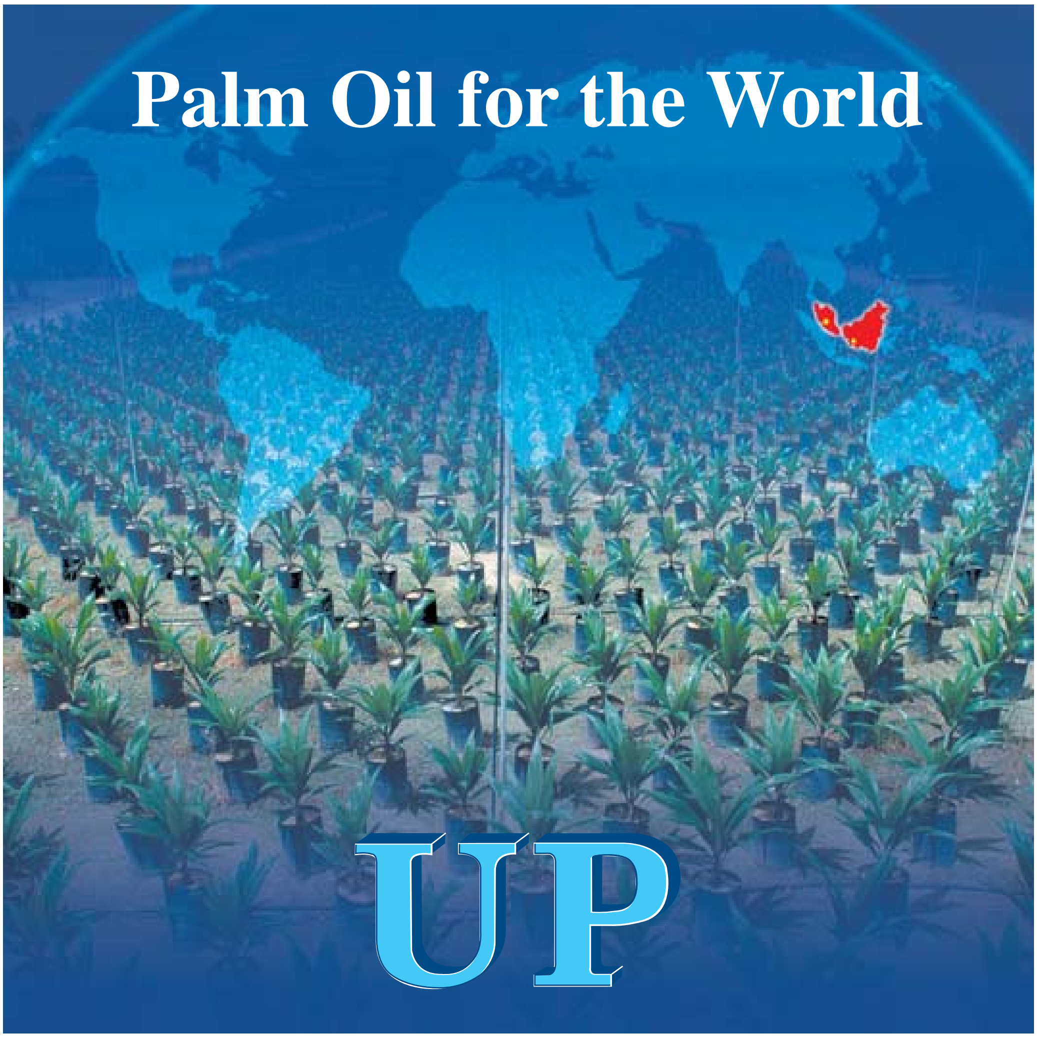
ANNUAL REPORT 2009

UNITED PLANTATIONS BERHAD

(Company No. 240-A)

Vision



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

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

UNITED PLANTATIONS BERHAD
(Company No. 240-A)

Contents

Front Cover:

An aerial view of one of our many jungle sanctuaries, which stands as a testimony of UP's commitment towards conservation. Conservation means development as much as it does protection of our environment.

Corporate Information

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

Executive Committee and Senior Management

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

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

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

Senior Executive Staff

Finance & Corporate

R. Nadarajan
Group Financial Advisor

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

Ng Eng Ho
Group Financial Controller

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

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

Azero bin Mohamed Anuar
Sr Accountant

S. Chandra Mohan
Manager, Internal Audit

Shirley Selvasingam
Manager, IT Systems

Plantations

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

Edward Rajkumar Daniels
President Director
PT Surya Sawit Sejati

C. Mohan Das
Sr Manager, Jendarata Estate

Geoffrey Cooper
Sr Manager, Estate 2, UIE

N. Sundian
Sr General Manager, PT Surya Sawit Sejati

Nek Wahid bin Nek Harun
Sr Manager, Sungei Erong Estate

Naslah bin Jajuli
Sr Manager, Ulu Basir Estate

Muhammad Ratha bin Abdullah
Manager, Estate 1, UIE

Ridzuan Bin Md. Isa
Manager, Sungei Bernam Estate

Tan Lay Guan
Manager, Lima Blas Estate

Amrik Singh a/l Dewan Singh
Manager, Seri Pelangi Estate

Azhar bin Yazid
Manager, Changkat Mentri Estate

Chantharavarnam Sathiam
Manager, Ulu Bernam Estate

Gerald Anthony Kolandasamy
Acting Manager, Sungei Chawang Estate

Jason Joseph
Acting Manager, Kuala Bernam Estate

Research

Dr. Xaviar Arulandoo
Director of Research

Ho Shui Hing
Research Controller

Musa bin Bilal
Manager, Plant Breeding

Lim Ching Ching
Sr Research Officer

Engineering

Ir S. Selvaratnam
Chief Engineer, Ulu Bernam

Ir Telochan Singh
Group Engineer, UIE

Vincent Williams
Group Engineer, Jendarata / Unitata

P. Seker
Sr General Manager, Engineering
PT Surya Sawit Sejati

Lim Chin Yen
Sr Resident Engineer,
Lima Blas

Ir V. Renganathan
Sr Resident Engineer,
Ulu Basir

Ir P. Rajasegaran
Sr Resident Engineer,
Jendarata

K.T. Somasegaran
Sr Resident Engineer,
Seri Pelangi

Palm Oil Refining and Others

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

Kerk Choon Keng
Group Manager, Commerce
Unitata Berhad

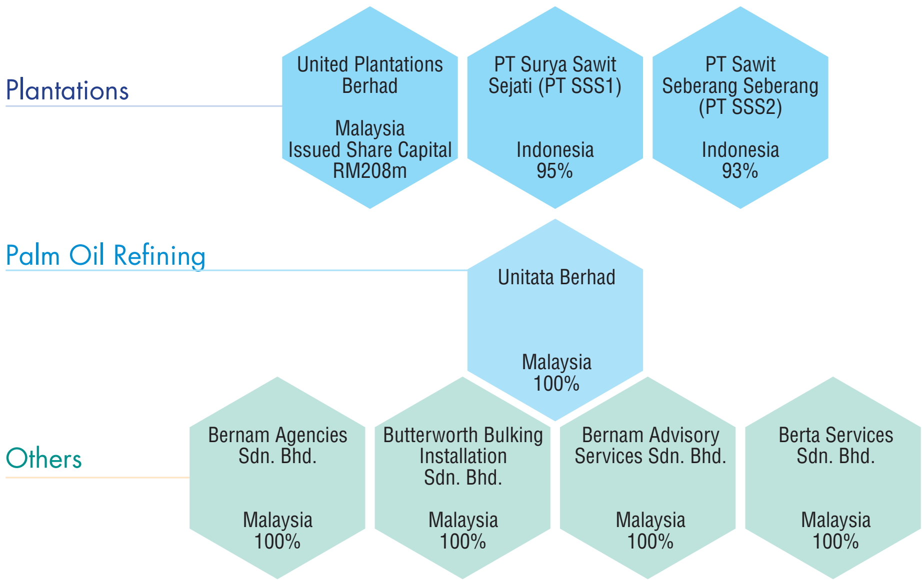
Jughdev Singh Dhillon
Sr Plant Manager
Unitata Berhad

Philip Arrais
Plant Manager, Soap Plant
Unitata Berhad

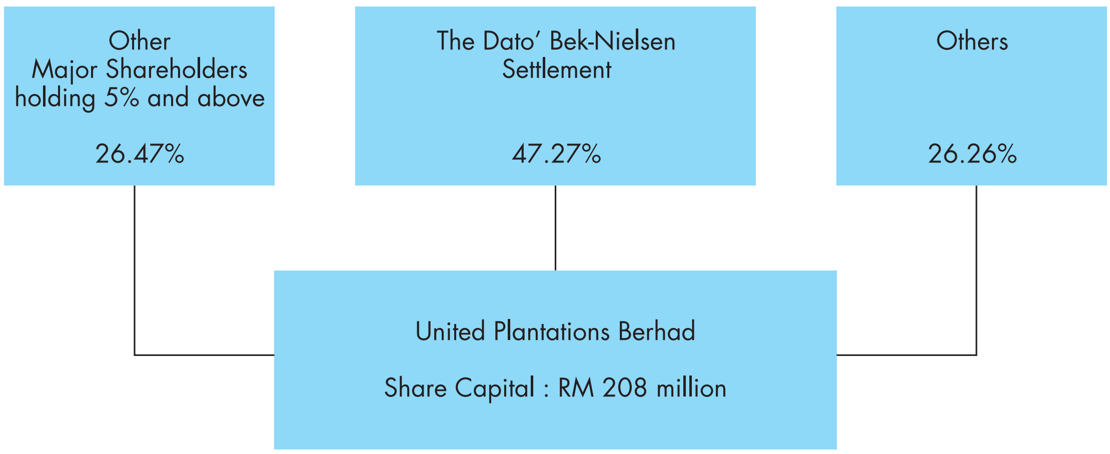
Erwin Khor Siew Yan
Financial Controller
Unitata Berhad

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

Group as at 19 April 2010



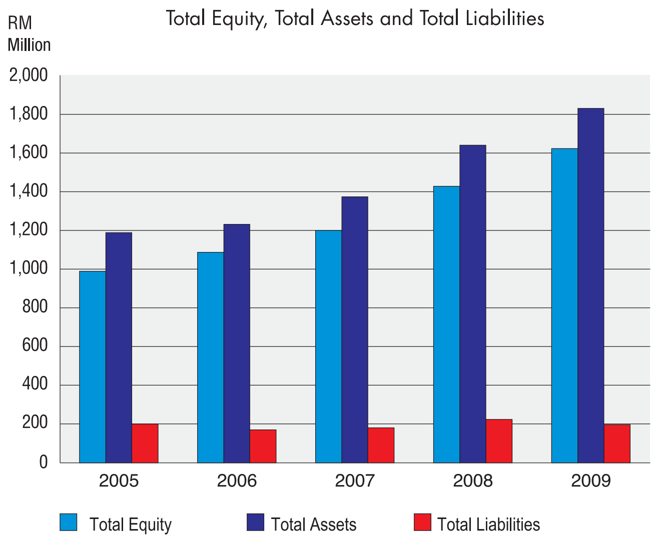
General Shareholding Structure as at 19 April 2010

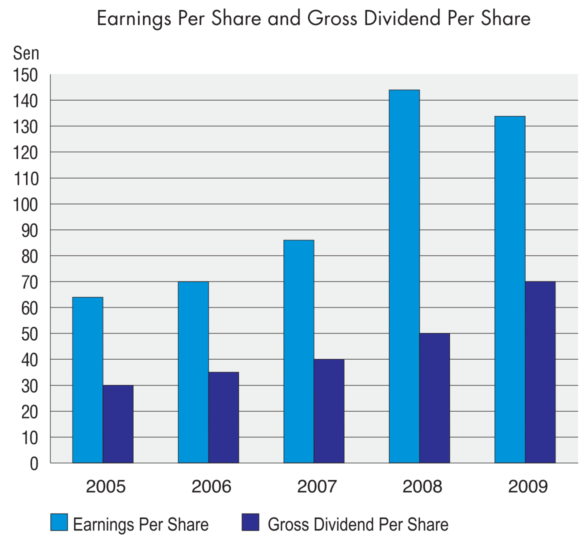


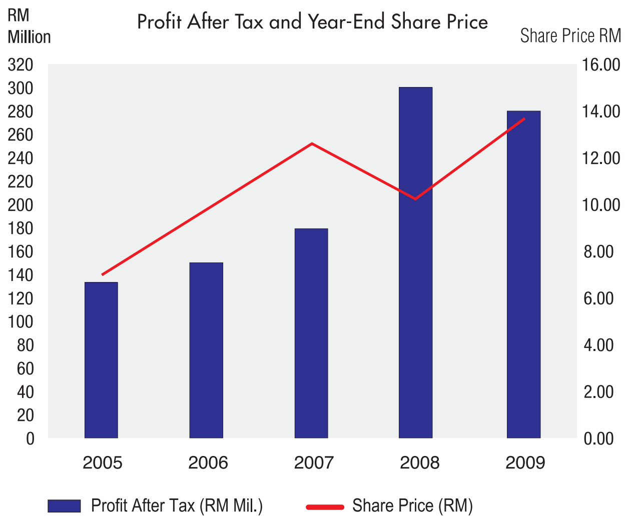
Financial Highlights

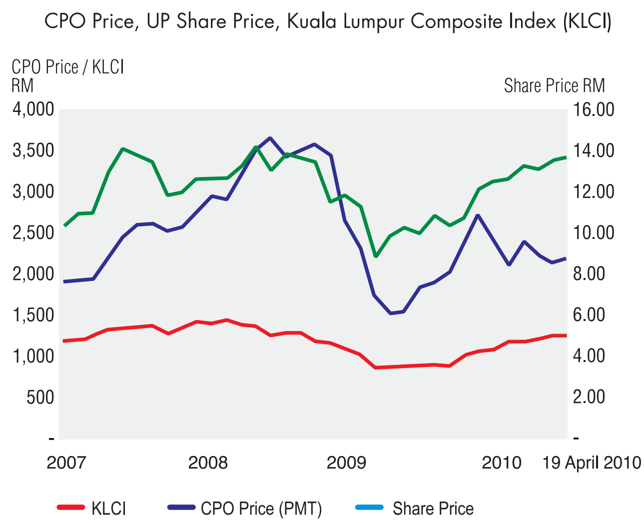
	2009	2008	2007	2006	2005
Profit After Tax (RM' Million)	281	300	179	150	133
Earnings Per Share (Sen)	135	144	86	72	64
Gross Dividend Per Share (Sen) *	70	50	40	35	30
Total Equity (RM' Million)	1,638	1,434	1,197	1,072	978
Minority Interests (RM' Million)	0.13	0.62	0.67	0.30	-
Total Assets (RM' Million)	1,830	1,645	1,363	1,223	1,181
Total Liabilities (RM' Million)	193	211	165	151	203
Year-End Closing Share Price (RM)	13.64	10.30	12.70	9.75	7.05

