schemes at our Indonesian operations with the aim of engaging and benefitting the local "Masyarakat".

Land Disputes in Indonesia

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

Land disputes can be based on many different variables and reasons. Some cases are genuine and can be due to historical reasons, bad heritage, misunderstanding and miscommunication, cases of wrongful compensation amounts and frivolous claims. It is however extremely important that land disputes are taken seriously and are well documented in order to ensure transparency and evidence in connection with various ongoing cases.

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

Continuous Stakeholder Engagement

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

Grievance Procedure for Stakeholder Issues

Under our RSPO framework, we are obligated to deal with issues openly. RSPO Principle 1 states the need for a commitment to transparency. RSPO Principle 6.3 further states that there is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties. This procedure is given to ensure that local and other interested parties understand the communications and consultation process for raising any issues with UP.

UP accepts its responsibility as a corporate citizen and wants local communities to be aware and involved in the communications and consultation methods it uses, thereby aiming to resolve grievances (including those originating from employees) through a consultative process and realises that any system must resolve disputes in an effective, timely and appropriate manner that is open and transparent to any affected party.

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

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.

Specialty fat products are packed under stringent hygienic conditions in our state-of-the-art filling plant at Unitata.

An aerial view of Unitata refinery.

Unitata Berhad

Edible oil Refining and Specialty Fats Production

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

In order to cater for growing demand our Refinery is equipped with automated manufacturing processes such as Neutralization, Bleeching, Deoderization, Fractionation, Interestification and packaging of specialty fats and oils. In addition our dedicated employees carefully monitor the various steps of the manufacturing process through stringent controls and ensure that quality assurance procedures are in place in order to comply with customer requirements.

Nair's Wing

To safeguard Unitata's position as a well recognized Quality Producer a New Quality Control Building, "Nair's Wing" with high tech and modern equipment was established and opened during 2014.

Traceable and Certified solutions

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

Unitata and HACCP

Our palm oil refinery received certification of the highly recognized Hazard Analysis Critical Control Points (HACCP) which is a recognition of the company's commitment towards product quality and process controls.

In 2008, Unitata was the first company to ship refined RSPO certified segregated palm oil to customers worldwide. Since then the RSPO Supply Chain Certification Scheme has been established.

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.

From left: Offical opening ceremony of "Nair's Wing" by our Chief Research & Quality Controller, Dr. C.T Premakumari Nair.

Supply Chain Certification

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

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

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

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

Whilst competition within the refining sector remains tough, global customers are continuing to switch to using only RSPO certified and traceable solutions, thereby opening up supply opportunities for refineries.

This development is expected to significantly increase in 2015 as many Global Brand manufacturers have committed to only use RSPO certified and segregated palm oil solutions. With new labelling rules introduced in Europe effective December 2014 increased demand for traceable and certified products is anticipated.

Based on the above, Unitata expects to benefit further from these developments in the years to come.

Mr. Selva in front of Unitata's warehouse ensuring the smooth loading of our packed products into containers prior to shipment.

Mr. Allan Loh and Mr. Joel Choi of Unitata participated at the MIFD 2014 exhibition.


Official opening of New UniOleon Food Esters Plant on 25 November 2014 in Pulau Indah, Malaysia.

United Plantations and Oleon NV

On 1 August 2012, the Company together with Oleon NV announced the formation of a 50:50 joint venture through the company UniOleon Sdn Bhd. The collaboration with Oleon is progressing smoothly and on 25 November 2014 Her Royal Highness Princess Astrid of Belgium and the Honourable Minister of Plantation Industries & Commodities, Y.B Datuk Amar Douglas Uggah Embas graced the occasion in officially inaugurating the new UniOleon Food Esters Plant in Pulau Indah (Malaysia).

The second phase is expected to be completed within 3 years. The total cost is estimated at USD 35 million.

The application and use of these products within the food segment will range from the bakery and 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 UP, commented that "In this project, Oleon, a highly respected and premium quality producer of oleochemicals, 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 enter downstream into oleo-chemical production as a positive value addition to the current operations and gives us the opportunity to access new markets".

Mr. James De Caluwe, Managing Director of UniOleon briefing the VVIPs.

Dato Carl Bek-Nielsen with VVIPs at the official opening of UniOleon.

Development of UniOleon Factory Construction

Before

After

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 on Corporate Governance 2012 (MCCG 2012), save for one of the recommendations that the tenure of an independent director should not exceed a cumulative term of 9 years.

Board Roles and Responsibilities

The duties and responsibilities of the Board of Directors are clearly spelt out in the Board Charter. 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 and 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; and

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

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 aspects. The Operational and Environment Management Committee's report has been included in a separate statement in this Annual Report.

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

The Executive Committee met formally 4 times during the year 2014, and the minutes thereof were included in the Board files for information and deliberation by the Board. All the executive directors attended all 4 meetings. The Executive Committee also met informally to deal with matters that required prompt response and decisions.

Audit Committee

The Audit Committee consists entirely of 3 non-executive directors, who are also 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, who are also 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 2014 were as follows:-

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

* *Including a director who has qualified as independent director with effect from 1 January 2015.*

A vision for the future.

The Board supported by the Company Secretary during the AGM.

Shareholders voting on a resolution at the AGM held on 26 April 2014.

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

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

The Committee held 1 meeting in respect of the year ended 31 December 2014 for the purpose of making an assessment of the directors and board committees, for considering directors who are due to retire on rotation at the A.G.M., and for considering a director who retired under article 84 of the Company's Articles and Association, re-appointment of 2 directors under Section 129(6) of the Companies Act 1965, and the re-designation of 3 directors as independent directors.

Under Article 92 of the Company's Memorandum and Articles of Association at the A.G.M. one-third of the directors shall retire from office and are eligible to seek re-election. The committee also reviewed the required mix of skills and qualities that non-executive directors should bring to the Board. At this meeting an assessment on the effectiveness of the Board and the Committees, and the contributions of each individual director were deliberated.

The Committee reached the conclusion that the Board Committees and the directors in their individual capacity supported the current needs of the Board. Of the 3 directors who were proposed to be re-designated as independent directors, the Committee 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, who are also independent directors. Its primary function is to review and recommend the remuneration for the Company's executive directors. The members of the Remuneration Committee are stated herebelow:-

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

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

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

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

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

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

The Remuneration Committee held 2 meetings during the financial year ended 31 December 2014 to review the renewal terms of executive directors' contracts and review the level of directors' fees.

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	455,000	-	-	-	64,500	519,500
Executive Directors	280,000	487,200	3,364,000	658,290	24,000	4,813,490
Total	735,000	487,200	3,364,000	658,290	88,500	5,332,990

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

Remuneration Range	Executive Directors	Non-Executive Directors
RM 50,001 - RM 100,000		3
RM 100,001 - RM 150,000		2
RM 900,001 - RM 950,000	1	
RM 1,150,001 - RM 1,200,000	1	
RM 1,200,001 - RM 1,250,000	1	
RM 1,450,001 - RM 1,500,000	1	

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 his 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.

Datuk Dr. Choo Yuen May, the Director General of the Malaysian Palm Oil Board, visiting UPRD with her team of senior officers to discuss on joint collaborative studies.

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 and ensures there is follow up.

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.

Board Balance and Independence of Directors

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

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

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

The composition of the Board reflects a mix of skills and experience and other qualities which non-executive directors should bring to the Board. Due to the diversified backgrounds and their independence, the non-executive directors are ably engaged in healthy discussions and debates with the executive directors at the Board meetings which are conducive for an effective Board. The non-executive 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 13 years, Dato' Jeremy Derek Campbell Diamond who has served on the Board for 13 years and Mr. Ahmad Riza Basir who has served on the Board for 14 years remain objective and independent in participating in the deliberations and decision making of the Board and Board Committees. The length of their service on the Board does not interfere with their exercise of independent judgment and act in the best interest of the Group notably in discharging their roles, in the case of Tan Sri Datuk Dr. Johari bin Mat, as Chairman of the Board, Chairman of the Remuneration Committee and Chairman of the Nomination Committee, in the case of Dato' Jeremy Derek Campbell Diamond as the Chairman of the Audit Committee as well as the member of the Remuneration and Nomination Committees, and in the case of Mr. Ahmad Riza Basir as the member of the Audit Committee.

Each of the above 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 that meet the Group's needs. In this connection the Board is making special efforts to identify suitably qualified women who may be considered for 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 matters, staff & labour, succession planning, budgets, production, marketing and others
4. New Investments
5. Subsidiary Companies
6. General

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

Directors	No. of Meetings Attended	No. of Meetings 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	4	4

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 and internal professional programs relevant and useful in contributing to the effective discharging of their duties as directors.

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

Relevant training programmes, seminars and conferences attended by Directors during the financial year ended 31 December 2014 were:

1. Bursa Malaysia's Annual Palm & Lauric Oils Conference & Exhibition: Price Outlook 2014/2015 (POC2014)

2. Bursa Malaysia – Corporate Governance Guide : Towards Boardroom Excellence

3. Bursa Malaysia – Risk Management and Internal Controls , Workshop for Audit Committee Members

4. Bursa Malaysia – Board of Directors Series-Great Companies Deserve Great Boards

5. Bursa Malaysia – Advocacy sessions on Corporate Disclosure

6. MASB- Roundtable on Financial Reporting

7. Amendments and changes to MFRS

8. 12th Roundtable Meeting (RT12) on Sustainable Palm Oil

9. GST Seminar and IAS41 Briefing by MPOA

10. In House-training-Latest developments in Corporate Governance and Corporate Law

11. MIA Conference 2014: Powering the Economy , Leading with Dynamism

Integrity in Financial Reporting

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

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 to answer questions and provide explanations to the Audit Committee.

Historical Bell- opened by Comte T De Beaumont on 5 March 1959.

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

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

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 Research Department operator conducting quality checks in the tissue culture laboratory.

Shareholders

Communications and Investor Relations

The Board acknowledges the need for an effective communication policy with shareholders and investors as the same intimate relationship that exists with management is usually lacking with shareholders with the exception of the controlling shareholders who are represented on the Board. The Company's website: www.unitedplantations.com and the stock exchange websites: www.bursamalaysia.com. 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.

During 2014, Dr. Val Lindquist and Mr. John Lindquist, visited our UIE Palm Oil Mill together with Dato' Carl Bek-Nielsen.

Statement On Directors' Responsibility As At 31 December 2014

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 2014 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 Minister for Food, Agriculture and Fisheries Denmark, Mr. Dan Jorgensen and his entourage being briefed by Dato' Carl Bek-Nielsen on sustainable agricultural practices.

Group Financial Controller, Mr. Ng Eng Ho together with Mr. Choo Kah Leong in a discussion.

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

Internal Control And Risk Management

The Board regards risk management as an integral part of business operations. There is in place a formal process to identify, evaluate and manage significant strategic, operational, financial, tax-related and legal risks faced by the Group. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken and the time frame to mitigate and minimize these risks. The process is undertaken by 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 internal control are as follow:

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

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

- Comprehensive financial and operational reports, including key performance indicators are reviewed against prescribed budgets and parameters by management and executive directors on a monthly 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 the executive committee for consolidation, review and approval, which is then tabled to the Board for deliberation;

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

- An internal audit function that is outsourced to an independent professional, KPMG 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 improvement;

- Each subsidiary of the group is (as a minimum requirement) subjected annually to scrutiny of its financial statements by an external auditor. Any comments relating to this external audit are passed on to the management in the form of a "management letter". No significant shortcomings in internal controls have been found in the past; and

- The Audit Committee, on behalf of the Board, receives reports from both the internal and external auditors and regularly reviews and holds discussions with management on the actions taken on identified RMIC issues. The role of the Audit Committee is further elaborated in the Audit Committee Report on pages 102 to 106.