* Including proposed Final Dividend









Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 89th Ordinary Annual General Meeting of the Company will be held at Jendarata Estate, 36009 Teluk Intan, Perak Darul Ridzuan, Malaysia on 19 June 2010 at 10.30 a.m. for the purpose of considering the following business:-

	Ordinary Resolutions
1. To receive and consider the financial statements for the year ended 31 December 2009 together with the Reports of the Directors and the Auditors thereon.	1
2. To consider the recommendation of the Directors and authorise the payment of a final dividend of 20% gross per share less 25% Malaysian Income Tax and a special dividend of 30% gross per share less 25% Malaysian Income Tax for the year ended 31 December 2009.	2
3. To approve Directors' fees for 2009.	3
4. To re-elect as Director Ybhg. Tan Sri Datuk Dr. Johari bin Mat who retires by rotation pursuant to Article 92 of the Company's Articles of Association.	4
5. To re-elect as Director Mr. G. Peter Selvarajah who retires by rotation pursuant to Article 92 of the Company's Articles of Association.	5
6. To re-elect as Director Mr. Martin Bek-Nielsen who retires by rotation pursuant to Article 92 of the Company's Articles of Association.	6
7. To re-appoint Messrs. Ernst & Young as auditors of the Company for the year 2010 and to authorize the Directors to fix their remuneration.	7

Notice Of Annual General Meeting

As Special Business | Ordinary Resolution

To consider and, if thought fit, pass and adopt the following Resolutions as set out in parts A and B of the Circular to shareholders dated 18 May 2010:

8. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature — 8

"THAT approval be and is hereby given to the Company and its subsidiary companies to seek renewal of shareholders' mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature to enter into and to give effect to the specified Recurrent Related Party Transactions with the specified Mandated Related Parties as stated in Section 2.4, Part A of the Circular to Shareholders dated 18 May 2010 which are necessary for the Group's day to day operations subject to the following:-

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

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

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

(a) the conclusion of the next Annual General Meeting of the Company ("AGM") in 2011 at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or

Notice Of Annual General Meeting

Ordinary Resolution

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

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

whichever is earlier;

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

9. Proposed Renewal of Authority for Purchase of Own Shares 9

"THAT, subject to the Companies Act, 1965 (as may be amended, modified or re-enacted from time to time), the Company's Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and approvals of all relevant governmental and/or regulatory authorities, where applicable, the Company be and is hereby authorized to purchase and/or hold such amount of ordinary shares of RM1.00 each in the Company (Proposed Share Buy-Back) as may be determined by the Directors of the Company from time to time and upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of ordinary shares purchased and/or held pursuant to this resolution shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company at any given point in time and an amount of funds not exceeding the total retained profits of the Company of RM1,184,822,000 and/or share premium account of the Company of RM181,920,000 based on the audited financial statements for the financial year ended 31 December 2009 be utilized by the Company for the Proposed Share Buy-Back AND THAT at the discretion of the Directors of the Company, the ordinary shares of the Company to be purchased may be cancelled and/or retained as treasury shares and subsequently distributed as dividends or resold on Bursa Malaysia or be cancelled AND THAT the Directors of the Company be and are hereby empowered generally to do all acts and things to give effect to the Proposed Share Buy-Back AND THAT such authority shall commence immediately upon passing of this ordinary resolution until:

(i) the conclusion of the next Annual General Meeting of the Company ("AGM") in 2011 at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

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

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

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

Notice Of Annual General Meeting

Notice Of Closure Of Books

The Share Transfer Books on the Copenhagen Branch Register and the Register of Members will be closed from 29 June 2010 to 1 July 2010, both days inclusive to determine shareholders' entitlement to the dividend payment. The final dividend and a special dividend, if approved will be paid on 22 July 2010 to the shareholders whose names appear in the Register of Members, Branch Register and Record of Depositors on 28 June 2010.

Duly completed Branch Register transfers (scrip-based) received by the Company's Registrar in Copenhagen up to 3.00 p.m. on 28 June 2010 will be registered before entitlement is determined.

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

(a) Shares deposited into the depositor's securities account before 12.30 p.m. on 24 June 2010 in respect of shares which are exempted from mandatory deposit;

(b) Shares transferred into the depositor's securities account before 4.00 p.m. on 28 June 2010 in respect of transfers; and

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

By Order of the Board

A. GANAPATHY
Company Secretary

Jendarata Estate,
36009 Teluk Intan,
Perak Darul Ridzuan,
Malaysia.
18 May 2010

Notice Of Annual General Meeting

Notes

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

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

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

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

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

Notes On The Special Business

For Resolutions 8 & 9 – Please refer to explanatory information in the Circular to Shareholders dated 18 May 2010.

Profile Of Directors

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

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

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

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

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

Currently he is on the Board of a number of private companies, which include, In-Fusion Education Sdn. Bhd., Airebus Sdn. Bhd., Soho Suite Sdn. Bhd. and Spatial Consult Sdn. Bhd.

He was first appointed the director of United Plantations Berhad on 9 October 2001. He is also the Chairman of the Company's Remuneration and Nomination Committees.

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

He attended all five (5) Board Meetings held during the year ended 31 December 2009.

Profile Of Directors

Ho Dua Tiam

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

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

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

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

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

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

He attended all five (5) Board Meetings held during the year ended 31 December 2009.

Profile Of Directors

Dato' Carl Bek-Nielsen

Vice Chairman, Executive Director, Non-Independent

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

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

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

He was first appointed director of the Company on 1 January 2000. Dato' Carl Bek-Nielsen is the Chairman of United International Enterprises Limited (UIEL), a public listed company on the NASDAQ OMX Copenhagen A/S and Vice Chairman of Aarhus Karlshamn AB (AAK), a public listed company on the NASDAQ OMX Stockholm AB.

In 2008, he was conferred the Darjah Dato' Paduka Mahkota Perak (DPMP) which carries the title " Dato' " by Duli Yang Maha Mulia Paduka Seri, Sultan Perak Darul Ridzuan, Sultan Azlan Muhibbuddin Shah Ibni Almarhum Sultan Yussuf Izzuddin Shah Ghafarullahu-Lah.

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

He is the brother of Mr. Martin Bek-Nielsen, Executive Director (Finance and Marketing) and a Board representative of the Company's two major shareholders, UIEL and Maximum Vista Sdn. Bhd. He is deemed interested in various related party transactions between UP Group and certain companies carried out in the ordinary course of business as disclosed in the Circular to Shareholders dated 18 May 2010 annexed to this Annual Report.

He attended all five (5) Board Meetings held during the year ended 31 December 2009.

Profile Of Directors

G. Peter Selvarajah
Independent,
Non-Executive Director

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

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

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

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

He attended all five (5) Board Meetings held during the year ended 31 December 2009.

Profile Of Directors

Ahmad Riza Basir
Independent,
Non-Executive Director

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

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

He has directorships in other public listed companies including KESM Industries Berhad, Jerneh Asia Berhad, Manulife Holdings Berhad and EON Capital Berhad (all listed on Bursa Malaysia Securities Berhad). He is also a member of the Board of Directors of several other private limited companies in Malaysia.

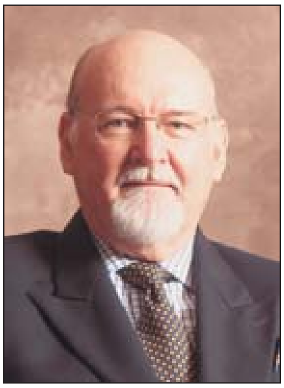
He was first appointed director of the Company on 17 June 2000 and has been a member of the Company's Audit Committee since 2004.

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

He attended four (4) out of five (5) Board Meetings held during the year ended 31 December 2009.

Profile Of Directors

Jeremy Derek Campbell Diamond
Independent, Non-Executive Director



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

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

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

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

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

He attended all five (5) Board Meetings held during the year ended 31 December 2009.

Profile Of Directors

Martin Bek-Nielsen
Executive Director,
Non-Independent

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

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

Received his initial training in 1994 as a Cadet Planter in United Plantations Berhad and thereafter in United International Enterprises (M) Sdn. Bhd (UIEM). Left Malaysia in 1995 to pursue his tertiary education in Denmark and 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, a subsidiary company of United Plantations Berhad.

During the period 1995 – 1996 he was in the National Service of Denmark under the sole pure armoured regiment of the Danish Army, "Jutish Dragon Regiment".

He was first appointed to the Board on 29 August 2000. Mr. Martin Bek-Nielsen is Deputy Chairman of United International Enterprises Limited (UIEL), a public listed company on the NASDAQ OMX Copenhagen A/S and a Director of AarhusKarlshamn AB (AAK), a public listed company on the NASDAQ OMX Stockholm AB.

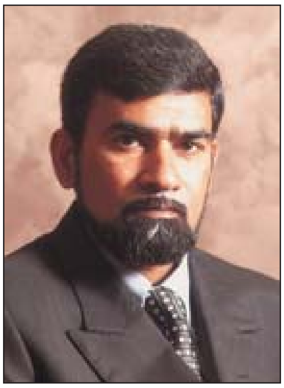
Currently he is the Chairman of the Malaysian Palm Oil Association (MPOA) Working Committee-Marketing and Promotion.

He is the brother of Dato' Carl Bek-Nielsen, Vice Chairman and Executive Director (Corporate Affairs) and is a Board representative of the Company's two major shareholders, UIEL and Maximum Vista Sdn. Bhd. He is deemed interested in various related party transactions between UP Group and certain companies carried out in the ordinary course of business as disclosed in the Circular to Shareholders dated 18 May 2010 annexed to this Annual Report.

He attended four (4) out of five (5) Board Meetings held during the year ended 31 December 2009.

Profile Of Directors

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



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

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

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

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

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

He attended all five (5) Board Meetings held during the year ended 31 December 2009.

Profile Of Directors

Brian Bech Nielsen

Non-Independent,
Non-Executive Director

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

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

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

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

He is a Director of United International Enterprises Limited (UIEL) a public listed company on the NASDAQ OMX Copenhagen A/S. He is a cousin of Dato' Carl Bek-Nielsen and Mr. Martin Bek-Nielsen and by virtue of the family relationship is deemed to have an interest in the shares held by the Company's two major shareholders, UIEL and Maximum Vista Sdn. Bhd. He is deemed interested in various related party transactions between UP Group and certain companies carried out in the ordinary course of business as disclosed in the Circular to Shareholders dated 18 May 2010 annexed to this Annual Report.

He attended all five (5) Board Meetings held during the year ended 31 December 2009.

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

Awards

Jendarata Estate was awarded the Winner for the Best Managed Estate in an award presentation ceremony officiated by YB Tan Sri Bernard Dompok, Minister of Plantations Industries and Commodities on 16 August 2009.

UP was awarded 2nd placing under the Agriculture and Fisheries Sector at the KPMG Malaysia's Shareholder Value Ceremony held on 24 August 2009. Overall, UP was ranked at 26th place out of the Top 100 Listed Companies on Bursa Malaysia for 2008. Receiving the award on behalf of UP is the Company Secretary, Mr. A Ganapathy.

Harvested bunches showing optimum ripeness and collection of loose fruits to maximize oil recovery.

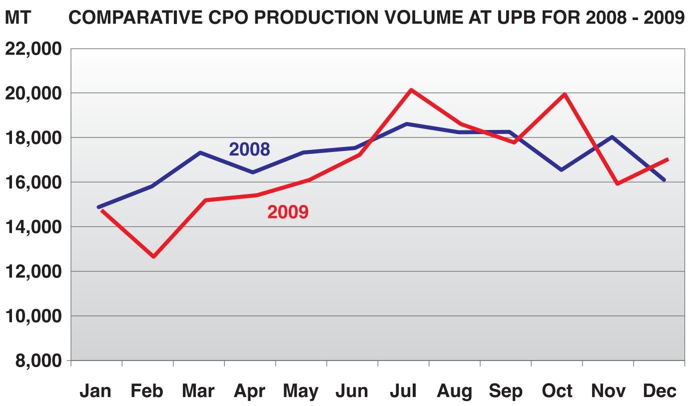
Chairman's Statement

On behalf of the Board of Directors, it gives me much pleasure to present the results of our Group's performance as stated in the Audited Financial Statements for the year ended 31 December 2009.

Financial Review Of Operations

- The Group's revenue during 2009 decreased by 21% compared to 2008 to RM816,674,000 mainly because of significantly lower commodity prices for Crude Palm Oil (CPO) and Palm Kernels (PK) as well as a substantially lower turnover at the Unitata Bhd refinery as a result of the lower world demand for especially lauric oils, refined palm oil and soaps, in general.

- The Group's profit before tax fell from RM397,818,000 in 2008 to RM372,797,000 in 2009 down by 6%.



- The Group's profit after tax was RM280,884,000 for 2009, a decrease of 6% compared to RM299,559,000 in 2008. The decline was primarily attributable to the lower market prices for Crude Palm Oil and Palm Kernels coupled with a reduction in production. Nevertheless, the profit after tax was still the second best ever in our Group's history.

- In addition to this, the Group took a conservative approach and impaired RM 12.6 million in respect of the land set aside for conservation and social commitments in accordance with the Group's commitment towards the environment, the local communities and regulations in Indonesia.

United Plantations Berhad

	2009	2008	± (%)
Crude Palm Oil in metric tonnes	198,883	203,864	(2.4)
Palm Kernel in metric tonnes	53,134	55,537	(4.3)
Weighted average mature hectarage under oil palms in hectares (Malaysia only because the CPO was only produced from plantations in Malaysia)	31,502	31,976	(1.48)

- During 2009, Crude Palm Oil output decreased by 2.4% or 4,981 tonnes to 198,883 tonnes compared with the record production of 203,864 tonnes achieved in 2008.