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

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

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 2014 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.

Our external auditors and independent secretarial consultant on the front row, in attendence at our AGM.

Audit Committee Report

Members of the Audit Committee:

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

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

Mr. R. Nadarajan
(appointed on 1-6-2013)
(Independent, Non-executive Director)

1) Objectives

The primary objectives of the Committee are:

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

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

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

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

2) Composition and Terms of Reference

a) Composition

The Committee shall be appointed by the Board from among the Directors of the Company and shall consist of not less than three (3) members, 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.

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

b) Frequency of Meetings and Attendance

The Committee shall meet at least four times a year.

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

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 Board of Directors meeting.

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

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

c) Authority

The Committee is authorized by the Board to:

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

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

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

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

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

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

3) Duties and Responsibilities

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

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

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

iii. Assess the qualification, expertise, resources, effectiveness, independence and objectivity of the outsourced internal auditors;

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

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

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

b) External Audit

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

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

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

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

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

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

c) Financial Reporting

Review the quarterly and year-end financial statements focusing on:

i. Any changes in accounting policies and practices;

ii. Significant and unusual events; and

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

d) Related Party Transactions

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

e) Annual Report

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

f) Investigation

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

g) Other Matters

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

3) Activities of the Audit Committee during the year

The Committee held 6 meetings in the year 2014 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	6	6
Mr. Ahmad Riza Basir	6	6
Mr. R. Nadarajan	6	6

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

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

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

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

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

i. Reviewed the annual audit plans for 2014 to ensure adequate scope, coverage of the activities of the Company and the Group and the resource requirements of IA to carry out its functions;

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

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

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

v. Evaluated the performance and effectiveness of the outsourced internal auditors, KPMG and made recommendations to the Board of Directors on their reappointment and remuneration for the years 2015 to 2017.

b) External Audit

i. Reviewed with the external auditors:-

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

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

ii. Assessed the independence and objectivity of the external auditors during the year and prior to reappointment. The Committee also received from the external auditors their policies and written confirmation regarding their independence and the measures used to control the quality of their work; and

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

c) Financial Reporting

Reviewed the quarterly unaudited financial results and the annual audited financial statements of the Company and the Group prior to recommending them for approval by the Board of Directors. The review was to ensure that the financial reporting and disclosures are in compliance with:

i. Provisions of the Companies Act, 1965;

ii. Listing Requirements of Bursa Malaysia Securities Berhad;

iii. Applicable approved accounting standards in Malaysia; and

iv. Other legal and regulatory requirements.

d) Related Party Transactions

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

e) Annual Report

Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control.

f) Risk Assessment and Management

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

4) Internal Audit Function

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

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

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

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

For the year 2014, the activities undertaken by the internal auditors were as follows:

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

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

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

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

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

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

Our internal audit team holding a regular discussion prior to commencement of the audit of a business unit.

Additional Disclosures

Pursuant to the listing requirements of Bursa Malaysia Securities Berhad, additional disclosures by the Group for the year ended 31 December 2014 are as follows:-

1) Utilization of proceeds raised from Corporate Proposals

There were no issue of shares during the financial year.

2) Share Buy-Backs

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

3) Options, Warrants and Convertible securities

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

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

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

5) Sanctions and/or Penalties

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

6) Non-audit fees paid to External Auditors

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

	RM
Tax services	75,400

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

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

8) Profit Guarantee

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

9) Cost of Internal Audit

RM583,834 was incurred by the Group in the Financial year for its outsourced internal audit and in-house internal audit department.

Carefully nurtured oil palm seedlings at the main nursury before field planting.

UNITED PLANTATIONS BERHAD

(Company No. 240-A)

Financial Statements
For the year ended 31 December 2014

Contents

Report Of The Directors For The Year Ended 31 December 2014

The Directors have pleasure in submitting for your consideration their 94th annual report together with the audited financial statements of the Company and of the Group for the year ended 31 December 2014.

Principal Activities

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

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

The subsidiary companies are primarily engaged in the following activities:

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

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

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

(d) Trading, marketing and investment holding.

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

Financial Results

	Group RM'000	Company RM'000
Profit after taxation	279,371	201,538
Attributable to:		
Equity owners of the parent	278,030	201,538
Non-controlling interests	1,341	-
Total	279,371	201,538

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

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

Group's Plantation Properties

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

Malaysia	Hectares
UIE estates	10,370
Jendarata	6,380
Kuala Bernam	830
Sungei Bernam	2,292
Ulu Bernam	3,194
Changkat Mentri	2,549
Ulu Basir	3,987
Sungei Erong	3,663
Sungei Chawang	3,286
Seri Pelangi	1,422
Lima Blas	2,889
Sub-total	40,862
Indonesia	
PT Surya Sawit Sejati (planted area)	9,655
Conservation and Plasma	9,010
Sub-total	18,665
Total	59,527

Report Of The Directors For The Year Ended 31 December 2014

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 2014 were as follows:

2,625 hectares of oil palm replanted with oil palm
36 hectares of coconut replanted with coconut
81 hectares of oil palm replanted with coconut

Dividends

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

(a) A final single-tier dividend of 22.5% amounting to RM46,753,311 in respect of the previous financial year was paid on 20 May 2014.

(b) A special single-tier dividend of 41.25% amounting to RM85,714,403 in respect of the previous financial year was paid on 20 May 2014.

(c) An interim extraordinary special dividend of 75% amounting to RM155,844,369 in respect of the current financial year was paid on 25 September 2014.

(d) A interim single-tier dividend of 20% amounting to RM41,558,498 in respect of the current financial year was paid on 19 December 2014.

(e) A special single-tier dividend of 10% amounting to RM20,779,249 in respect of the current financial year was paid on 19 December 2014.

At the forthcoming Annual General Meeting, a final single-tier dividend of 20.0% amounting to RM41,558,498 and a special single-tier dividend of 40.0% amounting to RM83,116,997 in respect of the year ended 31 December 2014 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 2015.

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 26 April 2014.

As at 31 December 2014, the number of treasury shares held remained at 341,774 shares of RM1.00 each as there were no share buy-back nor any cancellation, re-sale or distribution or distribution of treasury shares in the current year. These treasury shares were held in accordance with the requirement of Section 67A of the Companies Act, 1965.

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

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

Report Of The Directors For The Year Ended 31 December 2014

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

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 2014	Bought	Sold	31 December 2014	% 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	2,182,491	60,000	-	2,242,491	1.08
- deemed interested	95,980,135	260,000	-	96,240,135*1	46.32
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	547,413	4,976	-	552,389	0.27
- deemed interested	95,937,077	261,000		96,198,077*2	46.30
Mr. Loh Hang Pai					
- held directly	20,000	-	-	20,000	0.01

Report Of The Directors For The Year Ended 31 December 2014

Notes:

*1 Dato' Carl Bek-Nielsen

8,738,132 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
96,240,135 shares		

*2 Mr. Martin Bek-Nielsen

8,738,132 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
3,000 shares	-	Deemed interested through immediate family members
96,198,077 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 2014

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 2014

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 26 February 2015.

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 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	4	1,021,843	950,222	490,135	496,076
Other income		17,244	15,548	4,555	6,994
		1,039,087	965,770	494,690	503,070
Changes in finished goods		(24,380)	(34,860)	(20,141)	11,058
Raw materials and consumables used		(361,161)	(270,580)	(12,083)	(10,692)
Amortisation of biological assets		(24,294)	(23,164)	(17,068)	(16,303)
Depreciation of property, plant and equipment		(42,540)	(39,766)	(23,950)	(22,363)
Amortisation of land use rights		(809)	(737)	-	-
Staff costs	5	(131,879)	(125,006)	(103,022)	(99,811)
Other expenses		(123,750)	(157,073)	(80,277)	(62,762)
Profit from operations	5	330,274	314,584	238,149	302,197
Finance costs	6	(32)	(28)	(26)	(24)
Investment and interest income	7	27,508	26,666	27,489	28,654
Share of results of joint venture	13	(2,146)	(746)	-	-
Profit before taxation		355,604	340,476	265,612	330,827
Taxation	8	(76,233)	(87,989)	(64,074)	(78,709)
Net profit for the year		279,371	252,487	201,538	252,118
Attributable to:					
Equity owners of the parent		278,030	251,831	201,538	252,118
Non-controlling interests		1,341	656	-	-
		279,371	252,487	201,538	252,118
Earnings per share (sen)	9	134	121		

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

Statements Of Comprehensive Income
For The Year Ended 31 December 2014

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Net profit for the year	279,371	252,487	201,538	252,118
Other comprehensive gain/(loss):				
Foreign currency translation, representing net other comprehensive gain/(loss) for the year, to be reclassified to profit and loss in subsequent period, net of tax RM: nil	3,847	(5,266)	-	-
Total comprehensive income for the year	283,218	247,221	201,538	252,118
Total comprehensive income attributable to:				
Equity owners of the parent	281,877	246,565	201,538	252,118
Non-controlling interests	1,341	656	-	-
	283,218	247,221	201,538	252,118

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

Statements Of Financial Position
As At 31 December 2014

Group

	Note	2014 RM'000	2013 RM'000
Assets			
Non-Current Assets			
Biological assets	10 (a)	398,720	376,719
Property, plant and equipment	10 (b)	921,362	921,776
Land use rights	10 (c)	32,042	31,110
Associated company	12	50	50
Joint venture	13	14,651	9,337
Available for sale financial asset	14	6,446	6,446
Derivatives	29 (g)	-	1,281
		1,373,271	1,346,719
Current Assets			
Inventories	15	98,765	141,818
Trade and other receivables	16	116,517	125,232
Prepayments		466	84
Tax recoverable		6,352	3,199
Cash and bank balances and short term funds	17	738,381	778,948
		960,481	1,049,281
Total Assets		2,333,752	2,396,000
Equity and Liabilities			
Equity attributable to owners of the parent			
Share capital	18 (a)	208,134	208,134
Treasury shares	18 (b)	(8,635)	(8,635)
Reserves	19	1,925,012	1,993,785
		2,124,511	2,193,284
Non-controlling interests		2,417	1,076
Total Equity		2,126,928	2,194,360
Non-Current Liabilities			
Deferred taxation	20	105,389	97,476
Retirement benefit obligations	21	10,728	10,930
Derivatives	29 (g)	9,686	-
		125,803	108,406
Current Liabilities			
Trade and other payables	22	60,693	70,860
Tax payable		11,911	17,213
Retirement benefit obligations	21	820	1,354
Derivatives	29 (g)	6,802	3,511
Bank borrowings	23	795	296
		81,021	93,234
Total Liabilities		206,824	201,640
Total Equity and Liabilities		2,333,752	2,396,000

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

Statements Of Financial Position
As At 31 December 2014

Company

	Note	2014 RM'000	2013 RM'000
Assets			
Non-Current Assets			
Biological assets	10 (a)	288,011	259,595
Property, plant and equipment	10 (b)	721,200	724,170
Subsidiary companies	11	454,897	469,251
Associated company	12	50	50
Joint venture	13	17,576	10,116
Available for sale financial asset	14	6,446	6,446
		1,488,180	1,469,628
Current Assets			
Inventories	15	35,963	58,175
Trade and other receivables	16	59,887	27,277
Prepayments		83	84
Cash and bank balances and short term funds	17	491,306	678,121
		587,239	763,657
Total Assets		2,075,419	2,233,285
Equity and Liabilities			
Equity attributable to owners of the parent			
Share capital	18 (a)	208,134	208,134
Treasury shares	18 (b)	(8,635)	(8,635)
Reserves	19	1,728,420	1,877,532
Total Equity		1,927,919	2,077,031
Non-Current Liabilities			
Deferred taxation	20	98,800	92,418
Retirement benefit obligations	21	5,836	5,874
		104,636	98,292
Current Liabilities			
Trade and other payables	22	34,209	40,218
Tax payable		8,000	16,990
Retirement benefit obligations	21	655	754
		42,864	57,962
Total Liabilities		147,500	156,254
Total Equity and Liabilities		2,075,419	2,233,285

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

Statements Of Changes In Equity
For The Year Ended 31 December 2014

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 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
At 1 January 2014		208,134	893	181,920	21,798	(7,030)	(8,635)	1,796,204	2,193,284	1,076	2,194,360
Total comprehensive income for the year		-	-	-	-	3,847	-	278,030	281,877	1,341	283,218
Purchase of treasury shares	18(b)	-	-	-	-	-	-	-	-	-	-
Dividends, representing total transaction with owners of the parent	24	-	-	-	-	-	-	(350,650)	(350,650)	-	(350,650)
At 31 December 2014		208,134	893	181,920	21,798	(3,183)	(8,635)	1,723,584	2,124,511	2,417	2,126,928

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

Statements Of Changes In Equity
For The Year Ended 31 December 2014

Company	Note	← Non-distributable		→	← Distributable →		
		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 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
At 1 January 2014		208,134	893	181,920	(8,635)	1,694,719	2,077,031
Total comprehensive income for the year		-	-	-	-	201,538	201,538
Purchase of treasury shares	18(b)	-	-	-	-	-	-
Dividends, representing total transaction with owners of the parent	24	-	-	-	-	(350,650)	(350,650)
At 31 December 2014		208,134	893	181,920	(8,635)	1,545,607	1,927,919

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

Cash Flow Statements
For The Year Ended 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Cash Flows From Operating Activities					
Receipts from customers		1,007,603	964,027	490,378	496,617
Payments to suppliers		(363,559)	(315,938)	(12,016)	(10,335)
Payments of operating expenses		(197,409)	(241,579)	(173,945)	(181,923)
Payments of taxes		(76,594)	(90,793)	(66,682)	(82,893)
Other receipts		5,212	-	4,555	5,689
Net cash generated from operating activities		375,253	315,717	242,290	227,155
Cash Flows From Investing Activities					
Proceeds from sale of property, plant and equipment		1,334	4,618	615	3,512
Interest income		26,908	27,171	21,563	23,359
Net change in deposits with licensed banks with tenure more than 3 months and short term funds		8,739	22,417	147,029	22,417
Dividend received from a subsidiary company		-	-	-	6,000
Pre-cropping expenditure incurred		(45,600)	(42,466)	(45,484)	(41,811)
Purchase of property, plant and equipment	(a)	(39,390)	(61,894)	(21,976)	(30,797)
Land use rights payment made		(1,433)	(1,707)	-	-
Investment in joint venture		(7,461)	(6,750)	(7,461)	(6,750)
Grant received from Government		-	314	-	314
Net cash used in investing activities		(56,903)	(58,297)	94,286	(23,756)

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

Cash Flow Statements
For The Year Ended 31 December 2013

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Cash Flows From Financing Activities					
Interest paid		(32)	(28)	(26)	(24)
Dividends paid		(350,650)	(195,374)	(350,650)	(195,374)
Inter-company balances		-	-	(25,691)	9,972
Associated company balances		5	(7)	5	(7)
Purchase of treasury shares		-	(8,635)	-	(8,635)
Net cash used in financing activities		(350,677)	(204,044)	(376,362)	(194,068)
Net increase in cash and cash equivalents		(32,327)	53,376	(39,786)	9,331
Cash and cash equivalents at the beginning of year		162,028	108,652	61,497	52,166
Cash and cash equivalents at end of year	(b)	129,701	162,028	21,711	61,497

(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 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Short term funds	196,236	263,540	105,595	263,540
Deposits with licensed banks	519,424	498,448	382,283	409,980
Cash at banks and on hand	22,721	16,960	3,428	4,601
Bank overdrafts	(795)	(296)	-	-
	737,586	778,652	491,306	678,121
Less: Deposits with licensed banks with tenure more than 3 months and short term funds	(607,885)	(616,624)	(469,595)	(616,624)
Cash and cash equivalents at end of year	129,701	162,028	21,711	61,497

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

Notes To The Financial Statements

1. Corporate Information

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

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

The number of employees at 31 December 2014 for the Group was 7,286 (2013: 7,105) and for the Company was 5,563 (2013: 5,549).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 26 February 2015.

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 2014, 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 2014.

Description	Effective for annual periods beginning on or after
• IC Interpretation 21 Levies	1 January 2014
• Amendments to FRS 10, FRS 12 and FRS 127: Consolidation Financial Statements-Investment Entities	1 January 2014
• Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
• Amendments to FRS 136: Recoverable Amount Disclosures and Continuation of Hedge Accounting	1 January 2014
• Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014

The adoption of the above standards and interpretation did not have any significant effect on the financial performance and position of the Group and of the Company.

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 2014. 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% - 8.3%

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.

Notes To The Financial Statements

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:

	2014 RM	2013 RM
1 United States Dollar (USD)	3.4965	3.2755
100 Indonesian Rupiah (IDR)	0.0282	0.0270

(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.

Notes To The Financial Statements

(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.

Notes To The Financial Statements

(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.

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.

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 119: Defined Benefit Plans: Employee Contributions	1 July 2014
• Amendments to FRS 2: Share based Payment (Annual Improvements to FRSs 2010-2012 Cycle)	1 July 2014
• Amendments to FRS 3: Business Combinations (Annual Improvements to FRSs 2010-2012 Cycle)	1 July 2014
• Amendments to FRS 3: Business Combinations (Annual Improvements to FRSs 2011-2013 Cycle)	1 July 2014
• Amendments to FRS 8: Operating Segments (Annual Improvements to FRSs 2010-2012 Cycle)	1 July 2014
• Amendments to FRS 13: Fair Value Measurement (Annual Improvements to FRSs 2011-2013 Cycle)	1 July 2014
• Amendments to FRS 116: Property, Plant & Equipment; Amendments to FRS 138: Intangible Assets (Annual Improvements to FRSs 2010-2012 Cycle)	1 July 2014
• Amendments to FRS 124: Related Party Disclosures (Annual Improvements to FRSs 2010-2012 Cycle)	1 July 2014

Notes To The Financial Statements

• Amendments to FRS 140: Investment Property (Annual Improvements to FRSs 2011-2013 Cycle)	1 July 2014
• Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements to FRSs 2012–2014 Cycle)	1 January 2016
• Amendments to FRS 7: Financial Instruments: Disclosures (Annual Improvements to FRSs 2012–2014 Cycle)	1 January 2016
• Amendments to FRS 10: Consolidated Financial Statements Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to FRS 10 and FRS 128)	1 January 2016
• Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
• FRS 14: Regulatory Deferral Accounts	1 January 2016
• Amendments to FRS 116 and FRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
• Amendments to FRS 119: Employee Benefits (Annual Improvements to FRSs 2012-2014 Cycle)	1 January 2016
• Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
• MFRS 9 Financial Instruments	1 January 2018

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:

MFRS 9 Financial Instruments

All financial assets are measured at fair value on initial recognition, adjusted for transaction costs if the instrument is not accounted for at fair value through profit or loss ("FVTPL"). However, trade receivables without a significant financing component are initially measured at their transaction price as defined in MFRS 15 Revenue from Contracts with Customers.

Debt instruments are subsequently measured on the basis of their contractual cash flows and the business model under which the debt instruments are held. If a debt instrument has contractual cash flows that are solely payments of principal and interest on the principal outstanding and is held within a business model with the objective of holding the assets to collect contractual cash flows, it is accounted for at amortised cost. If a debt instrument has contractual cash flows that are solely payments of principle and interest on the principal outstanding and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, it is measured at fair value through other comprehensive income ("FVOCI") with subsequent reclassification to profit or loss.

All other debt instruments are subsequently accounted for at FVTPL. Also, there is a fair value option ("FVO") that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch.

Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in OCI (without subsequent reclassification to profit or loss).

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.

All other MFRS 139 classification and measurement requirements for financial liabilities have been carried forward into MFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

Malaysian Financial Reporting Standards

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

After few announcements of deferment since 19 November 2011, on 2 September 2014, MASB announced that Transitioning Entities shall be required to apply the MFRS Framework for annual periods beginning on or after 1 January 2017.

The Group falls within the scope definition of Transitioning Entities and will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2017. 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 2017.

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* 2013 / 2014 %	Percentage of equity held by non-controlling interest* 2013 / 2014 %	Activities (see below)
Unitata Berhad	Malaysia	100	-	(a)
Butterworth Bulking Installation Sdn. Bhd.	Malaysia	100	-	(b)
Bernam Advisory Services Sdn. Bhd.	Malaysia	100	-	(c)
Berta Services Sdn. Bhd.	Malaysia	100	-	(c)
PT. Surya Sawit Sejati ("PT SSS1")	Indonesia	95	5	(d)
PT. Sawit Seberang Seberang ("PT SSS2")	Indonesia	93	7	(e)
Bernam Agencies Sdn. Bhd.	Malaysia	100	-	(f)
United International Enterprises (M) Sdn. Bhd.	Malaysia	100	-	Dormant
Kapal Bernam Sdn. Bhd.	Malaysia	100/-	-	(g)
Scanlook Sdn. Bhd.	Malaysia	100/-	-	(g)

** equals to the proportion of voting rights held*

The subsidiary companies are primarily engaged in the following activities:

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

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

(c) Trading, marketing and investment holding.

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

(e) Business of oil palm cultivation in Indonesia. During the year, PT SSS2 disposed its assets to PT SSS1. Subsequent to the disposal, PT SSS2 had ceased its operations. The transaction does not have any impact to the financial statements of the Group and of the Company.

(f) Investment holding.

(g) Liquidated in the current year.

The joint venture is as follows:-

Company		Country of incorporation and principal place of business	Percentage of equity held by the Group*		Principal Activities
			2014 %	2013 %	
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. This provides the Group with the rights to the net assets of the UniOleon Sdn. Bhd. under the arrangement. Therefore UniOleon Sdn. Bhd. is classified as a joint venture of the Group.