	2007	2008	2009
Malaysian National Yield in tonnes CPO/Ha	3.83	4.08	3.93
Group Average yield in tonnes CPO/Ha	5.45	6.38	6.31
Group Average yield in tonnes FFB/Ha	25.46	29.60	29.05
Group Average Oil Extraction Rates (OER) in %	21.41	21.54	21.73
Group Average Kernel Extraction Rates (KER) in %	5.80	5.87	5.81

One of our Hybrid Coconut variety heavily laden with nuts. In 2009, UP produced over 75million nuts contributing to approximately 20% of Malaysia's total production.

Chairman's Statement

- In this respect, I am nevertheless pleased to report that our Company's Average Yield of 29.05 tonnes of Fresh Fruit Bunches/Ha coupled with an Oil Extraction Rate (OER) of 21.73% helped our Group reach a gratifying average Crude Palm Oil yield per hectare of 6.31 tonnes, a feat which is equalled by few in our industry today.

- The average selling price for Crude Palm Oil achieved during the year declined from RM2,368/tonne achieved in 2008 to RM2,242/tonne, a decrease of 5%. The average selling price for Palm Kernels was exposed to a more substantial decrease of 39% to RM1,031/tonne in 2009 compared to RM1,691/tonne in 2008. This was primarily due to the lower demand for lauric oils experienced during last year.

- Our Group's total Coconut production reached 75,540,862 nuts, a decline of 9.7% compared

The Group's long term replanting policy remains a high priority, for, failure to implement this critical aspect of plantation management will inevitably lead to stagnating and or declining yields.

A well laid out nursery in preparation for replanting at UIE.

Chairman's Statement

to 2008. This was mainly due to the removal of 317 Ha of coconut palms at UIE during 2009. This area was then replanted with oil palms thereby centralizing all coconut production on our Down-river Estates. In 2009, the average yield was 22,616 nuts/Ha a reduction from the 25,037 nuts/Ha achieved in 2008. The decline was due to firstly the poorer demand for coconuts resulting in a higher number of germinated nuts, coupled with the biological yield cycle decline.

- The refining segment of Unitata Bhd came under tremendous pressure during 2009. Lower margins and a general slowdown in demand for finished products and specialty fats arising from the world economic recession were mainly responsible. However, unfavourable trading/positions due to volatile commodity prices also contributed to the poor performance which resulted in a post-tax profit of only RM1.2 million. Nevertheless, several new investments made at Unitata Bhd are now finally nearing completion and are expected to impact the refining business segment more favourably going forward.

- I am pleased to inform shareholders that our Group's cost of production (excluding depreciation and amortization) declined by RM35 per tonne or 6% to RM539 per tonne of CPO in 2009 compared with RM574 per tonne of CPO in 2008. Materially lower fertilizer prices combined with the many improvements arising from the cost awareness programmes introduced over the last few years were the main reasons.

  Whilst every effort is being made by Management to maintain this gratifying cost structure, we must nevertheless be prepared to face a higher cost base within the next 12 months as both fertiliser prices and labour costs are expected to rise appreciably.

Replanting Policy

Concerted efforts are continuously being made by Management to enhance the Company's Breeding-Agronomy and Tissue Culture activities as these remain of cardinal importance in terms of our Group's ability to improve on our agronomic practices further. This particular aspect of our operations will grow in importance if our industry is to remain competitive against the other competing oil crops such as Rapeseed, Soybean and to a lesser extent Sunflower seeds where noteworthy yield gains are being achieved through GMO advancements and also better agronomic inputs.

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. Any failure to implement this vital aspect of plantation management would inevitably lead to stagnating yields and declining production. And this will not be permitted.

Herein, I would like to reiterate that there is a chronic need for the Malaysian palm oil industry to be more resolute and embark on a large scale and much needed replanting scheme in order to improve the age profile of the nation's planted area under oil palms. Unless this is done, Malaysia will inevitably start to lose out in terms of its competitive edge vis-à-vis the 16 other oils and fats in the market.

In this respect, I wish to report that during 2009 our Company managed to replant 1,581 hectares of aged and lower yielding oil palm with new superior planting materials produced in-house at the United Plantations Research & Development Centre.

These high yielding palms continue to deliver encouraging results in challenging previous yield records. As at 31 December 2009, a total of 5,992 hectares, equal to 16.8% of the Group's total area (35,698 Ha) under oil palms in Malaysia, were planted with these new higher yielding elite and clonal seedlings.

Also, I am pleased to report that all replantings conducted during 2009 continue to be done in accordance with the environmentally friendly "zero burn policy" hereby complying fully with

Young oil palms growing in the midst of luxuriant cover-crop in Jendarata Estate. On the foreground is Dr. Xaviar Arulandoo, our Director of Research.

the regulations laid down by the Malaysian Department of Environment.

Indeed, this practice has remained an integral part of our 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.

Global Issues, Challenges and Managing Growth

The World's population continues to grow at a phenomenal rate of more than 220,000 people every day. Annually, this adds up to a net increase of approximately 82 million human beings, very similar to the size of the entire population in Germany today.

This trend is expected to continue and by 2050 the Food and Agricultural Organisation (FAO) predicts that the world's population will then have reached 9.3 billion compared to 6.85 billion today.

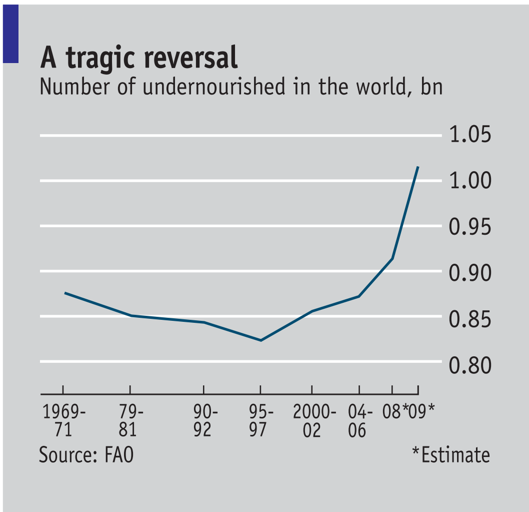
Food production, in general, is therefore expected to come under increasing pressure, especially when considering the fact that there are more than 1 billion people today who fall under the United Nations category of being chronically under-nourished, an increase of about 150 million people since 2000.

With the anticipated continued growth in world population and the prospect of further increase in the number of chronically malnourished people, the FAO in November 2009 announced the following:

Quote

> *"The world will have to double global food production by 2050 in order to ensure adequate food supplies for a world population expected to reach 9.3 billion by 2050."*

Unquote

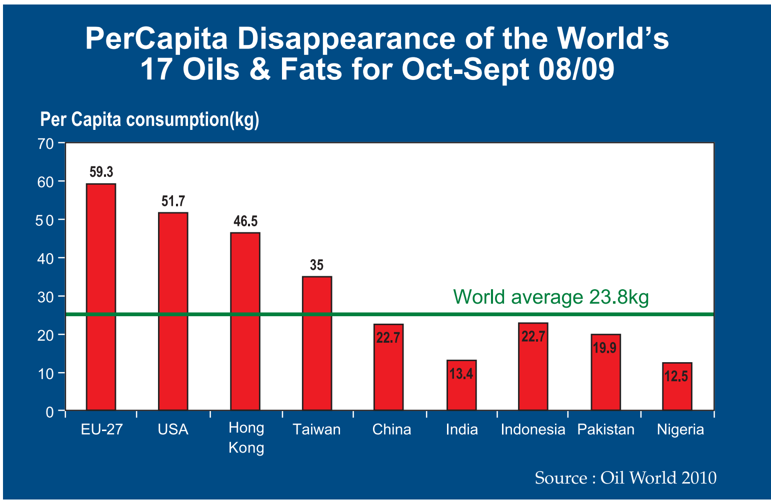


Harvested bunches ready for collection at one of the impressive commercial clonal field plantings in Jendarata Estate.

Chairman's Statement

These challenges are indeed colossal, especially when considering that the demand for vegetable oils is poised to rise very significantly during the next 10-20 years in tune with improved levels of development from the emerging economies. The World Bank recently estimated that by 2030 the number of middle class people in the developing world will reach 1.2 billion-up 200% from 2005. This means that the developing world's middle class will be larger than the total population of Europe, Japan and the United States combined. The seven major oilseeds will therefore continue to play a significant role in the coming years in terms of contributing towards increasing food production.

In this context, one cannot ignore palm oil's growing importance and its increasingly dominant role as a means of providing the world's poorest people with a cheap yet healthy source of nutrients and calories. Herein, it is worth recognizing that world palm produce (palm oil and palm kernel oil) during 2009 reached 50.3 million tonnes and would theoretically have been able to satisfy the annual calorific requirement of more than 25%



Chairman's Statement

17 Oils & Fats : World Production in Million Tonnes

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

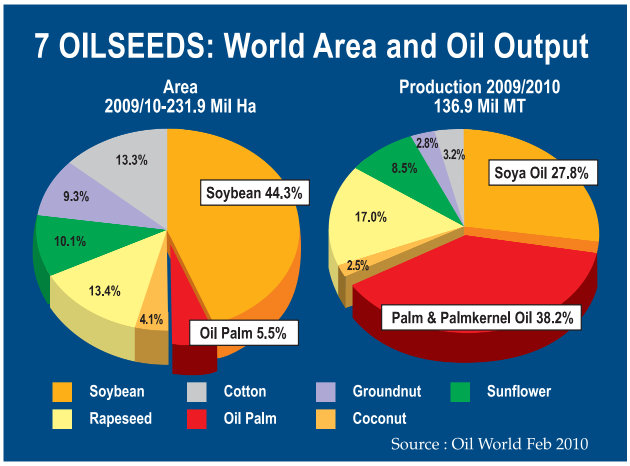
Source : ISTA Mielke GmbH 28 Feb 2010

(1.85 billion) of the world population if only 30% of the daily intake of calories were in the form of oils and fats .

Indonesia

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

Whilst the Board of Directors remains committed to the expansion into Indonesia, it has nevertheless been decided, in view of the current world economic slowdown as well as our company's desire not to compromise on our 100 year old culture of practicing high agricultural standards,



The newly constructed PKS Plant at Unitata Berhad. In the foreground are Ybhg. Dato' Carl Bek-Nielsen and Mr. Martin Bek-Nielsen.

Chairman's Statement

to focus on completing and consolidating the first phase of our development there. Upon completion of this phase, about 11,000-12,000 hectares of palms will have been planted and about 4,000-5,000 hectares of permanent conservation areas established. The conservation areas consist primarily of riparian reserves, peat swamps as well as heavily degraded secondary forests as a result of the intense logging activities carried out in the past. These sanctuaries are a testimony to our company's commitment towards maintaining an important balance between economy and ecology and at the same time accepting the fact that conservation means development as much as it does protection of the environment.

As at 31 December 2009, a total of 9,796 Ha were planted with oil palms compared to 7,157 hectares at the end of 2008. 940 Ha have now come into harvest. Overall palm vigour and growth is developing very satisfactorily, with the investment now providing employment for well over 1,300 people who were mostly unemployed before.

Our Group's total area planted with oil palms (Malaysia and Indonesia) has therefore now reached 45,494 Ha of which 30.4% or 13,814 Ha are currently immature.

All infrastructural investments are also progressing as planned with more than one

The well laid out Biomass Boiler at Jenderata Estate.

Chairman's Statement

hundred modern quarters for our staff and workers currently being built and scheduled to be completed by the end of 2010. The building of the new "state of the art" 60 tonne per hour palm oil mill on Lada Estate is also nearing completion, and commissioning is expected to take place by mid 2010.

The Environment and Corporate Social Responsibilities

During the month of December 2009, several thousand Dignitaries, Observers, Non-governmental Organizations, Industry Groups and Leaders from more than 189 countries gathered in the Danish Capital, Copenhagen where the 15th Conference of the Parties (COP) under the United Nations Framework Convention on Climate Change (UNFCCC) was held.

The Copenhagen Meeting was intended, when it was decided on two years ago, to produce the world's first truly global agreement on Climate Change, one that would bind all countries-developed and developing-to take action on their Greenhouse Gas (GHG) emissions, which according to leading scientists from the Inter-governmental Panel of Climate Change (IPCC) is the major cause of global warming.

Ir. Telochan Singh, Group Engineer UIE, standing proudly in front of the new Biogas Plant at UIE nearing completion.

However, the fortnight of volatile negotiations and increasingly fractious arguments clearly demonstrated the extraordinary difficulty in getting so many countries to agree on long term issues contributing to climate change, eventhough change is of such extreme importance.

In the end, after hours of hard bargaining, including a showdown between President Obama and the Leaders of China and the other big developing economies, a non-binding document was produced which today is referred to as the Copenhagen Accord.

The Accord, however, fell well short of what many had hoped for after years of negotiations, leaving the world without a global framework to tackle climate change.

Whilst the original expectations were not fulfilled our Company continues to believe that we humans more than ever live in an age of sustainability based on the reconciliation and allocation of mutual necessities and priorities. These, amongst others, include the natural environment, our social responsibilities, the need for development and conservation, the question of fuel, energy supplies, as well as the climate.

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

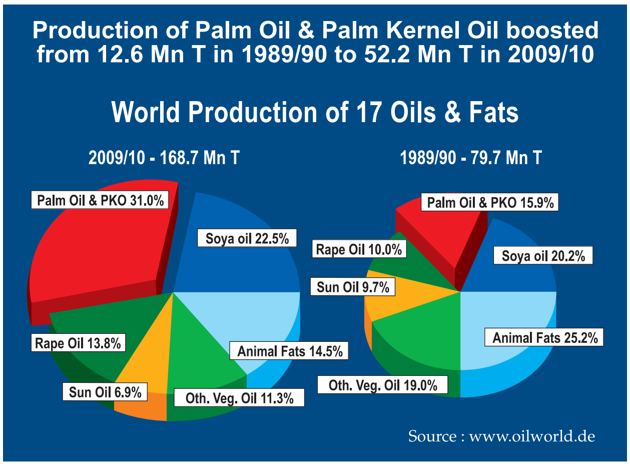
Chairman's Statement

In this respect, one must not deny the people in developing countries from also having the same rights to energy based services as those in the rich part of the world.