The associated company is as follows:

Company		Country of incorporation and principal place of business	Percentage of equity held by the Group*		Principal Activities
			2014 %	2013 %	
Bernam Bakery Sdn. Bhd.	(a)	Malaysia	30	30	Dormant

** equals to the proportion of voting rights held*

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

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

Notes To The Financial Statements

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

4. Revenue

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue consists of the following and excludes, in respect of the Group, intragroup transactions:				
Sales proceeds of produce stocks	407,898	428,873	490,135	496,076
Sales proceeds of finished goods	612,312	519,627	-	-
Rendering of services	1,633	1,722	-	-
	1,021,843	950,222	490,135	496,076

5. Profit From Operations

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit from operations is arrived at, after charging:				
Directors' remuneration				
- fees	831	785	735	689
- emoluments	4,533	4,498	4,509	4,474
- others	89	89	89	89
Auditors' remuneration				
- statutory audit: current year	362	309	250	207
- non-audit service	8	6	8	6
- statutory audit fee received by a member firm of EY Global	126	159	-	-
Write-down of inventories	124	119	124	119
Rental of premises	188	145	-	-
Rental of equipment	2,057	1,789	853	649
Impairment on buildings	-	171	-	-
Impairment on investment in subsidiary	-	-	14,354	-
Land use rights written off	591	-	-	-
Property, plant and equipment written off	1	76	-	76
Loss on disposal of property, plant and equipment	305	-	305	-
Unrealised foreign exchange loss	4,323	42,928	32	1
Realised foreign exchange loss	57	8,973	-	-

Notes To The Financial Statements

		Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
after crediting:					
Rental income		133	127	133	127
Profit on disposal of property, plant and equipment		720	2,739	-	1,628
Reversal of write-down of inventories	(a)	2,000	5,900	-	-
Unrealised foreign exchange gain		12,013	-	-	-
Realised foreign exchange gain		1,421	-	-	-

(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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Wages and salaries	108,424	102,341	85,207	81,194
Social security cost	934	856	360	373
Pension costs				
- defined contribution plans	5,671	5,879	4,870	4,912
- defined benefit plans (Note 21)	972	1,721	236	1,449
Other staff related expenses	15,878	14,209	12,349	11,883
	131,879	125,006	103,022	99,811

Included in staff costs of the Group and of the Company are executive directors' emoluments amounting to RM4,533,000 and RM4,509,000 (2013: RM4,498,000 and RM4,474,000) 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Finance costs consist of interest expenses on:				
- bank overdraft/bankers acceptances	32	28	26	24

Notes To The Financial Statements

7. Investment And Interest Income

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Dividend income from a subsidiary company	-	-	6,000	6,000
Interest income from deposits with licensed banks	27,508	26,666	21,489	22,654
	27,508	26,666	27,489	28,654

8. Taxation

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Current income tax:				
Income tax	68,827	77,906	58,500	72,950
Overprovision in prior years	(688)	(1,285)	(808)	(859)
	68,139	76,621	57,692	72,091
Deferred tax (Note 20):				
Relating to origination and reversal of temporary difference	10,218	15,697	7,175	9,583
Overprovision in prior year	(2,124)	(4,329)	(793)	(2,965)
	8,094	11,368	6,382	6,618
Total income tax expense	76,233	87,989	64,074	78,709

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year.

Notes To The Financial Statements

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	355,604	340,476	265,612	330,827
Taxation at Malaysian statutory tax rate of 25% (2013: 25%)	88,901	85,119	66,403	82,707
Income not subject to tax	(10,891)	(1,213)	(3,515)	(2,626)
Expenses not deductible for tax purposes	3,089	10,439	4,770	3,123
Utilisation of double deduction for research	(608)	(671)	(608)	(671)
Effect of change in tax rate	(1,375)	-	(1,375)	-
Overprovision of deferred tax in prior years	(2,124)	(4,329)	(793)	(2,965)
Overprovision of income tax in prior years	(688)	(1,285)	(808)	(859)
Others	(71)	(71)	-	-
Tax expense for the year	76,233	87,989	64,074	78,709

9. Earnings per share

The calculation of earnings per share is based on net profit for the year attributable to equity holders of the Company of RM278,030,000 (2013: RM251,831,000) divided by the weighted number of ordinary shares of 207,792,492 (2013: 208,116,528) in issue during the year.

	Group	
	2014	2013
	sen	sen
Basic earnings per share for: Profit for the year	134	121

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

10. (a) Biological Assets

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Pre-cropping expenditure				
Cost				
At 1 January	717,433	700,169	583,424	541,613
Additions	45,600	42,466	45,484	41,811
Transfer to plasma at cost	(5,162)	-	-	-
Exchange differences	6,923	(25,202)	-	-
At 31 December	764,794	717,433	628,908	583,424
Accumulated amortisation and impairment losses				
At 1 January				
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
Amortisation for the year	24,294	23,164	17,068	16,303
Exchange differences	1,066	(2,472)	-	-
At 31 December	366,074	340,714	340,897	323,829
Analysed as:				
Accumulated amortisation	366,074	339,109	340,897	323,829
Accumulated impairment losses	-	1,605	-	-
	366,074	340,714	340,897	323,829
Net book value				
At 31 December	398,720	376,719	288,011	259,595

Under Indonesian laws, the plantation owners are obliged to assist the local communities by assisting them to develop plasma smallholdings. The area of plasma required is 20% of the planted area and this is one of the conditions which must be fulfilled by all plantation owners before the issuance of HGU (lease certificates) of the estate lands by the authorities. The Group is in the process of complying with this condition. The transfer cost is recoverable from the sales of the crops to the mill belonging to Indonesian subsidiary of the Group.

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, 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. After few announcements of deferment since 19 November 2011, on 2 September 2014, MASB announced that Transitioning Entities shall be required to apply the MFRS Framework for annual periods beginning on or after 1 January 2017. Transitioning Entities are entities that are within the scope of MFRS 141 Agriculture which is identical to IAS 41 Agriculture.

The decision on 2 September 2014 for the Transitioning Entities was made by the MASB due to the fact that the IASB has announced amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants whereby the amendments change the accounting requirements for biological assets. Under the amendments, bearer plants will no longer be within the scope of IAS 41 but will instead be within the scope of IAS 16 Property, Plant and Equipment. Under IAS 16, bearer plants will be measured using either the cost model or revaluation model. The amendments which are to be applied retrospectively (effective for annual periods beginning on or after 1 January 2016) also require that produce that grows on bearer plants will remain in the scope of IAS 41 and should be measured at fair value less costs to sell.

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 prior year, 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 effects 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 listed in Nasdaq CPH and would therefore require to comply with the directive. United International Enterprises Limited did not early adopt the amendments to IAS 41. 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 effects 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 2013			2014	31 December 2014		
	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		376,719	97,476	1,796,204	279,371	398,720	105,389	1,723,584
Fair value adjustment of biological assets	1	60,670	-	60,670	223,404	223,404	-	223,404
Exchange differences		(29,202)	-	-	-	7,135	-	-
Deferred tax effect		-	15,168	(15,168)	(55,851)	-	55,851	(55,851)
Adjustments as at 1 January 2012/2013		556,752	143,820	431,458	-	588,220	158,988	476,960
Total adjustments		588,220	158,988	476,960	167,553	818,759	214,839	644,513
Adjusted to IFRS		964,939	256,464	2,273,164	446,924	1,217,479	320,228	2,368,097

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 2013 and 31 December 2014 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.

Notes To The Financial Statements

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 2014 RM'000	31 December 2013 RM'000
Oil Palms		
Area (Ha)	45,422	45,810
Average FFB selling price (RM/MT)	537	480
Coconut Palms		
Area (Ha)	3,172	3,090
Average selling price (RM/nut)	0.69	0.59

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.

Notes To The Financial Statements

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
At fair value less cost to sell as at 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 2013/1 January 2014	964,939
Gain arising from changes in fair value less cost to sell	223,404
Exchange differences	7,135
Net movement during the year under FRS	22,001
At fair value less cost to sell as at 31 December 2014	1,217,479

Sensitivity Analysis

A 10% increase/decrease to the long-term crude palm oil price used of RM2,355/tonne would result in an increase/decrease to the fair value of biological assets by RM234 million as at 31 December 2014. A 1% increase in the discount rate will result in a decrease to the fair value of biological assets by RM57 million. In addition, cash flows are projected over a number of years and based on estimated production. Estimates of production in themselves are dependent on various assumptions, in addition to those described above. Changes in these estimates could materially impact on estimated production, and could therefore affect estimates of future cash flows used in the assessment of fair value.

Notes To The Financial Statements

10. (b) Property, Plant And Equipment

Group

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Capital work-in-progress* RM'000	Spare Parts RM'000	Total RM'000
Cost							
At 1 January 2014	204,413	385,452	250,341	576,014	22,709	1,136	1,440,065
Additions	-	-	13,421	21,466	4,503	-	39,390
Disposals	-	-	(5)	(17,021)	-	-	(17,026)
Written off	-	-	(2)	-	-	-	(2)
Reclassification	-	-	5,768	20,698	(26,466)	-	-
Exchange differences	-	-	1,999	2,811	745	-	5,555
Net usage for the year	-	-	-	-	-	(69)	(69)
At 31 December 2014	204,413	385,452	271,522	603,968	1,491	1,067	1,467,913
Accumulated depreciation and impairment losses							
At 1 January 2014							
Accumulated depreciation	-	50,318	135,788	332,122	-	-	518,228
Accumulated impairment losses	-	-	-	61	-	-	61
	-	50,318	135,788	332,183	-	-	518,289
Depreciation for the year	-	4,131	7,716	30,693	-	-	42,540
Disposals	-	-	(5)	(15,734)	-	-	(15,739)
Written off	-	-	(1)	-	-	-	(1)
Exchange differences	-	-	255	1,207	-	-	1,462
At 31 December 2014	-	54,449	143,753	348,349	-	-	546,551
Analysed as:							
Accumulated depreciation	-	54,449	143,753	348,349	-	-	546,551
Accumulated impairment losses	-	-	-	-	-	-	-
	-	54,449	143,753	348,349	-	-	546,551
Net book value							
At 31 December 2014	204,413	331,003	127,769	255,619	1,491	1,067	921,362

Notes To The Financial Statements

Group

	Freehold land	Long term leasehold land	Buildings	Plant and machinery	Capital work-in-progress*	Spare Parts	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost							
At 1 January 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	135,788	332,122	-	-	518,228
Accumulated impairment losses	-	-	-	61	-	-	61
	-	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

Group

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

	2014 RM'000	2013 RM'000
In the estates of the Company in Peninsular Malaysia	1,491	4,577
In Unitata Berhad	-	18,132
	1,491	22,709

Notes To The Financial Statements

Company

	Freehold land	Long term leasehold land	Buildings	Plant and machinery	Capital work-in-progress	Spare parts	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost							
At 1 January 2014	203,848	385,452	177,023	343,958	4,577	585	1,115,443
Additions	-	-	4,703	15,782	1,491	-	21,976
Disposals	-	-	(5)	(5,790)	-	-	(5,795)
Reclassifications	-	-	1,946	2,631	(4,577)	-	-
Net usage for the year	-	-	-	-	-	(76)	(76)
At 31 December 2014	203,848	385,452	183,667	356,581	1,491	509	1,131,548
Accumulated depreciation							
At 1 January 2014	-	50,318	120,675	220,280	-	-	391,273
Depreciation for the year	-	4,131	4,882	14,937	-	-	23,950
Disposals	-	-	(5)	(4,870)	-	-	(4,875)
At 31 December 2014	-	54,449	125,552	230,347	-	-	410,348
Net book value							
At 31 December 2014	203,848	331,003	58,115	126,234	1,491	509	721,200

Notes To The Financial Statements

Company

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Capital work-in-progress RM'000	Spare parts RM'000	Total RM'000
Cost							
At 1 January 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

10. (c) Land Use Rights

	Group 2014 RM'000	Group 2013 RM'000
At 1 January	31,110	34,071
Additions	1,433	1,707
Amortisation for the year	(809)	(737)
Written Off	(591)	-
Exchange differences	899	(3,931)
At 31 December	32,042	31,110

11. Subsidiary Companies

Investment in subsidiary companies

	Company 2014 RM'000	Company 2013 RM'000
Unquoted shares at cost	44,451	47,443
Less: Accumulated impairment losses	(14,354)	(2,992)
	30,097	44,451
Unquoted Redeemable Cumulative Convertible Preference Shares("RCCPS")	424,800	424,800
	454,897	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 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	
	2014	2013	2014	2013
	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	
	2014	2013
	RM'000	RM'000
Represented by:		
Share of net assets	50	50
Note (i):		
Share of post acquisition losses and reserves is arrived at as follows:		
Profit for the year	-	-
Share of accumulated losses	(51)	(51)
	(51)	(51)

13. Joint Venture

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unquoted shares, at cost	17,576	10,116	17,576	10,116
Share of post acquisition losses and reserves	(2,925)	(779)	-	-
	14,651	9,337	17,576	10,116
Analysed as:				
Unquoted shares, at cost				
At 1 January	10,116	3,366	10,116	3,366
Acquisition during the year	7,460	6,750	7,460	6,750
At 31 December	17,576	10,116	17,576	10,116
Share of post-acquisition reserve:				
At 1 January	(779)	(33)	-	-
Share of results	(2,146)	(746)	-	-
At 31 December	(2,925)	(779)	-	-

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

(i) Summarised statements of financial position

	2014 RM'000	2013 RM'000
Assets		
Non-current assets		
Property and equipment	72,603	40,909
Current assets		
Other receivables	5,293	72
Cash and bank balances	2,796	2,508
Total current assets	8,089	2,580
Total assets	80,692	43,489

Notes To The Financial Statements

	2014 RM'000	2013 RM'000
Liabilities		
Current liabilities		
Other payables	13,748	1,617
Amount owing to related company	98	45
Total current liabilities	13,846	1,662
Non-current liabilities		
Term loan	30,893	20,633
Investment grants	6,651	2,456
	37,544	23,089
Total liabilities	51,390	24,751
Net assets	29,302	18,738

(ii) Summarised statements of comprehensive income

	2014 RM'000	2013 RM'000
Revenue	1,045	-
Other income	112	284
Other operating expenses	(5,449)	(1,776)
	(4,292)	(1,492)

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

	2014 RM'000	2013 RM'000
Net assets at 1 January	18,674	6,666
Issuance of share	14,920	13,500
Loss for the year	(4,292)	(1,492)
Net assets at 31 December	29,302	18,674
Interest in joint venture (%)	50	50
Carrying value of Group's interest in joint venture	14,651	9,337

14. Available-For-Sale Financial Assets

	Group / Company	
	2014	2013
	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	
	2014	2013
	RM'000	RM'000
At 1 January	6,446	6,446
Fair value adjustment	-	-
At 31 December	6,446	6,446

15. Inventories

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Produce stocks	24,799	43,859	16,451	36,592
Estate stores	23,585	29,360	19,512	22,168
Raw materials	6,363	21,187	-	-
Finished goods	40,406	43,658	-	-
Consumables	3,612	4,890	-	-
Less: Reclassified to property, plant and equipment (Note 10(b))	-	(1,136)	-	(585)
	98,765	141,818	35,963	58,175

16. Trade And Other Receivables

		Group		Company	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
Current trade receivables					
Third parties		86,070	71,818	22	265
Due from subsidiary companies	(b)	-	-	30,244	-
		86,070	71,818	30,266	265
Less: Allowance for impairment Third parties		(12)	-	-	-
Trade receivables, net	(a)	86,058	71,818	30,266	265
Other receivables					
Due from subsidiary companies	(b)	-	-	9,730	7,657
Due from an associated company	(c)	5	10	5	10
Deposits	(d)	12,491	37,462	12,046	16,800
Sundry receivables		17,963	15,942	7,840	9,578
		30,459	53,414	29,621	34,045
Less: Allowance for impairment due from subsidiary companies		-	-	-	(7,033)
Other receivables, net		30,459	53,414	29,621	27,012
Total trade and other receivables		116,517	125,232	59,887	27,277
Add: Cash and bank balances (Note 17)		542,145	515,408	385,711	414,581
Total loans and receivables		658,662	640,640	445,598	441,858

(a) Trade receivables

The average credit terms granted to the Group's customers are 10 to 75 days (2013: 10 to 75 days).

Ageing analysis of trade receivables

The ageing analysis of the Group's and the Company's trade receivables is as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Neither past due nor impaired	85,745	71,454	30,266	265
1 to 30 days past due not impaired	232	211	-	-
31 to 60 days past due not impaired	44	71	-	-
61 to 90 days past due not impaired	13	45	-	-
91 to 120 days past due not impaired	24	37	-	-
	313	364	-	-
Impaired	12	-	-	-
	86,070	71,818	30,266	265

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 98% (2013: 97%) 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 RM313,000 (2013: RM364,000) 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	
	2014	2013
	RM'000	RM'000
Trade receivables - nominal amounts	12	-
Movement in allowance accounts:		
At 1 January	-	65
Impaired	12	
Written off	-	(65)
At 31 December	12	-

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

The amounts due from subsidiary companies are unsecured. The trade debt due from a subsidiary company has a repayment term of 30 days and the overdue trade debt bears an average interest of approximately 4.00% per annum in 2014. 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 both the Group and of the Company are RM11,827,000 (2013: RM37,274,000 and RM16,649,000 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 and Short Term Funds

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash at banks and on hand	22,721	16,960	3,428	4,601
Deposits with licensed banks	519,424	498,448	382,283	409,980
Short term funds	196,236	263,540	105,595	263,540
Cash and bank balances	738,381	778,948	491,306	678,121
Less: Short term funds	(196,236)	(263,540)	(105,595)	(263,540)
Cash and bank balances (Note 16)	542, 145	515,408	385,711	414,581

Short term funds are investments in income trust funds in Malaysia. The trust funds invest in highly liquid assets which are readily convertible to cash.

The weighted average interest rates during the financial year as at 31 December 2014 are as follows:

	Weighted average interest rates	
	2014 %	2013 %
Deposits with licensed banks	3.60	3.46
Short term funds	3.16	3.03

18. (a) Share Capital

	Number of ordinary shares of RM1 each		Amount	
	2014 Unit'000	2013 Unit'000	2014 RM'000	2013 RM'000
Authorised At 1 January and 31 December	500,000	500,000	500,000	500,000
Issued and fully paid: At 1 January and 31 December	208,134	208,134	208,134	208,134

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Notes To The Financial Statements

(b) Treasury Shares

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

As at 31 December 2014, the number of treasury shares held remained at 341,774 shares of RM1.00 each as there were no share buy-back nor any cancellation, re-sale or distribution of treasury shares in the current year. These treasury shares were held in accordance with the requirement of Section 67A of the Companies Act, 1965.

			Purchase Price Per Share		
	No of shares	Cost RM	Highest RM	Lowest RM	Average RM
2014					
As at the beginning/end of the financial year	341,774	8,634,700			
2013					
As at the beginning of the 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
As at the end of the financial year	341,774	8,634,700			

The share buy-back in 2013 was financed by internally generated funds..

19. Reserves

		Group		Company	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
Distributable					
Retained profits	(a)	1,723,584	1,796,204	1,545,607	1,694,719
Non-distributable					
Available for sale reserve	(b)	893	893	893	893
Share premium		181,920	181,920	181,920	181,920
Capital reserve	(c)	21,798	21,798	-	-
Foreign currency translation reserve	(d)	(3,183)	(7,030)	-	-
		201,428	197,581	182,813	182,813
Total		1,925,012	1,993,785	1,728,420	1,877,532

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.

Notes To The Financial Statements

20. Deferred taxation

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
At 1 January	97,476	86,108	92,418	85,800
Recognised in profit or loss (Note 8)	8,094	11,368	6,382	6,618
Exchange differences	(181)	-	-	-
At 31 December	105,389	97,476	98,800	92,418
Presented after appropriate offsetting as follows:				
Deferred tax assets	(7,622)	(9,011)	(1,540)	(3,412)
Deferred tax liabilities	113,192	106,487	100,340	95,830
Exchange differences	(181)	-	-	-
	105,389	97,476	98,800	92,418

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 2014	106,692	(205)	106,487
Recognised in profit or loss	6,500	205	6,705
At 31 December 2014	113,192	-	113,192
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

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 2014	(3,071)	(2,368)	(3,572)	(9,011)
Recognised in profit or loss	184	2,368	(1,163)	1,389
At 31 December 2014	(2,887)	-	(4,735)	(7,622)
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)

Notes To The Financial Statements

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM'000
At 1 January 2014	95,830
Recognised in profit or loss	4,510
At 31 December 2014	100,340
At 1 January 2013	88,410
Recognised in profit or loss	7,420
At 31 December 201	95,830

Deferred tax assets of the Company:

	Retirement Benefit Obligations RM'000	Others RM'000	Total RM'000
At 1 January 2014	(1,657)	(1,755)	(3,412)
Recognised in profit or loss	34	1,838	1,872
At 31 December 2014	(1,623)	83	(1,540)
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)

Notes To The Financial Statements

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:

	2014 %	2013 %
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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Present value of unfunded defined benefit obligations	11,548	12,284	6,491	6,628
At 1 January	12,284	11,817	6,628	5,676
Provision during the year	972	1,721	236	1,449
Paid during the year	(1,898)	(618)	(373)	(497)
Exchange difference	190	(636)	-	-
At 31 December	11,548	12,284	6,491	6,628
Analysed as:				
Current	820	1,354	655	754
Non-current:				
Later than 1 year but not later than 2 years	92	375	91	36
Later than 2 years but not later than 5 years	1,019	455	640	269
Later than 5 years	9,617	10,100	5,105	5,569
	10,728	10,930	5,836	5,874
	11,548	12,284	6,491	6,628

Notes To The Financial Statements

22. Trade And Other Payables

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current trade payables				
Third parties	10,769	13,167	1,501	1,434
Other payables				
Due to subsidiary companies	-	-	1,261	635
Advances from customers	901	770	842	770
Accruals	28,575	34,841	23,665	28,125
Sundry payables	20,448	22,082	6,940	9,254
	49,924	57,693	32,708	38,784
Total trade and other payables	60,693	70,860	34,209	40,218
Add: Bank borrowings (Note 23)	795	296	-	-
Total financial liabilities carried at amortised cost	61,488	71,156	34,209	40,218

(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 (2013: 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 at the reporting date in 2013 was and amount of RM253,000 owing to a company in which certain Directors have an interest. This amount is interest free, unsecured and repayable on demand. This amount was repaid in the current year.

23. Bank Borrowings

	Group	
	2014 RM'000	2013 RM'000
Bank overdraft - unsecured	795	296

The interest rate applicable to the bank borrowings for the year was 7.25% (2013: 7.10%) per annum.