There is therefore no absolute benchmark or standard to these, but there remains a requirement to establish a reasonable equilibrium between these competing and complex factors since most of them are inter-related and inter-dependent.

Nevertheless, having stated the above it must remain clear that our Group's commitment towards reducing its "carbon footprint" and thereby its GHG emissions remains a high priority to which new initiatives and important investments will continue to be made.

For example, the world's first comprehensive Life Cycle Assessment (LCA) in accordance with the ISO 14040 and 14044 International Standards was finalized in 2008, greatly facilitating management to identify scientifically areas in need of further improvement. In this connection, I am pleased to inform shareholders that your company continues to remain at the very forefront in terms of implementing Clean Development Mechanisms (CDM) within the Plantation Industry in accordance with the Kyoto Protocol,



whose objective is to reduce GHG emissions in industrialized countries by at least 5% below the 1990 levels in the commitment period 2008-2012.

Our Biomass Reciprocating Boiler and Biogas Plant have, since their start-up in 2006, contributed immensely towards mitigating CO_2 and CH_4 emissions by a minimum of 70% and 80% respectively.

Additional initiatives are now underway using the findings of the LCA Study to implement a third and fourth CDM to help curb emissions of the more potent GHG, namely CH_4, by 75-80% on our UIE and Ulu Basir Plantations' processing facilities. Efforts have also successfully been made during 2009 to significantly reduce the company's usage of Chlorofluorocarbons (CFCs), a very damaging gas to the ozone layer by implementing newer and greener technologies.

Worldwide, 1.5 billion hectares of land are currently cultivated under agriculture. The need to produce as much food as possible on every hectare of arable land is therefore going to be of increasing importance as land resources diminish worldwide in tune with a rising world population.

In this regard, it is interesting to note that the palm oil industry today occupies about 14.5 million hectares of land globally. This is equal to less than 1% of the world's entire area under agriculture. Nevertheless, in spite of this, world palm oil produced during 2009 (Crude Palm Oil and Palm Kernel Oil) made up 31% of the world's total 17 Oils & Fats production of 164 million tonnes. Increasing yields and managing land resources better are, therefore not only a requirement but also a necessity if we are to live up to the essentials of sustainable development.

United Plantations and the Roundtable on Sustainable Palm Oil

At this juncture, I am particularly pleased to inform shareholders that your Company's tireless efforts over the past many decades was recognized in terms of its leadership within the segment of sustainable agricultural production by becoming the world's first certified producer of sustainable palm oil in accordance with the Principles and Criteria of the Roundtable on Sustainable Palm Oil (RSPO) on 26 August 2008. Today, these criteria on sustainability are beyond doubt the world's strictest for any agricultural crop.

During 2009, a United Nations-backed study undertaken by the U.N. Environment Programme's Finance Initiative comprising 31 companies in the food, drink and tobacco industry, included leading companies like Bunge, Cadbury, Nestle, Unilever, British American Tobacco and others, categorized United Plantations Bhd as the "*best in class*" under the sector comprising "Producers". This was a great "pat on the back" for the United Plantations Management team.

A panoramic view of 'The Bek-Nielsen' jungle sanctuary at UIE. UP places strong emphasis on striking a balance between economy and ecology within the framework of our plantation operations.

Ybhg. Dato' Carl Bek-Nielsen, Vice Chairman and Executive Director, (Corporate Affairs) UP, inaugurating the opening of the Sri Maha Vishnu Temple, Jendarata Estate, Division 2 together with Mr. Martin Bek-Nielsen, Executive Director, (Finance and Marketing) on 17 January 2010.

Chairman's Statement

However, 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 impact of the industry and 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 and the need for economic development. Those dedicated to this cause always need to be aware of the other side's case.

In this respect, we must recognize that certain campaigning NGOs can bring important insights to any sectorial initiative like the RSPO, often helping to raise the bar when standards are being established and auditing processes designed.

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

Such producers should be taken to task by the authorities as their actions only help to portray a very negative perception of the industry to the outside world. However, it is

Chairman's Statement

important to stress that these "black sheep" are a minority within the industry; it is therefore very wrong to paint the entire palm oil industry with the same brush.

Environmental and social awareness are absolutely essential and United Plantations will continue to engage itself with the ongoing debate by both supporting and promoting the essentials of sustainable development through the Roundtable on Sustainable Palm Oil.

A detailed report of our environmental commitment is presented in a separate section of this Annual Report on pages 145 to 161.

Social Commitments of United Plantations Berhad

	2009 RM	2008 RM	2007 RM	2006 RM	2005 RM	2004 RM	2003 RM	Grand Total RM
Hospital & Medicine For Workers & Staff	1,282,014	1,294,552	1,127,991	1,108,295	1,095,857	1,247,883	1,036,780	8,193,373
Retirement Benevolent Fund	189,000	247,000	271,000	224,000	240,000	216,000	246,000	1,633,000*
Scholarships & Other Educational Welfare	84,540	122,960	103,843	55,738	75,193	82,642	113,029	637,945*
Bus Subsidy for School Children	272,429	291,007	272,643	217,945	210,671	165,497	200,330	1,630,522*
External Donation	153,923	155,011	118,013	128,478	144,800	119,860	85,233	905,318
New Infrastructure	1,480,963	1,879,311	1,677,481	2,878,743	1,508,271	490,880	91,628	10,007,278
Building – Housing	3,232,642	1,319,728	2,531,894	1,537,313	352,389	470,605	437,478	9,882,050
Building – Others (Community Hall, Prayer Place)	423,150	476,655	99,698	901,889	454,502	208,007	180,422	2,744,324
TOTAL	7,118,662	5,786,224	6,202,563	7,052,401	4,081,683	3,001,374	2,390,900	35,633,809

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

Happy local village children living along the Arut River, Indonesia.

Chairman's Statement

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 2009 to maintain the highest possible welfare standards for our workforce.

A new Kindergarten was built on Jendarata Estate during the year under review thereby providing more modern and spacious facilities for its 34 children. The design, erection and finishing were all done under the direct supervision of our own Engineering Department. Today, our Group has eight Primary Schools and six Kindergartens on its properties which are maintained by the Company, providing education for more than 480 children ranging from the age of 5 to 12 years.

Additionally, a new Community Hall was built on Jendarata Estate Division 3 during 2009 providing the employees with a vastly improved facility for private and special functions such as weddings, engagements and other ceremonies. Several new staff quarters and modern employee houses were also built during 2009 in line with the

A new Kindergarten was opened for the workers' children at Jendarata Estate, Division 3 on 24 March 2010. The kindergarten has a total of 34 children in attendance.

Chairman's Statement

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

In November 2009, a new housing estate named Taman Johari was completed for our local general employees consisting of 24 modern and superior 3-bedroom workers' quarters which are fully tiled and furnished with modern kitchen facilities i.e. stainless steel kitchen cabinets cum sink area. The upgrading of our general workers' quarters is also in progress on Lima Blas Estate where the first phase comprising 24 houses is scheduled to be completed by the end of 2010. This will be followed by an additional 18 new houses on Lima Blas Estate and an additional 30 new houses on Jendarata Estate.

During 2009, the Company helped to build a new Vishnu Hindu Temple which was consecrated on 17 January 2010 in front of a crowd exceeding 6,000 people. It is the Company's desire to also build a new mosque on both Sungei Erong and Sungei Chawang Estates during 2010 in order to meet the growing needs and requirements of our Muslim population on these two estates.

57 scholarships were granted to children of our employees during 2009, thereby enabling them to pursue their tertiary studies.

Annual benevolent payments as well as other compassionate and educational payments made by the Company to workers amounted to RM545,969 during 2009.

In this context, it is sad to note the sharp drop in retirement benefit payments in 2009 compared with payments for many previous years. The drop is because of the continued reduction in availability of Malaysian workers and our increased dependence on foreign guest workers for estate operations.

Recently completed workers' quarters with 3 bedrooms, a spacious living area and tarmac road access at Taman Johari, Jendarata Estate, Division 3

Chairman's Statement

The Company continues to provide and maintain crèches for personalized child care, places of worship for our employees, bus subsidies for school going children, a fully operational Danish Bakery and an Old Folks' Home to care for the aged and the homeless.

Despite the current world economic condition which has created several million new unemployed people, I am pleased to inform shareholders that your Group has not laid off a single worker since the commencement of the economic downturn in 2008. This, more than anything else, demonstrates our commitment as a Group towards our social obligations to our employees.

It should be noted that the shortage of man power in terms of oil palm harvesters (9.2%) and other critical areas affecting production, mill throughput and palm oil quality, deserves the immediate attention of the Malaysian Government. The Government should realize that lower production for us and other plantation companies results in lower revenue for them.

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.

Chemical Health Risk Assessment (CHRA) and Medical Surveillance programmes are 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 compound are regularly conducted.

Group's Employees - Year 2006 to Current

	31 Dec 2006	28 Feb 2007	29 Feb 2008	28 Feb 2009	28 Feb 2010
UP Bhd	5,377	5,707	5,795	5,613	5,397
Unitata Bhd	461	472	482	467	399*
Bernam Agencies Sdn Bhd	3	3	3	3	-
Butterworth Bulking Installation Sdn Bhd	16	15	16	15	18
PT SSS1, Indonesia	-	503	1,023	1,227	1,142
PT SSS2, Indonesia	-	-	-	-	222
Total	5,857	6,700	7,319	7,325	7,178

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

Vacancies / Shortages in the Group's Plantations and Mills As Per Job Categories, as at 28 February 2010

Job Categories	Existing Workforce			Vacancies/ Shortage	Total No. of Workers Required
	Local	Foreign	Total		
Oil Palm Harvesters	34	1,954	1,988	-183	2,171
Coconut Huskers	-	148	148	-20	168
Field Workers	389	1,035	1,424	-49	1,473
General Workers	618	689	1,307	-51	1,358
Skilled Workers	101	53	154	-7	161
	1,142	3,879	5,021	-310	5,331

Chairman's Statement

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. This includes holding Health and Safety Committee Meetings in accordance with the Department of Safety & Health (DOSH) regulations of Malaysia.

Prospects & Outlook

There can be no doubt that the global economy and the financial markets have experienced the worst crisis since the mid 1930s, especially during the first half of 2009. Indeed, the inter-connectedness of the world's economies made the crisis spread very rapidly and had disastrous impact. Much wealth was destroyed resulting in many customers and countries experiencing plunging earnings and deteriorating credit worthiness.

As a consequence, unemployment has risen dramatically, resulting in collapsing asset prices and plunging sales worldwide.

Fortunately, the situation for vegetable oil producers has been rather less damaging because worldwide supplies did not reach the forecasted levels. Inspite of the global economic downturn, demand has surprisingly started to recover earlier than anticipated, thus causing the price complex for the world's vegetable oils to rise from its low point in March 2009 of ±RM1,800 per tonne of CPO to the current level of ±RM2,500 per tonne of CPO.

It is very difficult to predict the long term trend of price development. However, it is believed that the main price determining factors during 2010 will be on the following three key areas, namely:

PT Surya Sawit Sejati's "State of the Art" Palm Oil Mill under construction in Lada, Central Kalimantan, Indonesia.

Chairman's Statement

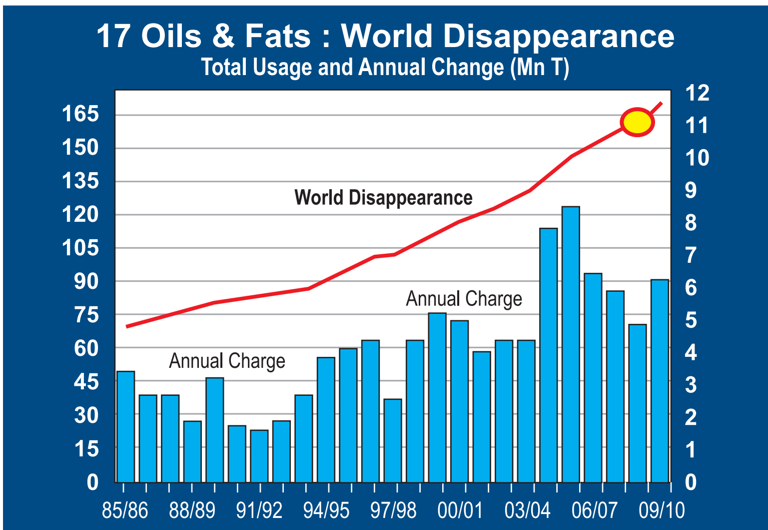
Beneficial insects found in our plantations.

i) Biodiesel Usage

During 2009, about 10% of the total 17 Oils & Fats or 16.2 million tonnes were used for energy purposes of which 14.8 million tonnes were absorbed by the world's biodiesel sector and the rest by other fossil fuel replacements. It is therefore clear that the biofuel sector continues to play a fundamental role in influencing the price complex of vegetable oils. Any downward revision of the previously fixed biofuel targets set by the European Union and the US Administration will therefore have a detrimental and depressive effect on prices. I would like to state that United Plantations continues to stand firm on its earlier decision not to enter the business segment of first generation biofuels. Instead, we will continue to dedicate our resources to producing palm oil and coconuts in the most sustainable manner for traditional uses.

ii) Malaysian Palm Oil Output in 2010

A second factor which will have a strong influence on the vegetable oil price complex during 2010 will be the supply structure. With growing dominance one must appreciate that any shortfall in its supply will have a



Source : Oil World 2010

Chairman's Statement

compounding impact on the total supply of the 8 major oils and thereby prices. In this respect, we must monitor the nation-wide very pronounced biological yield decline currently being experienced by Malaysian palm oil producers. This may very well result in Malaysian palm oil production declining two years in a row, for the first time in history. Such a situation would put more pressure on the tightening supplies and could help maintain prices of palm oil above RM2,000 per tonne for most of 2010.

iii) Labour Shortages

Thirdly, the Malaysian plantation sector continues to be highly exposed to a chronic labour shortage, the prolonged effects of which will have a detrimental effect on oil palm plantations throughout Malaysia, as field upkeep and harvesting standards will deteriorate.

During 2008, the plantation industry employed 341,464 foreign guest workers but as at 31 July 2009, the number had reduced to 218,313. Whilst every avenue is being pursued to mitigate this within United Plantations, we continue to depend heavily on foreign guest workers from Indonesia, Bangladesh and Tamil Nadu. More than ever before, they hold the key to enabling both our Company and the whole industry to function efficiently. Any reversal or impediment in terms of facilitating the recruitment of these guest workers will be detrimental both to our industry and Malaysia. We must realize that the palm oil industry contributed approximately RM50 billion in net export earnings last year.

In view of the above uncertainties and the larger replanting programme which United Plantations will undertake in 2010, the Board of Directors expect that the 2010 profits will be somewhat less than that achieved in 2009.

Acknowledgement

Finally, I would like to take this opportunity to place on record my appreciation of the commitment, understanding and wise counsel I have received from the Directors and the Executive Directors, at all times. On behalf of the Board of Directors, I should 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 of our Group of Companies.

TAN SRI DATUK DR. JOHARI BIN MAT
CHAIRMAN

31 March 2010

Statement on Corporate Social Responsibility

Consumers, investors, governments and stakeholders now consider how a Company's social and environmental policies affect its sustainability and that of society at large as a critical issue. Corporations have become more vigilant of their roles to society and to the environment in which they carry out their business. NGOs such as WWF, ILO and Greenpeace have put pressure on corporations to conduct their business in a more responsible manner today.

Such expectations from NGOs and investors have helped to shed more light on the importance of the Corporate Social Responsibility (CSR) and the objectives as well as the values of Society. We want to make the world a better place but given the constraints on our resources, we have to look for the most cost effective ways of achieving it. Business and Society exist side by side and it is incumbent for corporations therefore to operate in a responsible manner. Constant dialogue is maintained with the NGOs to further improve the sustainability of our operations.

It is not only a responsibility to manage our resources resourcefully and engage in activities that optimize profits for our shareholders but also to show society that we care for the common good and think about the future generations.

At United Plantations, we have always taken our corporate responsibility seriously as it is embodied in our Vision Statement. 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. Being a responsible corporate citizen is more than a donation here and a helping hand there. We have described our commitment and the actions we have taken in regard to our CSR in the Statement for your information, herebelow.

Inauguration of the new Maha Vishnu Temple at Jendarata Estate, Division 2, by Ybhg Dato' Carl Bek-Nielsen during the consecration ceremony attended by Datin Maria, Mr. Martin Bek- Nielsen, Ms. Tine Madsen, Mr. & Mrs. Ekdahl, the temple committee, guests and devotees.

Environment

In 2006, we completed the commissioning of the Biomass Reciprocating Boiler and Biogas plants at Jendarata which reduce the load on the natural environment by producing biorenewable energies. These plants have helped the Company to not only significantly manage its wastes more effectively by reducing the release of carbon dioxide and methane gases into the atmosphere but also reducing our reliance on fossil fuels. Two additional Biogas plants are under construction at UIE and Ulu Basir. On completion of these two plants, United Plantations will have four Clean Development Mechanism (CDM) projects, the highest in the country for a company this size. Climate change and global warming have become a worldwide concern today due to the uncontrolled emissions of greenhouse gases. We obtained certification for carbon emission reductions (CERs) for the above mentioned projects from the Clean Development Mechanism Board under the Kyoto Protocol. A more detailed explanation is given on page 151 under the Company's Environmental Policy.

For decades, we have focused on maintaining environmental awareness and striving to the best of our abilities to create a balance between economy and ecology within the framework of our plantations' ecosystem. Conservation of jungle reserves and wildlife sanctuaries as well as promoting green corridors are examples of this commitment to the environment.

Todate, United Plantations has set aside about 4,000-5,000 hectares of land for conservation representing approximately 8-10% of our total land area.

The Company is the world's first certified

Statement on Corporate Social Responsibility

producer of sustainable palm oil in accordance with the Principles and Criteria of the Roundtable for Sustainable Palm Oil (RSPO) which is a testimony to our commitment to the environment and society. A more detailed explanation on RSPO is given on page 157 to 158 .

Employee Health and Safety

The Company operates two (2) well equipped estate group hospitals with trained resident Hospital Assistants supervised by a Medical Doctor. Periodic inspection of the workers' housing is made by a health care team to ensure that proper sanitation and drainage standards are maintained. Chemical Health Risks Assessment (CHRA) and medical surveillance programmes are carried out for our chemical sprayers on the estates and for factory workers exposed to chemicals. Training programmes in the use of personal protective equipment for workers handling chemical compounds are regularly conducted. Audiometric tests and fire drills are conducted on a regular basis.

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

Safety operating Procedures and System checks for all processes and equipment are in place and product quality standards are stringently maintained in a responsible manner. 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 line with the Company's approach of preventive measures as a way of internalizing the values of Occupational Safety and Health, we have embarked on Hazard Identification, Risk Assessment and Risk Control (HIRARC). HIRARC has become fundamental to the practice of planning, management and the operation of business as a basic risk management.

Contributions to Society and the Local Community

We provide premium housing amenities and places of worship for our employees, primary schools and kindergartens for our workers' children, crèches for personalized care of the young children while parents are at work and an old folks' home for the Company's retirees.

We have made aggregate payments of RM545,969 during 2009 to our estate communities by way of employees' retirement gratuities, bus subsidies for school transport for the children of our workers, financial assistance to deserving students seeking college and university education, reimbursements for medical expenses to our employees seeking specialist treatment at private hospitals, through the UP Benevolent Fund, established in 1985. We also offer financial support to charitable organizations which care for the local communities and the society at large.

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 are held at selected estates for better understanding and relationship between employees and management. We also co-sponsor sporting events like the Annual Estates Sports Gala organized by the Malaysian Palm Oil Association which is held at the district level annually.

Mrs Pathma Applasamy and daughter Nishyainni enjoying lunch served at the annual festival of the Sri Maha Mariamman Temple at Jendarata Estate, Division 1.

Statement On Corporate Governance

The Malaysian Code of Corporate Governance (the Code) sets out the principles of Corporate Governance which essentially relate to the board's practices and procedures involving composition of the board, appointments, directors remuneration, accountability, shareholders, employees, etc.

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. This Statement is produced by the Board pursuant to para 15.25 of the Bursa Malaysia's Main Market Listing Requirements. Its purpose is to show how the Board has applied the principles set out in Part 1 and the extent to which it has complied with the best practices set out in Part II and where it has not complied with them it has stated the reasons for the non-compliance.

Board Of Directors

The Company has an effective Board entrusted with leadership responsibilities by its shareholders. It is headed by a Chairman who is independent of management and whose key task is the running of the Board. The Senior Executive Director on the other hand is an executive director and the head of management whose key task is to run the business and implement the policies and strategies

An aerial view of modern workers' houses in Jendarata Estate Division 3.

Board of Directors at the 88th Annual General Meeting held on 20 June 2009 at the Bek-Nielsen Library and Auditorium situated at the UPRD Complex.

Statement On Corporate Governance

approved by the Board. Due to their contrasting roles at the head of the Company, the two roles are not combined.

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

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

The composition of the Board reflects a mix of skills and experience and other qualities which non-executive directors should bring to the Board. Due to the diversified backgrounds and their independence, the non-executive directors are ably engaged in healthy discussions and debates with the executive directors at the Board meetings which are conducive for an effective Board. The independent directors play a pivotal role in the Board's responsibilities. However, they are not accountable and responsible for the day to day running of the business, which is the role of the executive directors. The independent non-executive directors are actively involved in various Board committees and contribute significantly to areas such as performance monitoring and enhancement of corporate governance by providing independent 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 the Annual Report, show the necessary depth to bring experience and judgment to bear on the collective decision making processes of the Board. The Board's composition fairly represents the ownership structure of the Company with appropriate representatives from the two largest shareholders. There are adequate number of representatives on the Board who fairly reflect the interests of the minority shareholders.

The Board has established position descriptions for the role of the Senior Executive Director/ Inspector General Estates, the Vice Chairman/ Executive Director (Corporate Affairs) and the Executive Director (Finance & Marketing) who have specific management responsibilities for the day to day running of the business.

Danish Ambassadors from the Asia Pacific Region visited UP to obtain a first hand information of our operations. Here, they are watching a demonstration of the new automated harvesting tool.

Statement On Corporate Governance

The Company has included a Vision Statement in the inside cover of the Annual Report and it has clearly described its objectives in the statement on Environment Quality Management to which the Board is deeply committed.

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

Board Responsibilities

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

i) Reviewing and adopting a strategic plan for the Group;

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

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

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

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

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

Supply of Information

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

The Company's monthly management accounts are sent to all Board members on a timely basis. 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.

Statement On Corporate Governance

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

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

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

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

Ybhg Dato Carl Bek-Nielsen chairing the UPB's Operations and Environmental Management Committee meeting.

Statement On Corporate Governance

Relevant training programmes, seminars and conferences attended by directors during the financial year ended 31 December 2009 were:-

1. Bursa Malaysia's Annual Palm & Lauric Oils Conference & Exhibition:
   Price Outlook 2009/2010 (POC 2009)

2. Palm Oil Congress organised by MPOB (PIPOC 2009)

3. Financial Instruments : Recognition, Measurement, Presentation and Disclosure

4. 5th Asia Pacific Audit and Governance Summit 2009

Board Meetings

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

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

1. Matters arising from the previous minutes of the Board and Committees of the Board

2. Monthly, Quarterly, Yearly Financial Statements and financial forecasts/projections.

3. Matters relating to the business namely finance, land, staff & labour, budgets, production, marketing and others

4. New Investments

5. Subsidiary Companies

6. General

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

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

Nomination Committee

The Principal Board function of making re-commendations for new appointments to the Board is delegated to the Nomination Committee. The Committee consists entirely of non-executive directors who are also independent. The Committee has access to the services of the Company'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 are as follows:-

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

Mr. Jeremy Derek Campbell Diamond
(Independent, Non-Executive Director)

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

Statement On Corporate Governance

The Committee held one meeting in respect of year ended 31 December 2009 for the purpose of making an assessment of the directors and for considering directors who are due to retire on rotation at the A.G.M. Under Article 92 of 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 meeting also reviewed the required mix of skills and qualities that non-executive directors should bring to the Board. At this meeting an assessment on the effectiveness of the Board and the Committees, and the contributions of each individual director were deliberated. The Committee reached the conclusion that the Board Committees and the directors in their individual capacity supported the current needs of the Board.

Audit Committee

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

Executive Committee

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

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

The Executive Committee met three (3) times during the year 2009, and the minutes thereof were included in the Board files for information and deliberation by the Board.

Remuneration Committee And Directors Remuneration

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

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

Mr. Jeremy Derek Campbell Diamond
(Independent, Non-Executive Director)

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

The Remuneration Committee held two (2) meetings since beginning of the financial year ended 31 December 2009 up to the date of this report. It is the Committee's usual practice to draw information on the company's remuneration policy from management to assist them with their duties. Executive directors do not participate in the deliberations of the Remuneration Committee.

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

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

Statement On Corporate Governance

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

	Fees (RM)	Basic Salary (RM)	Additional Remuneration (RM)	Other Benefits (RM)	Meeting Attendance Allowance (RM)	Total (RM)
Non-Executive Directors	475,000	-	-	-	73,500	548,500
Executive Directors	195,000	348,000	2,501,250	453,397	21,000	3,518,647
Total	670,000	348,000	2,501,250	453,397	94,500	4,067,147

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

Remuneration Range	Executive Directors	Non-Executive Directors
RM 50,001 - RM 100,000		5
RM 100,001 - RM 200,000		1
RM 1,000,000 - RM 1,100,000	2	
RM 1,300,000 - RM 1,400,000	1	

Shareholders

Communications and Investor Relations

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

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

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

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

The Annual General Meeting is an excellent forum for dialogue with all shareholders for which due notice is given. The shareholders are given the opportunity to vote on the regular businesses of

Our very own Bernam Bakery, established in 1982, makes a full range of quality bread, Danish pastries, cookies as well as confectionery items for the estate, surrounding communities and visitors.

Statement On Corporate Governance

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

the meeting, viz. consideration of the financial statements, consideration and approval of a final dividend, consideration and approval of directors and auditors fees, re-election of directors and special business, if any, by a show of hands. In specific cases where required the result would be determined by a poll.

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

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

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

Accountability And Audit

Financial Reporting

The Board in compliance with 15.27a 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 render a statement to the shareholders to this effect. In this connection, the Audit Committee is assisted by an in-house internal audit department and an external independent professional firm who conduct regular reviews of the internal controls and report to the Audit Committee directly. The external auditors are appointed by the Board to review the Statement of Internal Control and to report thereon.

Relationship with the Auditors

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

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

Statement of Compliance with the Best Practices of the Code

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

Statement On Directors' Responsibility As At 31 December 2009

The Board is required under paragraph 15.27(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 2009 the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgement and estimates. The Directors also consider that all applicable Financial Reporting Standards in Malaysia have been complied with and confirm that the financial statements have been prepared on a going concern basis.

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

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

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

Economic Outlook 2010
GDP Growth

As a highly open economy, the Malaysian economy was significantly affected by the collapse in world trade which started in the second half of 2008. The deterioration in the external sector had by early 2009 spilled-over to deeply affect domestic demand. The significant and swift domestic policy responses, had together with Malaysia's strong economic fundamentals brought about an economic recovery in the second half of 2009. Overall, the Malaysian economy in 2009 contracted by 1.7%, performing significantly better than expected. The Malaysian economy is projected to expand by 4.5 – 5.5% in 2010, underpinned by strengthening domestic demand and supported by the improving external environment. Growth is expected to be increasingly driven by private sector activity.