24. Dividends

	Group / Company			
	Amount		Net Dividends per Share	
	2014 RM'000	2013 RM'000	2014 sen	2013 sen
Final dividend paid in respect of previous financial year: - 22.5% single tier (2013: 30% gross less 25% tax)	46,754	46,830	22.50	22.50
Special dividend paid in respect of previous financial year - 41.25% single tier (2013: 55% gross less 25% tax)	85,714	85,856	41.25	41.25
Interim extraordinary special dividend in respect of the current financial year: - 75.0% single tier (2013: Nil)	155,845	-	75.00	-
Interim dividend in respect of the current financial year: - 20.0% single tier (2013: 25% gross less 25% tax)	41,558	39,023	20.00	18.75
Special dividend in respect of the current financial year: - Nil (2013: 12.495% gross less 25% tax)	-	19,503	-	9.37
Special dividend in respect of the current financial year: - 10% single tier (2013: 2% single tier)	20,779	4,162	10.00	2.00
	350,650	195,374	168.75	93.87

At the forthcoming Annual General Meeting, a final single-tier dividend of 20.0% amounting to RM41,558,498 and a special single-tier dividend of 40.0% amounting to RM83,116,997 in respect of the year ended 31 December 2014 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 2015.

Notes To The Financial Statements

25. Significant Inter-Company Transactions

	Company 2014 RM'000	Company 2013 RM'000
Sale of raw materials to a subsidiary company	225,030	193,627
Sale of biomass and biogas steam to a subsidiary company	2,083	2,195

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

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

Nature Of Transactions	Amount Billed Group		Amount Billed Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Service fees paid to IPS	156	200	156	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.

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Amount outstanding at 31 December:				
Due from/(to) IPS	33	(253)	33	(253)

(b) Compensation of key management personnel

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Short-term employee benefits	4,382	4,361	4,382	4,337
Post employment benefits:				
Defined contribution plan	697	688	697	688
	5,079	5,049	5,079	5,025

Notes To The Financial Statements

27. Segmental Information

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

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

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

(c) The other segments which consists of bulking facilities 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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	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	407,898	428,873	612,312	519,627	1,633	1,722	-	-	1,021,843	950,222
Inter-segment sales	225,030	193,627	-	-	-	-	(225,030)	(193,627)	-	-
Total revenue	632,928	622,500	612,312	519,627	1,633	1,722	(225,030)	(193,627)	1,021,84	950,222
Results:										
Segment results/ operating profit/(loss)	283,561	335,692	26,028	22,512	(555)	(43,620)	21,240	-	330,274	314,584
Interest income	23,390	23,419	1,203	1,478	22,581	19,166	(19,666)	(17,397)	27,508	26,666
Interest expense	(19,692)	(17,421)	(6)	(4)	-	-	19,666	17,397	(32)	(28)
Share of results of joint venture	-	-	-	-	(2,146)	(746)	-	-	(2,146)	(746)
Income taxes	(71,343)	(82,858)	(4,218)	(4,632)	(672)	(499)	-	-	(76,233)	(87,989)
Net profit for the year									279,371	252,487

Notes To The Financial Statements

	Plantations		Palm Oil Refining		Other Segments		Elimination		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets and liabilities										
Segment assets	1,836,428	2,034,413	354,216	288,706	121,961	57,048	-	-	2,312,605	2,380,167
Investment in an associated company	-	-	-	-	50	50	-	-	50	50
Investment in a joint venture	-	-	-	-	14,651	9,337	-	-	14,651	9,337
Other investments	-	-	-	-	6,446	6,446	-	-	6,446	6,446
Consolidated total assets									2,333,752	2,396,000
Segment liabilities	172,490	177,391	33,988	23,929	346	320	-	-	206,824	201,640
Consolidated total liabilities									206,824	201,640
Other information										
Capital expenditure *	79,945	83,248	6,427	22,661	51	158	-	-	86,423	106,067
Depreciation	33,238	30,847	9,245	8,829	57	90	-	-	42,540	39,766
Amortisation	25,103	23,901	-	-	-	-	-	-	25,103	23,901
Other significant non-cash expenses:										
Write-down of inventories/ (reversal of write-down)	124	119	(2,000)	(5,900)	-	-	-	-	(1,876)	(5,781)
Impairment on land use rights/buildings	591	-	-	171	-	-	-	-	591	171
Net realised foreign exchange (gain)/loss	-	-	(2,056)	8,862	(1,364)	111	-	-	(3,420)	8,973
Net unrealised foreign exchange (gain)/loss	23	1	4,291	752	(9,948)	42,175	-	-	(5,634)	42,928

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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	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	511,552	503,809	139,936	121,422	240,579	256,346	104,949	54,348	24,827	14,297	1,021,843	950,222
Segment assets	1,999,876	2,067,709	282,717	281,758	31,313	23,742	19,003	18,164	843	4,627	2,333,752	2,396,000
Capital expenditure *	73,938	95,426	12,485	10,641	-	-	-	-	-	-	86,423	106,067

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

		Group	
		2014 RM'000	2013 RM'000
Biological assets	10 (a)	45,600	42,466
Property, plant and equipment	10 (b)	39,390	61,894
Land use rights	10 (c)	1,433	1,707
		86,423	106,067

(iii) Information about a major customer

Revenue from one major customer amounted to RM364,831,000 (2013: RM356,269,000), arising from sales by the palm oil refining segment.

28. Capital Commitments

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Capital expenditure approved by the directors but not contracted	156,438	79,217	149,345	72,891
Capital expenditure contracted but not provided for	4,689	13,525	2,147	6,543
	161,127	92,742	151,492	79,434
Share of capital commitments in a joint venture	-	4,884	-	4,884

29. Financial Instruments

(a) Financial risk management objectives and policies

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

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

(b) Interest rate risk

The Group's primary interest rate risk relates to short term fixed rate term deposits with licensed banks and negotiable papers issued by licensed banks. The Group does not hedge this exposure. The maturity periods are mixed such that the Group's cash flow requirements are met while yielding a reasonable return. The effective interest rates are 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 RM612,000 (2013: RM749,000) 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 RM612,000 (2013: RM749,000) higher/lower. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market movements.

Notes To The Financial Statements

(c) Foreign exchange risk

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

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

Approximately 53% (2013: 47%) of the Group's sales are denominated in foreign currencies whilst almost 48% (2013: 65%) 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 RM8,272,000 (2013: RM3,254,000) and RM1,627,000 (2013: RM1,633,000) 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 2014, the Group hedged 99% (2013: 52%) and 100% (2013: 100%) of its foreign currency denominated sales and purchases respectively, for which firm commitments existed at the reporting date, extending to December 2016 (2013: September 2014).

The Group is also exposed to currency translation risk arising from its net investments in Indonesia.

Notes To The Financial Statements

The net unhedged financial assets of the Group that are not denominated in their functional currencies are as follows:

Functional currency of the Group	Indonesian Rupiah RM'000	Total RM'000
At 31 December 2014:		
Ringgit Malaysia denominated advances to foreign subsidiaries	207,478	207,478
At 31 December 2013:		
Ringgit Malaysia denominated advances to foreign subsidiaries	241,433	241,433

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 2014:				
Forwards used to hedge				
receivables	USD	146,309	95,458	241,767
payables	USD	78,407	-	78,407
As at 31 December 2013:				
Forwards used to hedge				
receivables	USD	117,665	-	117,665
payables	USD	66,251	-	66,251

The net recognised loss as at 31 December 2014 on forward exchange contracts used to hedge receivables and payables as at 31 December 2014 amounted to RM8,258,000 (31 December 2013: net recognised loss RM1,497,000).

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	2014 RM'000 Profit net of tax	2013 RM'000 Profit net of tax
USD/RM		
- strengthened 3%	(26)	(325)
- weakened 3%	26	325
IDR/RM		
- strengthened 3%	6,224	7,032
- weakened 3%	(6,224)	(7,032)

(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			
	2014		2013	
	RM'000	% of total	RM'000	% of total
By Segment:				
Plantations	22	0.03%	1,207	1.68%
Palm Oil Refining	85,922	99.84%	70,216	97.77%
Others	114	0.13%	395	0.55%
	86,058	100.00%	71,818	100.00%

At the reporting date, approximately 82% (2013: 85%) of the Group's trade receivables were due from a major customer of the palm oil refinery unit.

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

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

(e) Liquidity risk

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

(f) Market risk

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

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 RM506,000 (2013: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			
2014			
Non-hedging derivatives:			
Current			
Forward currency contracts	258,304	-	(3,802)
Commodity futures contracts	1,141,415	-	(3,000)
		-	(6,802)
Non-Current			-
Forward currency contracts	95,458		(4,456)
Commodity futures contracts	170,471		(5,230)
			(9,686)
Total derivatives			(16,488)
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)

The Group uses forward currency contracts and commodity futures contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's sales and purchases denominated in USD for which firm commitments existed at the reporting date, extending to December 2016(2013: September 2014) (Note 29(c)).

During the financial year, the Group recognised a loss of RM16,488,000 (2013: loss of RM2,230,000) 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 2014				
Non-current unquoted shares (Note 14)	6,446	6,446	6,446	6,446
At 31 December 2013				
Non-current unquoted shares (Note 14)	6,446	6,446	6,446	6,446

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

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

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

Notes To The Financial Statements

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

(iv) the fair value of unquoted available-for-sale financial asset is estimated by discounting future cash flows using 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 2014, the Group and the Company held the following financial instruments carried at fair value in the statement of financial position:

	31 December 2014 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group				
Assets/(liabilities) measured at fair value				
Fair value through profit or loss:				
Commodity futures contracts	(8,231)	(8,231)	-	-
Forward currency contracts	(8,257)	-	(8,257)	-
Available-for-sale financial asset:				
Unquoted shares	6,446	-	-	6,446
Company				
Asset measured at fair value				
Available-for-sale financial asset:				
Unquoted shares	6,446	-	-	6,446

During the year ended 31 December 2014, there were no transfers to or from Level 3.

Notes To The Financial Statements

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.

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	
	2014 RM'000	2013 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 2014 and 31 December 2013.

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 2014 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total retained profits				
- realised	1,812,800	1,906,157	1,627,956	1,750,545
- unrealised	(80,590)	(54,369)	(82,349)	(55,826)
	1,732,210	1,851,788	1,545,607	1,694,719
Total share of accumulated loss from joint venture				
- realised	(1,695)	(381)	-	-
Total share of accumulated loss from an associated company				
- realised	(51)	(51)	-	-
	1,730,464	1,851,356	1,545,607	1,694,719
Less: Consolidation adjustments	(6,880)	(55,152)	-	-
Total retained profits	1,723,584	1,796,204	1,545,607	1,694,719

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 116 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 2014 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 26 February 2015.

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 116 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 26 February 2015.