Real GDP Growth – Regional Countries

Country	2010 Forecast (%)	2009 Estimate (%)
Malaysia	4.5 ~ 5.5	-1.7
Indonesia	5.5 ~ 6.0	4.5
Philippines	2.6 ~ 3.6	0.9
Thailand	3.5 ~ 4.5	-2.3
Singapore	4.5 ~ 6.5	-2.0
Chinese Taipei	4.7	-1.9
Hong Kong SAR	4.0 ~ 5.0	-2.7
Korea	4.6	0.2
PR China	10.0	8.7

Source:
Bank Negara Malaysia
www.bnm.gov.my

UP Share Prices

Year	2009	2008	2007	2006	2005
Highest Price Per Share (RM)	14.00	14.60	14.80	9.75	7.05
Lowest Price Per Share (RM)	9.70	7.85	9.00	7.00	4.90

The price of United Plantations Berhad shares on Bursa Malaysia Securities Berhad reached a high of RM14.00 and recorded a low of RM9.70 per share for the year ended 31st December 2009. Compared with the corresponding prices achieved in 2005, this represented an increase of 98.58% and 97.96% respectively.

Statement On Internal Control

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

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

Internal Control And Risk Management

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

Other Key Elements Of Internal Control

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

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

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

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

- Regular meetings are held between the executive directors and management to deliberate on Group strategies and policies, operational and financial performance and other key issues;

- An annual budgetary process whereby each operating entity submits a budget and business plan to Group management for consolidation, review and approval, which is then tabled to the Board for deliberation;

- An internal audit function that is outsourced to an independent professional firm which reports directly to the Audit Committee. In addition, the Group also has a group internal audit department to complement the reviews by the independent professional firm. Based on a risk-based audit plan, the internal audit function performs periodic reviews of critical business processes to identify any significant risks, assess the effectiveness and adequacy of the system of internal control and where necessary, recommend possible improvements; and

Statement On Internal Control

- The Audit Committee, on behalf of the Board, receives reports from both the internal and external auditors and regularly reviews and holds discussions with management on the actions taken on identified internal control issues. The role of the Audit Committee is further elaborated in the Audit Committee Report on pages 55 to 57.

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

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

Palm Oil Extraction Rates (OER) and Average FFB Yields

OER (%)	2009	2008
Malaysia	20.49	20.21
United Plantations Berhad	21.73	21.54

FFB Yield (MT/Ha)	2009	2008
Malaysia	19.20	20.18
United Plantations Berhad	29.60	29.05

Source : www.e-kilangmpob.com.my

CPO Production 2009

The production of CPO declined by 1.% to 17.56 million tones. Production was largely affected by the biological stress from the bumper production of the previous years and the effects of heavy rainfall this year in Sabah and Sarawak, which curbed the output of fresh fruit bunches (FFB). The national average FFB yield per hectare fell 4.9% to 19.2 tonnes.

Source : econ.mpob.gov.my
Bank Negara Malaysia

Audit Committee Report

Members of The Audit Committee :

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

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

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

1) Objectives

The primary objectives of the Committee are :

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

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

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

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

2) Terms of Reference

a) Composition

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

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

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

b) Authority

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

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

c) Scope and Function

The scope and functions of the Committee shall be to :

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

Audit Committee Report

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

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

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

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

(c) Review and approve the draft Annual Report prior to presentation to the Board of Directors for approval;

(d) Review and approve the internal audit plan;

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

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

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

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

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

(j) Review interim financial information;

(k) Review accounting policies to determine suitability; and

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

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

d) Frequency of Meetings and Attendance

The Committee shall meet at least four times a year.

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

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

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

Audit Committee Report

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

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

3) Meetings

The Committee held five (5) meetings in the year 2009 to conduct and discharge its functions in accordance with the Terms of Reference mentioned above. Details of Directors attendances at Audit Committee meetings are as follows:

Name of Director	No. of meetings Attended	Held
Mr. Jeremy Derek Campbell Diamond	5	5
Mr. G. Peter Selvarajah	5	5
Mr. Ahmad Riza Basir	4	5

4) Activities

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

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

b) Reviewed all related party transactions;

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

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

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

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

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

g) Considered the appointment of external auditors for the Group for the year 2010 and recommended to the Board for its approval.

A panoramic view of a well maintained tarmac road in Jendarata Estate, flanked on either side by lush cover crop and mature oil palms.

Our Code Of Business Ethics

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

United Plantations Group (UP) and our employees are required to comply with the laws and regulations of the countries in which we operate.

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

Employees

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

We will recruit, employ and promote employees on the sole basis of the qualifications and abilities needed for the work to be performed. We are committed to safe and healthy working conditions for all employees. We will not use any form of forced, compulsory or child labour. We are committed to working with employees to develop and enhance each individual's skills and capabilities. We respect the dignity of the individual and the right of employees to freedom of association. We will maintain good communications with employees through company-based information and consultation procedures.

Consumers

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

Economic Outlook 2010

Consumer Prices

The headline inflation, as measured by the change in the Consumer Price Index (CPI), is expected to remain modest at an average of 2-2.5% in 2010.This projection reflects the recovery in the global economic activity, the upward trend in global commodity prices and some revisions in administered prices by the Government .

Source : Bank Negara Malaysia
www.bnm.gov.my

Our Code Of Business Ethics

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 employees are not tolerated.

Mr. Peter Grut, visiting one of our fields with Ybhg Dato'Carl Bek-Nielsen and staff of the Research Department.

Our Code Of Business Ethics

Conflicts of Interests

All UP employees are expected to avoid personal activities and financial interests which would be in conflict with their responsibilities to the group. UP employees must not seek gain for themselves or others through misuse of their positions.

Additional Disclosures

Pursuant to the listing requirements of Bursa Malaysia Securities Berhad, additional disclosures by the Group for the year ended 31 December 2009 are as follows :-

1) Utilization of proceeds raised from Corporate Proposals

   There were no issue of shares during the financial year.

2) Share Buy-Backs

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

3) Options, Warrants and Convertible Securities

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

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

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

5) Sanctions and/or Penalties

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

6) Non-audit fees paid to External Auditors

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

	RM
Tax services	74,500

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

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

8) Profit Guarantee

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

9) Cost of Internal Audit

   RM 306,000 was incurred by the Group in the financial year for its outsourced internal audit and in-house internal audit department.

Places of Worship

A church at Changkat Mentri Estate.

A Mosque at Ulu Basir Estate.

UNITED PLANTATIONS BERHAD
(Company No. 240-A)

Financial Statements
For the year ended 31 December 2009

Contents

UP's unique light railway system showing a diesel locomotive pulling a train of cages containing fresh fruit bunches. The railway system stretches over 500km and is one of the reasons for its superior quality crude palm oil.

Report Of The Directors For The Year Ended 31 December 2009

The Directors have pleasure in submitting for your consideration their 89th annual report together with the audited financial statements of the Company and of the Group for the year ended 31 December 2009.

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 in Indonesia.

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

(c) Shipping and forwarding of vegetable oil and molasses and provision of management services.

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

(e) 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	280,884	275,759
Attributable to:		
Equity holders of the Company	281,475	275,759
Minority Interests	(591)	-
	280,884	275,759

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.

Group's Plantation Properties

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

Malaysia	Hectares
UIE estates	10,363
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	40,855
Indonesia	
PT Surya Sawit Sejati (planted area)	8,868
PT Sawit Seberang Seberang (planted area)	928
Sub-total	9,796
Total	50,651

Report Of The Directors For The Year Ended 31 December 2009

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 2009 were as follows:

1,581 hectares of oil palm replanted with oil palm
17 hectares of coconut replanted with coconut
150 hectares of coconut replanted with oil palm
928 hectares of oil palm through acquisition of PT Sawit Seberang Seberang ("PT SSS2")
1,711 hectares newly planted with oil palm

Dividends

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

a) An interim dividend of 20% less 25% tax amounting to RM31,220,140 in respect of the previous financial year was paid on 5 February 2009.

b) A final dividend of 20% less 25% tax amounting to RM31,220,140 in respect of the previous financial year was paid on 21 July 2009.

c) A special dividend of 10% less 25% tax amounting to RM15,610,070 in respect of the previous financial year was paid on 21 July 2009.

d) An interim dividend of 20% less 25% tax amounting to RM31,220,140 in respect of the current financial year was paid on 4 February 2010.

At the forthcoming Annual General Meeting, a final dividend of 20% less 25% tax amounting to RM31,220,140 and a special dividend of 30% less 25% tax amounting to RM46,830,210 in respect of the year ended 31 December 2009 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 2010.

Directors

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

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

Report Of The Directors For The Year Ended 31 December 2009

Directors

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

	Number of Shares of RM1.00 each				
The Company:	1 January 2009	Bought	Sold	31 December 2009	% of Issued Share Capital
Ybhg. Tan Sri Datuk Dr. Johari bin Mat					
- held directly	110,000	-	-	110,000	0.05
Mr. Ho Dua Tiam					
- held directly	707,400	-	-	707,400	0.34
Mr. G. Peter Selvarajah					
- held directly	84,120	4,000	-	88,120	0.04
Ybhg. Dato' Carl Bek-Nielsen					
- held directly	1,650,000	208,185	-	1,858,185	0.89
- deemed interested	95,060,987	326,660	5,030	95,382,617 *1	45.83
Mr. Ahmad Riza Basir					
- held directly	70,500	-	-	70,500	0.03
- deemed interested	2,641,440	-	-	2,641,440	1.27
Mr. Jeremy Derek Campbell Diamond					
- held directly	14,000	-	-	14,000	0.01
- deemed interested	210,000	-	-	210,000	0.10
Mr. Martin Bek-Nielsen					
- held directly	600,000	149,952	248,540	501,412	0.24
- deemed interested	95,060,987	321,660	5,030	95,377,617 *2	45.83
Mr. Brian Bech Nielsen					
- deemed interested	5,000	-	-	5,000	-

Report Of The Directors For The Year Ended 31 December 2009

Directors

Notes:

*1 Dato' Carl Bek-Nielsen

8,476,132 shares	-	Deemed interested in the shares registered in the name of United International Enterprises Limited
86,891,100 shares	-	Deemed interested in the shares registered in the name of Maximum Vista Sdn. Bhd.
10,385 shares	-	Deemed interested in the shares registered in the name of International Plantations Services Limited Ref. 10
5,000 shares	-	Deemed interested in the shares registered in the name of his spouse
95,382,617 shares		

*2 Mr. Martin Bek-Nielsen

8,476,132 shares	-	Deemed interested in the shares registered in the name of United International Enterprises Limited
86,891,100 shares	-	Deemed interested in the shares registered in the name of Maximum Vista Sdn. Bhd.
10,385 shares	-	Deemed interested in the shares registered in the name of International Plantations Services Limited Ref. 10
95,377,617 shares		

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

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

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

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

Report Of The Directors For The Year Ended 31 December 2009

Other Statutory Information

(a) Before the income statements and balance sheets 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 asset which was unlikely to realise its values as shown in the accounting records in the ordinary course of business had been written down to an amount which it 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 2009

Significant event

Significant event during the year is disclosed in Note 11(b).

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 31 March 2010.

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

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

Income Statements

For The Year Ended 31 December 2009

		Group		Company	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue	4	816,674	1,030,925	553,888	628,510
Other income		26,968	21,735	12,246	12,589
		843,642	1,052,660	566,134	641,099
Changes in finished goods		(1,672)	4,571	2,717	(4,205)
Raw materials and consumables used		(255,987)	(402,908)	(17,744)	(24,742)
Amortisation of biological assets		(18,962)	(18,114)	(18,284)	(18,114)
Depreciation of property, plant and equipment		(19,218)	(19,004)	(13,890)	(14,152)
Amortisation of prepaid lease payments		(4,399)	(4,164)	(4,099)	(4,164)
Staff costs	5	(106,664)	(106,289)	(94,935)	(94,139)
Other expenses		(74,606)	(117,174)	(59,999)	(91,841)
Profit from operations	5	362,134	389,578	359,900	389,742
Finance costs	6	(31)	(30)	(27)	(26)
Reversal of impairment losses on unquoted shares		1,482	824	1,482	824
Share of results of associate	12	50	-	-	-
Investment and interest income	7	9,162	7,446	8,004	6,769
Profit before taxation		372,797	397,818	369,359	397,309
Taxation	8	(91,913)	(98,259)	(93,600)	(99,803)
Net profit for the year		280,884	299,559	275,759	297,506
Attributable to:					
Equity holders of the Company		281,475	299,559	275,759	297,506
Minority interests		(591)	-	-	-
		280,884	299,559	275,759	297,506
Earnings per share (sen)	9	135	144		

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

Balance Sheets

As At 31 December 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Assets					
Non-Current Assets					
Biological assets	10(a)	321,821	241,345	183,645	178,722
Property, plant and equipment	10(b)	494,718	388,414	339,503	328,940
Prepaid lease payments	10(c)	382,835	380,866	351,662	355,761
Subsidiary companies	11	-	-	300,451	177,451
Advances to a foreign company	11	-	19,182	-	-
Associated company	12	50	-	50	50
Amount due from associated company	12	48	48	48	48
Available for sale financial assets	13	10,553	9,071	10,553	9,071
		1,210,025	1,038,926	1,185,912	1,050,043
Current Assets					
Inventories	14	135,168	139,465	46,453	45,282
Trade receivables	15	22,719	60,433	3,450	4,496
Other receivables, deposits and prepayments	16	34,238	33,487	7,665	16,652
Amounts due from subsidiary companies	11	-	-	116,130	93,761
Tax recoverable		475	487	-	-
Deposits with licensed banks	17	415,013	361,084	380,065	327,079
Cash and bank balances		13,211	11,201	2,336	5,570
		620,824	606,157	556,099	492,840
Total Assets		1,830,849	1,645,083	1,742,011	1,542,883
Equity and Liabilities					
Equity attributable to equity holders of the Company					
Share capital	18	208,134	208,134	208,134	208,134
Reserves	19	1,430,011	1,224,853	1,366,742	1,169,033
		1,638,145	1,432,987	1,574,876	1,377,167
Minority interests		125	619	-	-
Total Equity		1,638,270	1,433,606	1,574,876	1,377,167
Non-Current Liabilities					
Deferred taxation	20	62,286	59,094	59,000	53,800
Retirement benefit obligations	21	6,704	7,129	5,391	5,787
		68,990	66,223	64,391	59,587
Current Liabilities					
Trade payables	22	12,006	19,193	1,694	1,302
Other payables and accruals	22	45,973	56,278	33,749	34,076
Amounts due to subsidiary companies	11	-	-	1,926	1,594
Taxation		33,089	37,120	33,085	36,735
Dividends payable		31,220	31,220	31,220	31,220
Bank borrowings	23	123	19	-	-
Retirement benefit obligations	21	1,178	1,424	1,070	1,202
		123,589	145,254	102,744	106,129
Total Liabilities		192,579	211,477	167,135	165,716
Total Equity and Liabilities		1,830,849	1,645,083	1,742,011	1,542,883

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

Consolidated Statement Of Changes In Equity

For The Year Ended 31 December 2009

Group	Note	Share capital (Note 18)	Retained profits (Note 19)	Share premium (Note 19)	Capital reserve (Note 19)	Foreign currency translation reserve (Note 19)	Total	Minority Interest	Total Equity
		Attributable to Equity Holders of the Company							
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2008		208,134	786,589	181,920	21,798	(1,960)	1,196,481	672	1,197,153
Foreign currency translation		-	-	-	-	(1,029)	(1,029)	(53)	(1,082)
Net expense recognised directly in equity		-	-	-	-	(1,029)	(1,029)	(53)	(1,082)
Net profit for the year		-	299,559	-	-	-	299,559	-	299,559
Dividends	24	-	(62,024)	-	-	-	(62,024)	-	(62,024)
At 31 December 2008		208,134	1,024,124	181,920	21,798	(2,989)	1,432,987	619	1,433,606
At 1 January 2009		208,134	1,024,124	181,920	21,798	(2,989)	1,432,987	619	1,433,606
Foreign currency translation		-	-	-	-	1,733	1,733	80	1,813
Net expense recognised directly in equity		-	-	-	-	1,733	1,733	80	1,813
Acquisition of subsidiary	11(b)	-	-	-	-	-	-	17	17
Net profit for the year		-	281,475	-	-	-	281,475	(591)	280,884
Dividends	24	-	(78,050)	-	-	-	(78,050)	-	(78,050)
At 31 December 2009		208,134	1,227,549	181,920	21,798	(1,256)	1,638,145	125	1,638,270

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

Statement Of Changes In Equity
For The Year Ended 31 December 2009

Company

	Note	Share capital (Note 18) RM'000	Retained profits (Note 19) RM'000	Share premium (Note 19) RM'000	Total RM'000
At 1 January 2008		208,134	751,631	181,920	1,141,685
Net profit for the year		-	297,506	-	297,506
Dividends	24	-	(62,024)	-	(62,024)
At 31 December 2008		208,134	987,113	181,920	1,377,167
At 1 January 2009		208,134	987,113	181,920	1,377,167
Net profit for the year		-	275,759	-	275,759
Dividends	24	-	(78,050)	-	(78,050)
At 31 December 2009		208,134	1,184,822	181,920	1,574,876

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

Cash Flow Statements
For The Year Ended 31 December 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Cash Flows From Operating Activities					
Receipts from customers		854,388	1,016,788	554,934	626,459
Payments to suppliers		(263,174)	(385,926)	(17,352)	(25,771)
Payments of operating expenses		(191,891)	(206,417)	(140,068)	(197,787)
Payments of taxes		(92,740)	(80,883)	(92,050)	(80,845)
Other receipts		26,847	21,619	12,134	12,473
Net cash generated from operating activities		333,430	365,181	317,598	334,529
Cash Flows From Investing Activities					
Proceeds from sale of property, plant and equipment		121	116	112	116
Interest income		7,407	7,085	6,271	5,606
Pre-cropping expenditure incurred		(80,094)	(64,164)	(25,379)	(19,799)
Purchase of property, plant and equipment	(a)	(126,192)	(43,894)	(26,581)	(21,186)
Prepaid lease payments made		(1,602)	(1,110)	-	(517)
Proceeds from sale of financial assets at fair value		-	3,079	-	3,079
Advances to a foreign company		-	(531)	-	-
Subscription of Redeemable Cumulative Convertible Preference Shares ("RCCPS") issued by subsidiary companies		-	-	(123,000)	(80,000)
Acquisition of subsidiary	11(a)	1	-	-	-
Grant received from Government	11(b)	845	-	845	-
Net cash used in investing activities		(199,514)	(99,419)	(167,732)	(112,701)

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

Cash Flow Statements

For The Year Ended 31 December 2009

		Group		Company	
		2009	2008	2009	2008
	Note	RM'000	RM'000	RM'000	RM'000
Cash Flows From Financing Activities					
Interest paid		(31)	(30)	(27)	(26)
Dividends paid		(78,050)	(61,608)	(78,050)	(61,608)
Inter-company balances		-	-	(22,037)	42,579
Associated company balances		-	(31)	-	(31)
Net cash used in financing activities		(78,081)	(61,669)	(100,114)	(19,086)
Net increase in cash and cash equivalents		55,835	204,093	49,752	202,742
Cash and cash equivalents at beginning of year		372,266	168,173	332,649	129,907
Cash and cash equivalents at end of year	(b)	428,101	372,266	382,401	332,649

(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		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	415,013	361,084	380,065	327,079
Cash and bank balances	13,211	11,201	2,336	5,570
Bank overdrafts	(123)	(19)	-	-
	428,101	372,266	382,401	332,649

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

Notes To The Financial Statements

1. Corporate Information

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

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

The number of employees at 31 December 2009 for the Group was 7,029 (2008: 7,198) and for the Company was 5,415 (2008: 5,670).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 31 March 2010.

2. Significant Accounting Policies

2.1 Basis of Preparation

The financial statements of the Group and the Company comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards (”FRS”) in Malaysia. The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

Notes To The Financial Statements

2.2 Summary of Significant Accounting Policies

(a) Subsidiary Companies And Basis Of Consolidation

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

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

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

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

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

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

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

Notes To The Financial Statements

2.2 Summary of Significant Accounting Policies

(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 balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associated company.

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

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

Notes To The Financial Statements

2.2 Summary of Significant Accounting Policies

(b) Associated Companies

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 the profit or loss.

(c) (i) Biological Assets

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

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

Notes To The Financial Statements

2.2 Summary of Significant Accounting Policies

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

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

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

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

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

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

Notes To The Financial Statements

2.2 Summary of Significant Accounting Policies

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

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 and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

(iii) Prepaid Lease Payments

Leasehold land held for own use is classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land, buildings and biological assets elements in proportion to the relative fair values for leasehold interests in the land element, buildings element and biological assets element of the lease at the inception of the lease. The up-front payments represent prepaid lease payments and are amortised on a straight-line basis over the lease term.

Leasehold land is amortised over the period of the respective leases ranging from 30 to 99 years. In this connection, long term leasehold land refers to land with unexpired lease tenure of 50 years and above.

(d) Inventories

Contracted produce stocks are stated at contracted price and uncommitted produce stocks are stated at market value at the balance sheet 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.

Notes To The Financial Statements

2.2 Summary of Significant Accounting Policies

(e) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet 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 balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(f) Foreign Currencies

(i) Functional and Presentation Currency

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

Notes To The Financial Statements

2.2 Summary of Significant Accounting Policies

(f) Foreign Currencies

(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 balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet 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, and on the translation of monetary items, are included in the 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. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operation, at which time they are recognised in the profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in the profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in the profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Notes To The Financial Statements

2.2 Summary of Significant Accounting Policies

(f) Foreign Currencies

(ii) Foreign Currency Transactions

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.

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

		2009 RM	2008 RM
1	United States Dollar	3.42	3.47
100	Danish Kroner	66.10	65.92
100	Indonesian Rupiah	0.036	0.032
1	Euro	4.92	5.12

(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:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions; and
- 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 balance sheet date.

Notes To The Financial Statements

2.2 Summary of Significant Accounting Policies

(g) Revenue Recognition

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

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

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

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

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

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

(h) Employee Benefits

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

Notes To The Financial Statements

2.2 Summary of Significant Accounting Policies

(h) Employee Benefits

(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 based on certain actuarial assumptions where the amount of benefits that employees have earned in return for their services rendered is estimated. Benefits are discounted using the Projected Unit Credit Method in order to determine their present values.

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

(i) Borrowing Costs

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

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

2.2 Summary of Significant Accounting Policies

(j) Impairment of Assets

At each balance sheet 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 net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs and prorated to the asset by reference to the cost of the asset to the cost of the cash-generating unit.

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

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

(k) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Notes To The Financial Statements

2.2 Summary of Significant Accounting Policies

(k) Financial Instruments

(i) Trade and Other Receivables

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(ii) Trade and Other Payables

Trade and other payables are stated at cost which closely approximates the fair value of the consideration to be paid in the future for goods and services received.

(iii) Non-Current Investments - Available for Sale Financial Assets

Investments are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(j).

(iv) Interest-Bearing Borrowings

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

(v) 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.

(vi) Derivative Financial Instruments

The Group uses derivative financial instruments such as forward foreign exchange contracts and commodity futures contracts to hedge the Group's exposure to foreign currency and commodity price fluctuations.

Such derivative financial instruments are measured at fair value at each balance sheet date. The fair values of derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives are recognized in the income statement.

Notes To The Financial Statements

2.2 Summary of Significant Accounting Policies

(k) Financial Instruments

(vi) Derivative Financial Instruments

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 balance sheet date and the fair value of the commodity futures contracts are estimated using future market prices quoted by the Group's broker as at balance sheet date.

(vii) Cash and Cash Equivalents

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, against which bank overdraft balances, if any, are deducted.

(viii) Marketable securities - Financial Assets 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 the income statement.

(l) Research and Development Costs

All general research and development costs are expensed as incurred.

(m) 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.

(n) Government Grants

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

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

Notes To The Financial Statements

2.3 Significant Accounting Estimate

The key assumptions concerning the future and other key source of estimation uncertainty at the balance sheet 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

In the previous years, the Group had recognised an impairment loss of RM1,700,000 in respect of a subsidiary company's fractionation plant included within property, plant and equipment. The Group carried out the impairment test based on the value-in-use of the plant. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the plant. The carrying amount of the plant as at 31 December 2009 is RM859,000 (2008: RM1,606,000).

(ii) Impairment of prepaid leasehold land

During the current financial year, the Group has recognised impairment losses of RM10,832,000 in respect of a subsidiary's prepaid leasehold land which has been set aside for conservation and social commitments in accordance with the Group's commitment towards the environment, local communities and regulations in Indonesia. The Group carried out the impairment test based on the value-in-use of the prepaid leasehold land involved. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the prepaid leasehold land. The carrying amount of the remaining prepaid leasehold land in the said subsidiary as at year end amounted to RM3,576,000. Further details are disclosed in Note 10(c).

(iii) 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.

(iv) Deferred tax assets

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

Notes To The Financial Statements

2.4 Standards and Interpretations Issued but not yet effective

At the date of authorisation of these financial statements, the following new FRS, Amendment to FRS and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

Effective for financial periods beginning on or after 1 July 2009:

FRS 8 : Operating Segments

Effective for financial periods beginning on or after 1 January 2010:

FRS 4 : Insurance Contracts
FRS 7 : Financial Instruments: Disclosures
FRS 101 : Presentation of Financial Statements (revised)
FRS 123 : Borrowing Costs
FRS 139 : Financial Instruments: Recognition and Measurement
Amendments to FRS 2 : Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 1 and FRS 127 : First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 132 : Financial Instruments: Presentation
Amendments to FRS 139, FRS 7 and IC Interpretation 9 : Financial Instruments: Recognition and Measurement, Dislosures and Reassessment of Embedded Derivatives
Improvement to FRS 2009 : Improvement to FRS (2009)
IC Interpretation 9 : Reassessment of Embedded Derivatives
IC Interpretation 10 : Interim Financial Reporting and Impairment
IC Interpretation 11 : FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13 : Customer Loyalty Programmes
IC Interpretation 14 : FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TR i-3 : Presentation of Financial Statements of Islamic Financial Institutions

Notes To The Financial Statements

2.4 Standards and Interpretations Issued but not yet effective

Effective for financial periods beginning on or after 1 July 2010:

FRS 1 : FRS 1 First-time Adoption of Financial Reporting Standards
FRS 3 : Business Combinations (revised)
FRS 127 : Consolidated and Separate Financial Statements (amended)
Amendments to FRS 2 : Share-based Payment
Amendments to FRS 5 : Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138 : Intangible Assets
Amendments to IC Interpretation 9 : Reassessment of Embedded Derivatives
IC Interpretation 12 : Service Concession Arrangements
IC Interpretation 15 : Agreements for the Construction of Real Estate
IC Interpretation 16 : Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17 : Distributions of Non-cash Assets to Owners

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application:

<u>Amendments to FRS 'Improvement to FRS (2009)'</u>

FRS 117: Leases

Clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments, and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. The Group is currently in the process of assessing the impact of this amendment.

FRS 7 : Financial Instruments: Disclosures
FRS 139 : Financial Instruments: Recognition and Measurement

The Group and the Company is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and FRS 139.

Notes To The Financial Statements

3. Group Structure

The subsidiary companies are as follows:

Company	Country of incorporation	Percentage of equity held by the Group		Activity (see below)
		2009	2008	
		%	%	
Unitata Berhad	Malaysia	100	100	(a)
Bernam Agencies Sdn. Bhd.	Malaysia	100	100	(b)
Butterworth Bulking Installation Sdn. Bhd.	Malaysia	100	100	(c)
Bernam Advisory Services Sdn. Bhd.	Malaysia	100	100	(d)
Berta Services Sdn. Bhd.	Malaysia	100	100	(d)
PT. Surya Sawit Sejati ("PT SSS1")	Indonesia	95	95	(e)
PT. Sawit Seberang Seberang ("PT SSS2") (Note 11(b))	Indonesia	93	-	(f)
United International Enterprises (M) Sdn. Bhd.	Malaysia	100	100	Dormant
Kapal Bernam Sdn. Bhd.	Malaysia	100	100	Dormant
Scanlook Sdn. Bhd.	Malaysia	100	100	Dormant

All subsidiary and associated companies 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 the respective country.

The subsidiary companies are primarily engaged in the following activities:

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

(b) Shipping and forwarding of vegetable oil and molasses and provision of management services.

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

(d) Investment holding.

(e) Business of oil palm cultivation in Indonesia. The revenue contribution from PT SSS1 during the year is insignificant as only 940 out of the planted area of 8,868 hectares came into maturity as at year end.

(f) Business of oil palm cultivation in Indonesia. As the 928 hectares of oil palms planted as at the balance sheet date are still immature, there is no revenue contribution from PT SSS2 during the year.