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 2014 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 116 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 2014 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	YAP SENG CHONG
AF: 0039	No. 2190/12/15(J)
Chartered Accountants	Chartered Accountant

Kuala Lumpur, Malaysia
26 February 2015

Shareholders Information As At 26 February 2015

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 26 February 2015

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Issued Capital *
Less than 100 shares	149	4.13	4,615	0.00
100 to 1,000 shares	1,744	48.33	1,354,902	0.65
1,001 to 10,000 shares	1,353	37.50	4,840,407	2.33
10,001 to 100,000 shares	281	7.79	8,681,466	4.18
100,001 to less than 5% of issued shares	75	2.08	62,998,146	30.32
5% and above of issued shares	6	0.17	129,912,956	62.52
Total	3,608	100.00	207,792,492	100.00

Substantial Shareholders As At 26 February 2015

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	29,401,198	14.15	-	-
3. Perbadanan Pembangunan Pertanian Negeri Perak (Perbadanan)	13,065,158	6.29	330,000*5	0.16
4. United International Enterprises Limited (UIEL)	8,738,132	4.21	87,456,945*1	42.09
5. C & M Holding Limited (C & M HL)	-	-	96,195,077 *2	46.29
6. Brother's Holding Ltd (BHL)	-	-	96,195,077 *2	46.29
7. Ybhg. Dato' Carl Bek-Nielsen	2,242,491	1.08	96,240,135 *3	46.32
8. Mr. Martin Bek-Nielsen	552,389	0.27	96,198,077 *4	46.30
9. Aberdeen Asset Management PLC and its subsidiaries	-	-	24,187,500 *6	11.64
Mitsubishi UFJ Financial Group, Inc (MUFG)	-	-	24,190,333 *7	11.64

*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.
(7) Deemed interest through its shareholding in Aberdeen Asset Management PLC and Morgan Stanley Group Inc, fund management groups.

Directors' Shareholdings As At 26 February 2015

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	2,242,491	1.08	96,240,135	46.32
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	552,389	0.27	96,198,077	46.30
Mr. Mohamad Nasir bin Ab. Latif	-	-	-	-
Mr. Loh Hang Pai	20,000	0.01	-	-
Mr. R. Nadarajan	-	-	-	-

Shareholders Information As At 26 February 2015

	Thirty (30) Largest Shareholders As At 26 February 2015		
	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	26,536,198	12.77
3.	HSBC Nominees (Asing) Sdn Bhd BNP Paribas SECS SVS Lux For Aberdeen Global	14,308,400	6.88
4.	Perbadanan Pembangunan Pertanian Negeri Perak	13,065,158	6.29
5.	United International Enterprises Ltd	8,714,217	4.19
6.	Kumpulan Wang Persaraan (Diperbadankan)	3,609,800	1.74
7.	HSBC Nominees (Asing) Sdn Bhd Exempt An for Danske Bank A/S (Client Holdings)	2,700,601	1.30
8.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	2,447,500	1.18
9.	BHR Enterprise Sdn Bhd	2,422,440	1.17
10.	Ybhg. Dato' Carl Bek-Nielsen	2,157,491	1.04
11.	HSBC Nominees (Asing) Sdn Bhd Exempt An for The Bank of New York Mellon SA/NV (Jyske Clients)	1,504,956	0.72
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.	HSBC Nominees (Asing) Sdn Bhd BNY Brussels for Nykredit Bank A/S	1,286,352	0.62
17.	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	1,161,000	0.56
18.	KAF Nominees (Tempatan) Sdn. Bhd. Bernam Nominees (Tempatan) Sdn Bhd for Jendarata Bernam Provident Fund	1,078,212	0.52
19.	Amanahraya Trustees Berhad Public Islamic Optimal Growth Fund	870,300	0.42
20.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	763,000	0.37
21.	KAF Nominees (Tempatan) Sdn. Bhd. Bernam Nominees (Tempatan) Sdn Bhd for United Plantations Berhad Education And Welfare Fund	725,000	0.35
22.	CIMB Commerce Trustee Berhad Public Focus Select Fund	713,000	0.34
23.	Mr. Ho Dua Tiam	707,400	0.34
24.	Amsec Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd for Tenaga Nasional Berhad Retirement Benefit Trust Fund (FM-Aberdeen)	677,000	0.32
25.	Cartaban Nominees (Asing) Sdn Bhd RBC Investor Services Bank for Global Emerging Markets SmallCap (Danske Invest)	600,000	0.29
26.	HSBC Nominees (Asing) Sdn Bhd Exempt An for BNP Paribas Securities Services (Singapore - SGD)	595,000	0.29
27.	Maximum Vista Sdn Bhd	555,500	0.27
28.	Mr. Martin Bek-Nielsen	552,389	0.27
29.	HSBC Nominees (Asing) Sdn Bhd Exempt An for UBS AG (Client Assets)	520,224	0.25
30.	M & A Nominee (Tempatan) Sdn Bhd Jendarata Bernam Provident Fund	501,200	0.24
		181,388,038	87.30

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

Comparative Statistics - 10 Years

Year ended 31 December	2014 RM'000's	2013 RM'000's	2012 RM'000's	2011 RM'000's	2010 RM'000's	2009 RM'000's	2008 RM'000's	2007 RM'000's	2006 RM'000's	2005 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	1,916,377	1,985,150	1,942,594	1,788,252	1,563,935	1,430,011	1,224,853	988,347	863,967	770,169
Non-Controlling Interests	2,417	1,076	420	207	505	125	619	672	304	-
Funds Employed	2,126,928	2,194,360	2,151,148	1,996,593	1,772,574	1,638,270	1,433,606	1,197,153	1,072,405	978,303
Biological Assets	398,720	376,719	380,147	377,947	355,266	321,821	241,345	196,499	184,723	182,644
Property, Plant and Equipment	921,362	921,776	916,640	902,084	874,153	846,380	744,175	724,354	705,737	685,550
Land Use Rights	32,042	31,110	34,071	31,763	30,794	31,173	25,105	25,665	22,464	-
Other Non-Current Assets	21,147	17,114	9,829	7,811	9,600	10,603	28,301	26,915	3,258	4,331
Current Assets	960,481	1,049,281	1,030,654	880,664	736,347	627,011	606,157	389,070	306,798	308,165
Total Assets	2,333,752	2,396,000	2,371,341	2,200,269	2,006,160	1,836,988	1,645,083	1,362,503	1,222,980	1,180,690
Less: Liabilities	206,824	201,640	220,193	203,676	233,586	198,718	211,477	165,350	150,575	202,387
Net Assets Employed	2,126,928	2,194,360	2,151,148	1,996,593	1,772,574	1,638,270	1,433,606	1,197,153	1,072,405	978,303
Other Data										
Profit Before Tax	355,604	340,476	454,239	491,541	349,460	372,797	397,818	232,985	199,569	181,637
Tax	76,233	87,989	111,688	117,955	84,753	91,913	98,259	53,597	49,561	48,609
Net Profit	279,371	252,487	342,551	373,586	264,707	280,884	299,559	179,388	150,008	133,028
Non-Controlling Interests	(1,341)	(656)	(310)	365	(400)	591	-	13	-	-
Profit attributable to equity owners of the Parent	278,030	251,831	342,241	373,951	264,307	281,475	299,559	179,401	150,008	133,028
Earnings Per Share (in sen)	134.00	121.00	165.00	180.00	127.00	134.95	143.93	86.19	72.07	63.91
Net Dividend Rate (Ordinary Share) - Interim and Final	165.00%	93.87%	93.75%	90.00%	67.50%	52.50%	37.50%	29.60%	26.90%	21.60%
Share Prices On The Bursa Malaysia Securities Berhad										
Highest	29.50	33.26	28.00	21.16	17.70	14.00	14.60	14.80	9.75	7.05
Lowest	22.96	24.70	19.16	16.00	13.32	9.70	7.85	9.00	7.00	4.90
Production -Malaysia										
Palm Oil - own - Tonnes	144,162	146,962	161,407	165,408	164,066	198,883	203,864	176,272	192,204	188,171
Palm Kernel - own - Tonnes	33,885	35,118	40,331	42,163	42,522	53,134	55,537	47,753	53,567	49,935
Coconuts - Nuts ('000)	68,424	74,678	74,110	71,763	83,331	75,541	83,626	87,049	74,035	81,749
FFB Yield per hectare - Tonnes	22.97	22.42	25.05	25.16	24.61	29.05	29.60	25.46	27.83	26.54
CPO Yield per hectare - Tonnes	5.09	4.95	5.48	5.47	5.28	6.31	6.38	5.45	5.90	5.65
Palm Oil extraction rate - %	22.17	22.07	21.86	21.73	21.46	21.73	21.54	21.41	21.21	21.30
Palm Kernel extraction rate - %	5.21	5.27	5.46	5.54	5.56	5.81	5.87	5.80	5.91	5.65
Coconuts Yield per hectare - Nuts	25,056	26,858	26,077	24,771	28,135	22,616	25,037	25,962	22,070	24,028
Cost Of Production - Malaysia **	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Palm Oil - Per Tonne	846	805	719	646	594	539	574	554	506	536
Palm Kernel - Per Tonne	203	197	195	161	145	120	121	130	110	115
Coconuts (in Sen) - Per Nut	9	9	10	9	8	10	10	8	9	9
Average Sales Price										
Palm Oil - Per Tonne	2,353	2,702	3,017	3,050	2,408	2,242	2,368	1,840	1,468	1,420
Palm Kernel - Per Tonne	1,774	1,283	1,584	2,168	1,532	1,031	1,691	1,121	906	1,020
Coconuts (in Sen) - Per Nut	85	75	71	65	45	47	38	32	34	29
Production -Indonesia					*					
Palm Oil - own - Tonnes	41,440	36,529	35,182	24,747	5,435	-	-	-	-	-
Palm Kernel - own - Tonnes	7,044	6,793	6,679	4,277	830	-	-	-	-	-
FFB Yield per hectare - Tonnes	16.86	15.84	17.50	16.22	14.98	-	-	-	-	-
CPO Yield per hectare - Tonnes	4.24	3.88	4.27	3.84	2.12	-	-	-	-	-
Palm Oil extraction rate - %	25.17	24.41	24.38	23.80	21.23	-	-	-	-	-
Palm Kernel extraction rate - %	4.28	4.54	4.63	4.14	3.24	-	-	-	-	-
Cost Of Production - Indonesia	RM	RM	RM	RM	RM					
Palm Oil - Per Tonne	987	1,012	1,035	1,390	1,147	-	-	-	-	-
Palm Kernel - Per Tonne	280	250	242	92	146	-	-	-	-	-
Average Sales Price										
Palm Oil - Per Tonne	2,301	2,179	2,381	2,553	2,755	-	-	-	-	-
Palm Kernel - Per Tonne	1,305	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.		50	1,597
36009 Teluk Intan	Expiring on:		Research Station - 1,070 sq.m.		49	1,644
Perak Darul Ridzuan	15.01.2062	606.16	Oil Palm & Coconut Estate			95,037
	07.06.2104	623.77	Palm Oil Mill	10,032	80	7,779
	07.06.2104	36.07	Biomass Plant	sq.m.	9	1,974
	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			13,036
Batu 18, Jalan Bagan Datoh						
36300 Sungai Sumun						
Perak Darul Ridzuan						
Sungei Bernam Estate	Leasehold		Coconut Estate			30,733
Sungai Ayer Tawar	Expiring on:		Copra Kiln - 1,022 sq.m.		40	
45200 Sabak Bernam	Yr to Yr	16.59				
Selangor Darul Ehsan	28-03-2056	1.33				
	Freehold	2,274.11				
Ulu Bernam Estate	Leasehold		Oil Palm Estate			37,342
36500 Ulu Bernam	Expiring on:		Palm Oil Mill - 8,193 sq.m.		82	2,055
Perak Darul Ridzuan	Yr to Yr	95.31				
	Freehold	3,098.57				
Changkat Mentri Estate	Leasehold		Oil Palm Estate			21,290
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			49,614
36500 Ulu Bernam	Expiring on:		Palm Oil Mill - 6,352 sq.m.		25	669
Perak Darul Ridzuan	26-11-2067	11.40				
	20-01-2087	2,468.00				
	08.12.2099	159.50				
	Yr to Yr	129.44				
	Freehold	1,218.62				
Sungei Erong Estate	Leasehold		Oil Palm Estate			45,983
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			36,326
36500 Ulu Bernam	Yr to Yr	5.50				
Perak Darul Ridzuan						
Seri Pelangi Estate	Leasehold		Oil Palm Estate			10,954
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			135,336
35800 Slim River			Palm Oil Mill - 8,210 sq.m.			2,081
UIE	Leasehold		Oil Palm Estate			385,987
Pantai Remis	Expiring on:		Palm Oil Mill - 6,148 sq.m.		23	2,126
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	40	28,005
Perak Darul Ridzuan			Cebes Plant			
Bernam Bakery	Freehold	0.45	Bakery		30	23
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			42	52
12100 Butterworth						
PT Surya Sawit Sejati	Leasehold		Oil Palm Estate			162,814
Pengakalan Bun, Central	Expiring on:		Palm Oil Mill - 90,000 sq.m.		5	8,519
Kalimantan, Indonesia	24.09.2040	2,508.47				
	**	16,156.53				

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.	Total
OIL PALM :													
Mature	5,212			2,882	2,368	3,032	2,782	2,124	1,337	1,984	6,570	9,655	37,946
Immature-Planted 2011													
Immature-Planted 2012	98					302	490			309	1,008		2,207
Immature-Planted 2013	373			141	18	209	228	469		300	1,323		3,061
Immature-Planted 2014	251			126	8	194		647		147	834		2,207
Sub-Total	5,934			3,149	2,394	3,737	3,500	3,240	1,337	2,740	9,735	9,655	45,421
COCONUT :													
Mature	25	735	1,939										2,699
Immature-Planted 2011			116										116
Immature-Planted 2012		10	38										48
Immature-Planted 2013		65	126										191
Immature-Planted 2014	81		36										117
Sub-Total	106	810	2,255										3,171
OTHER AREAS:													
Other Crops	5												5
Conservation and Plasma					12					85	91	8,915	9,103
buildings,roads,drains, air-strip,nurseries, toddy tapping areas, railway, etc.	335	20	37	45	143	250	163	46	85	64	544	95	1,827
TOTAL	6,380	830	2,292	3,194	2,549	3,987	3,663	3,286	1,422	2,889	10,370	18,665	59,527

Oil Palm		
Age in years	Hectares	% Under crop
4 - 5	6,171	14
6 - 8	12,168	27
9 - 18	10,772	24
19 and above	8,835	19
Mature	37,946	84
Immature	7,475	16
Total	45,421	100

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 94th Annual General Meeting of the Company will be held at Jendarata Estate, 36009 Teluk Intan, Perak Darul Ridzuan, Malaysia on 25 April 2015 at 10.00 a.m. for the purpose of considering the following business:-

		Ordinary Resolutions
1.	To receive and consider the financial statements for the year ended 31 December 2014 together with the Reports of the Directors and the Auditors thereon.	1
2.	To consider the recommendation of the Directors and authorise the payment of a Final Single-tier dividend of 20.00% and a Special Single-tier dividend of 40.00% for the year ended 31 December 2014.	2
3.	To approve Directors' fees for 2014.	3
4.	To re-elect as Director Mr. Martin Bek-Nielsen who retires by rotation pursuant to Article 92 of the Company's Articles of Association.	4
5.	To re-elect as Director Mr. Loh Hang Pai who retires by rotation pursuant to Article 92 of the Company's Articles of Association.	5
6.	To consider and, if thought fit, pass the following resolution: "That pursuant to Section 129(6) of the Companies Act,1965, Ybhg. Tan Sri Datuk Dr. Johari bin Mat be re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting."	6
7.	To consider and, if thought fit, pass the following resolution: "That pursuant to Section 129(6) of the Companies Act,1965, Mr. Ho Dua Tiam be re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting."	7
8.	To consider and, if thought fit, pass the following resolution: "That pursuant to Section 129(6) of the Companies Act,1965, Y. Hormat Dato' Jeremy Derek Campbell Diamond be re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting."	8
9.	To re-appoint Messrs. Ernst & Young as auditors of the Company for the year 2015 and to authorize the Directors to fix their remuneration.	9

Notice Of Annual General Meeting

	As Special Business To consider and if thought fit , to pass the following resolutions:	Ordinary Resolutions
	(i) Proposed Continuation in Office as Independent Non- Executive Directors	
10.	"That Ybhg. Tan Sri Datuk Dr. Johari bin Mat having served as Independent Non-Executive Director for a cumulative term of more than 9 years, continue to act as Independent Non-Executive Director of the Company."	10
11.	"That Mr. Ahmad Riza Basir having served as Independent Non-Executive Director for a cumulative term of more than 9 years, continue to act as Independent Non-Executive Director of the Company."	11
12.	"That Y. Hormat Dato' Jeremy Derek Campbell Diamond having served as Independent Non-Executive Director for a cumulative term of more than 9 years, continue to act as Independent Non-Executive Director of the Company."	12
	(ii) Proposed Renewal of Authority for Purchase of Own Shares	
13.	"THAT, subject to the Companies Act, 1965 (as may be amended, modified or re-enacted from time to time), the Company's Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and approvals of all relevant governmental and/or regulatory authorities, where applicable, the Company be and is hereby authorised to purchase and/or hold such amount of ordinary shares of RM1.00 each in the Company (Proposed Share Buy-Back) as may be determined by the Directors of the Company from time to time and upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of ordinary shares purchased and/or held pursuant to this resolution shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company at any given point in time and an amount of funds not exceeding the total retained profits of the Company and the share premium account based on the audited financial statements for the financial year ended 31 December 2014 be utilized by the Company for the Proposed Share Buy-Back AND THAT at the discretion of the Directors of the Company, the ordinary shares of the Company to be purchased may be cancelled and/or retained as treasury shares and subsequently distributed as dividends or resold on Bursa Malaysia or be cancelled AND THAT the Directors of the Company be and are hereby empowered generally to do all acts and things to give effect to the Proposed Share Buy-Back AND THAT such authority shall commence immediately upon passing of this ordinary resolution until:	13

Notice Of Annual General Meeting

(i) the conclusion of the next Annual General Meeting of the Company ("AGM") in 2016 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."

(iii) Proposed Changes to the Objects Clauses — Special Resolutions

14. "THAT the Memorandum of Association of the Company be altered by the substituting for sub-clauses (b) and (c) of the objects clauses with the following new sub-clauses : — 14

(b) To carry on the business of planters, cultivators in oil palms, coconuts, rubber, cocoa, tea, coffee and agricultural crops of every description, and manufacturers, sellers and dealers in palm oil products, coconut products, rubber, coffee, tea, cocoa, and agricultural products of every description and their by products.

(c)(i) To purchase, lease or otherwise acquire, hold, sell, develop, manage, work, exchange, turn to account, dispose of and deal in lands, concessions, estates, plantations, forest and trading rights.

(c)(ii) To carry on, manage, supervise and control the business of transmitting, manufacturing, supplying, generating, distributing and dealing in electricity and all forms of energy and power generated by using biomass, biogas, solar, wind or any other form, kind or description.

(iv) Proposed Adoption of new Articles of Association

15. "THAT the Articles of Association of the Company be altered by deleting the existing Articles of Association and substituting therefore a new Articles of Association in the form and as set out in Part B of the Company's Circular to Shareholders dated 17 March 2015 and signed by the Chairman hereof for the purpose of identification AND THAT the Directors of the Company be authorized to do all such acts and things and to take such steps that are necessary to give effect to adoption of the new Articles of Association of the Company." — 15

Notice Of Annual General Meeting

Notice on Entitlement and payment of Final Dividend and Special Dividend

NOTICE IS HEREBY GIVEN THAT the Final Single-tier dividend of 20.00% and a Special Single-tier dividend of 40.00%, if approved at the 94th Annual General Meeting will be paid on 15 May 2015 to shareholders whose names appear in the Record of Depositors and the Register of Members at the close of business on 30 April 2015.

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 30 April 2015 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
17 March 2015

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 20 April 2015 shall be entitled to attend the said meeting or appoint a proxy or proxies to attend and/ or vote on his/her behalf.

Notice Of Annual General Meeting

Notes On The Special Business

For Resolutions 10 - 12 Proposed Continuation In Office As Independent Non-Executive Director

The Nomination Committee has assessed the independence of the Directors who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than 9 years and recommend them to continue to act as Independent Non-Executive Directors of the Company.

Ybhg. Tan Sri Datuk Dr. Johari bin Mat
His vast experience and diversified background has contributed significantly to the performance monitoring and enhancement of good corporate governance. In his capacity as Chairman of the Company for the past 12 years, he has provided leadership, independent views, objective assessments and opinions. He has been with the Company for more than 13 years and is familiar with the Company's business operations.

Mr. Ahmad Riza Basir
A lawyer by training, his experience, expertise and independent judgment has contributed to the effective discharging of his duties. He has devoted sufficient time and attention to his professional obligations for informed and balanced decision making as an Independent Non-Executive Director. He has been with the Company for more than 14 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 13 years and is familiar with the Company's business operations.

Notice Of Annual General Meeting

For Resolution 13 - Proposed Renewal of Authority for Purchase of Own Shares
Please refer to explanatory information in Part A of the Circular to Shareholders dated 17 March 2015.

For Resolution 14 - Proposed changes to the objects clauses.
This special resolution if passed by a majority of not less than three-fourths of such members at the 94th Annual General Meeting will align the Company's objects with the current principal activities of the Company of planting, cultivating, manufacturing and dealing in palm oil products, coconut products, rubber, coffee, tea, cocoa, and other agricultural products as well as to give powers to the Company to generate and sell power using biomass and biogas from the palm by-products.

For Resolution 15 - Proposed Adoption of new Articles of Association.
With the delisting of the Company from Nasdaq OMX Copenhagen A/S ("Nasdaq OMX") on 2 January 2014 and the migration of trade of the Company's shares to the Main Market of Bursa Malaysia Securities Berhad, the articles in relation to the dealing of the Company's shares on Nasdaq OMX would no longer be applicable and it is proposed that a new set of Articles of Association in the form and as set out in Part B of the Company's Circular to Shareholders dated 17 March 2015 be adopted. This special resolution if passed by a majority of not less than three-fourths of such members at the 94th Annual General Meeting will align the Company's articles in relation to the dealing of the Company's shares on Bursa Malaysia only.

Locations of Estates, Factories and Holdings in Peninsular Malaysia

Planted Area (Hectares) 31 December 2014

Estate	Oil Palm	Coconut	Other Crops	Total
UIE	9,735	-	-	9,735
Jendarata	5,934	106	5	6,045
Kuala Bernam	-	810	-	810
Sungei Bernam	-	2,255	-	2,255
Ulu Bernam	3,149	-	-	3,149
Changkat Mentri	2,394	-	-	2,394
Ulu Basir	3,737	-	-	3,737
Sungei Erong	3,500	-	-	3,500
Sungei Chawang	3,240	-	-	3,240
Seri Pelangi	1,337	-	-	1,337
Lima Blas	2,740	-	-	2,740
PT SSS	9,655	-	-	9,655
TOTAL (Hectares)	45,421	3,171	5	48,597

Small trucks ready to deliver FFB in the foregound while CPO tankers in backgound are waiting to collect CPO from our Lada Mill in Central Kalimantan.