Notes To The Financial Statements

3. Group Structure

The associated company is as follows:

Company	Country of incorporation	Percentage of equity held by the Group	
		2009 %	2008 %
Bernam Bakery Sdn. Bhd.	Malaysia	30	30

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

4. Revenue

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue consists of the following and excludes, in respect of the Group, intragroup transactions:				
Sales proceeds of produce stocks	539,122	567,673	553,888	628,510
Sales proceeds of finished goods	276,309	462,474	-	-
Services	1,243	778	-	-
	816,674	1,030,925	553,888	628,510

Notes To The Financial Statements

5. Profit from Operations

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Profit from operations is arrived at, after charging:				
Directors' remuneration				
- fees	781	596	670	485
- emoluments	3,303	3,117	3,303	3,117
- others	95	91	95	91
Auditors' remuneration				
- current year	252	252	172	172
Write-down of inventories	-	3,323	284	41
Biological asset written off	1,327	-	1,327	-
Rental of premises	355	397	31	22
Rental of equipment	880	1,297	42	45
Impairment on biological asset	1,605	-	-	-
Impairment on prepaid leasehold land	10,832	-	-	-
Provision for doubtful debts	62	1,100	-	-
Loss on disposal of property, plant and equipment	-	366	-	366
Property, plant and equipment written off	242	163	211	-
Unrealised foreign exchange loss	371	15,458	11	-
Realised foreign exchange loss	-	114	-	-
and crediting:				
Rental income	104	85	104	85
Reversal of write-down of inventories	483	-	-	-
Profit on disposal of property, plant and equipment	121	-	112	-
Coconut incentives from Government	1,063	831	1,063	831
Unrealised foreign exchange gain	24,575	-	-	-
Realised foreign exchange gain	5,123	54	-	54

Notes To The Financial Statements

5. Profit from Operations

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

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Wages and salaries	90,140	85,499	79,988	75,231
Social security cost	441	407	331	299
Pension costs				
- defined contribution plans	5,443	5,375	4,732	4,529
- defined benefit plans (Note 21)	199	5,528	44	5,189
Other staff related expenses	10,441	9,480	9,840	8,891
	106,664	106,289	94,935	94,139

Included in staff costs of the Group and of the Company are executive directors' emoluments amounting to RM3,303,000 (2008: RM3,117,000).

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

6. Finance Costs

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Finance costs consist of interest expenses on:				
- bank overdraft / bankers acceptances	31	30	27	26

Notes To The Financial Statements

7. Investment and Interest Income

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Interest received from subsidiary company	-	-	11	700
Interest income from deposits with licensed banks	9,162	7,427	7,993	6,050
Gain on disposal of financial assets at fair value	-	19	-	19
	9,162	7,446	8,004	6,769

8. Taxation

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Current income tax:				
Malaysian income tax	89,825	102,780	89,500	102,300
Overprovision in prior years	(1,104)	(2,901)	(1,100)	(2,897)
	88,721	99,879	88,400	99,403
Deferred tax (Note 20):				
Relating to origination and reversal of temporary difference	3,192	780	5,200	2,550
Relating to changes in tax rates	-	(2,400)	-	(2,150)
	3,192	(1,620)	5,200	400
Total income tax expense	91,913	98,259	93,600	99,803

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year. Deferred tax as at 31 December 2009 is computed based on the assumption that the domestic statutory tax rate would remain at 25% in subsequent years of assesment.

Notes To The Financial Statements

8. Taxation

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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Profit before taxation	372,797	397,818	369,359	397,309
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	93,199	103,433	92,340	103,300
Effect of income subject to tax rate of 20% in prior year	-	(26)	-	-
Income not subject to tax	(6,793)	(320)	(614)	(320)
Expenses not deductible for tax purposes	10,697	7,719	4,763	4,319
Utilisation of current year reinvestment allowance and double deduction for research	(1,789)	(2,449)	(1,789)	(2,449)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(845)	(286)	-	-
Utilisation of previously unrecognised reinvestment allowances	(450)	(2,511)	-	-
Deferred tax assets not recognised	998	-	-	-
Overprovision of income tax in prior years	(1,104)	(2,901)	(1,100)	(2,897)
Effect of taxation on temporary differences excluded on initial recognition	(2,000)	(2,000)	-	-
Effect of change in deferred tax rate from 26% to 25% in prior year	-	(2,400)	-	(2,150)
Tax expense for the year	91,913	98,259	93,600	99,803

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 RM281,475,000 (2008: RM299,559,000) divided by the weighted number of ordinary shares of 208,134,266 (2008: 208,134,266) in issue during the year.

Notes To The Financial Statements

10. (a) Biological Assets

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Pre-cropping expenditure				
Cost				
At 1 January	485,913	422,953	428,820	405,021
Additions	81,875	64,911	25,379	19,799
Acquisition of subsidiary (Note 11)	11,712	-	-	-
Written off	(2,894)	-	(2,894)	-
Receipt of grant from Government	(845)	-	(845)	-
Exchange differences	9,628	(1,951)	-	-
At 31 December	585,389	485,913	450,460	428,820
Accumulated amortisation and impairment losses				
At 1 January				
Accumulated amortisation	244,568	226,454	250,098	231,984
Accumulated impairment losses	-	-	-	-
	244,568	226,454	250,098	231,984
Amortisation for the year	18,962	18,114	18,284	18,114
Impairment	1,605	-	-	-
Written off	(1,567)	-	(1,567)	-
At 31 December	263,568	244,568	266,815	250,098
Analysed as :				
Accumulated amortisation	261,963	244,568	266,815	250,098
Accumulated impairment losses	1,605	-	-	-
	263,568	244,568	266,815	250,098
Net Book Value				
At 31 December	321,821	241,345	183,645	178,722

Included in the additions of the Group during the year are depreciation of property, plant and equipment and amortisation of prepaid lease payments of subsidiary companies, PT SSS1 and PT SSS2 totalling RM1,781,000 (2008: RM747,000).

Notes To The Financial Statements

10. (b) Property, Plant and Equipment

Group

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Capital work-in-progress* RM'000	Total RM'000
Cost					
At 1 January 2009	203,483	161,932	382,014	17,888	765,317
Additions	75	8,376	19,887	97,854	126,192
Acquisition of subsidiary (Note 11)	-	97	657	-	754
Disposals	-	-	(1,188)	-	(1,188)
Written off	-	(76)	(558)	-	(634)
Reclassification	-	789	9,783	(10,572)	-
Exchange differences	-	156	323	386	865
At 31 December 2009	203,558	171,274	410,918	105,556	891,306
Accumulated depreciation and impairment losses					
At 1 January 2009 :					
Accumulated depreciation	-	107,236	258,181	-	365,417
Accumulated impairment losses	-	-	11,486	-	11,486
	-	107,236	269,667	-	376,903
Depreciation for the year	-	5,264	13,954	-	19,218
Depreciation capitalised during the year (Note 10(a))	-	71	1,710	-	1,781
Acquisition of subsidiary (Note 11)	-	5	111	-	116
Disposals	-	-	(1,188)	-	(1,188)
Written off	-	(45)	(347)	-	(392)
Exchange differences	-	12	138	-	150
At 31 December 2009	-	112,543	284,045	-	396,588

Notes To The Financial Statements

10. (b) Property, Plant and Equipment

Group

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Capital work-in-progress* RM'000	Total RM'000
Analysed as :					
Accumulated depreciation	-	112,543	272,559	-	385,102
Accumulated impairment losses	-	-	11,486	-	11,486
	-	112,543	284,045	-	396,588
Net Book Value					
At 31 December 2009	203,558	58,731	126,873	105,556	494,718

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

	Total RM'000
In the estates of the Company in Peninsular Malaysia	5,986
In Unitata Berhad	43,087
In PT SSS1, Central Kalimantan, Indonesia	56,483
	105,556

Group

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Capital work-in-progress RM'000	Total RM'000
Cost					
At 1 January 2008	203,483	153,762	353,913	12,990	724,148
Additions	-	8,016	18,519	17,359	43,894
Disposals	-	(31)	(1,414)	-	(1,445)
Written off	-	(351)	(657)	-	(1,008)
Reclassification	-	546	11,822	(12,368)	-
Exchange differences	-	(10)	(169)	(93)	(272)
At 31 December 2008	203,483	161,932	382,014	17,888	765,317

Notes To The Financial Statements

10. (b) Property, Plant and Equipment

Group

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated Depreciation and Impairment Losses					
At 1 January 2008 :					
Accumulated depreciation	-	102,055	245,661	-	347,716
Accumulated impairment losses	-	-	11,486	-	11,486
	-	102,055	257,147	-	359,202
Depreciation for the year	-	5,329	13,675	-	19,004
Depreciation capitalised during the year (Note 10(a))	-	72	475	-	547
Disposals	-	(31)	(932)	-	(963)
Written off	-	(188)	(657)	-	(845)
Exchange differences	-	(1)	(41)	-	(42)
At 31 December 2008	-	107,236	269,667	-	376,903
Analysed as :					
Accumulated depreciation	-	107,236	258,181	-	365,417
Accumulated impairment losses	-	-	11,486	-	11,486
	-	107,236	269,667	-	376,903
Net Book Value					
At 31 December 2008	203,483	54,696	112,347	17,888	388,414

Notes To The Financial Statements

10. (b) Property, Plant and Equipment

Company

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Capital work-in-progress RM'000	Total RM'000
Cost					
At 1 January 2009	202,918	138,521	261,601	-	603,040
Additions	75	7,505	13,015	5,986	26,581
Disposals	-	(2,018)	(1,155)	-	(3,173)
Written off	-	-	(554)	-	(554)
At 31 December 2009	202,993	144,008	272,907	5,986	625,894
Accumulated Depreciation					
At 1 January 2009	-	96,968	177,132	-	274,100
Depreciation for the year	-	4,761	9,129	-	13,890
Disposals	-	(101)	(1,155)	-	(1,256)
Written off	-	-	(343)	-	(343)
At 31 December 2009	-	101,628	184,763	-	286,391
Net Book Value					
At 31 December 2009	202,993	42,380	88,144	5,986	339,503
Cost					
At 1 January 2008	202,918	131,577	237,621	11,840	583,956
Additions	-	6,957	14,229	-	21,186
Disposals	-	(31)	(1,414)	-	(1,445)
Written off	-	-	(657)	-	(657)
Reclassification	-	18	11,822	(11,840)	-
At 31 December 2008	202,918	138,521	261,601	-	603,040
Accumulated Depreciation					
At 1 January 2008	-	92,139	169,429	-	261,568
Depreciation for the year	-	4,860	9,292	-	14,152
Disposals	-	(31)	(932)	-	(963)
Written off	-	-	(657)	-	(657)
At 31 December 2008	-	96,968	177,132	-	274,100
Net Book Value					
At 31 December 2008	202,918	41,553	84,469	-	328,940

Notes To The Financial Statements

10. (c) Prepaid lease payments

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
At 1 January	380,866	385,073	355,761	359,408
Additions	1,602	1,110	-	517
Acquisition of subsidiary (Note 11)	13,622	-	-	-
Amortisation for the year	(4,399)	(4,164)	(4,099)	(4,164)
Amortisation capitalised during the year (Note 10(a))	-	(200)	-	-
Impairment	(10,832)	-	-	-
Exchange differences	1,976	(953)	-	-
At 31 December	382,835	380,866	351,662	355,761
At net book value				
- Long term leasehold land	351,662	355,761	351,662	355,761
- Short term leasehold land	31,173	25,105	-	-
	382,835	380,866	351,662	355,761

11. Subsidiary Companies

(a) Investment in subsidiary companies

	Company 2009 RM'000	Company 2008 RM'000
Unquoted shares at cost	303,443	180,443
Less: Accumulated impairment losses	(2,992)	(2,992)
	300,451	177,451

During the year, the Company subscribed to a total of 123,000,000 (2008: 80,000,000) RCCPS issued by the following subsidiary companies:-

(i) 95,000,000 (2008: 80,000,000) issued by Bernam Advisory Services Sdn. Bhd.. These funds in turn were used to provide a loan to PT SSS1.

(ii) 28,000,000 (2008: Nil) issued by Berta Services Sdn Bhd.. These funds were used to settle the advances previously provided to PT SSS2.

Notes To The Financial Statements

11. Subsidiary Companies

(b) Acquisition of subsidiary

On 27 April 2007, the Company entered into a Master Agreement with the shareholders of PT. Sawit Seberang Seberang ("PT SSS2"), an unlisted company incorporated in Indonesia, whereby the Company will have a 93% interest in PT SSS2. The Company was in the process of acquiring the shares of PT SSS2 and obtaining the approvals of the relevant Indonesian and Malaysian authorities in prior year. During the year, the relevant approvals were obtained and the acquisition was completed on 6 November 2009 at a cost of RM84,000.

With the acquisition, the net assets of PT SSS2 are consolidated into the balance sheet of the Group and all intragroup transactions including the advances provided to PT SSS2 in prior year amounting to RM19,182,000 for the purpose of securing land rights and plantation development costs in Kalimantan, Indonesia are hence eliminated accordingly in the Group's financial statements as at year end.

The acquired subsidiary has contributed the following results to the Group:

	2009 RM'000
Revenue	-
Loss for the year	11,572

If the acquisition had occurred on 1 January 2009, the Group's share of revenue and loss for the year would have been Nil respectively.

The assets and liabilities arising from the acquisition are as follows:

	Fair value recognised on acquisition RM'000	Acquiree carrying amount RM'000
Cash and bank balances	1	1
Inventories	1,167	1,167
Property, plant and equipment (Note 10(b))	638	638
Biological assets (Note 10(a))	11,712	11,712
Prepaid lease payments (Note 10(c))	13,622	13,622
	27,140	27,140
Accounts payable	(27,039)	(27,039)
Fair value of net assets	101	101
Less: Minority interest	(17)	
Group's share of net assets / cost of acquisition	84	

Notes To The Financial Statements

11. Subsidiary Companies

(b) Acquisition of subsidiary

There was no cash outflow from the Group arising from the acquisition during the year as the purchase consideration of RM84,000 was netted off against the advances provided to PT SSS2 previously.

(c) Amounts due from subsidiary companies

	Company	
	2009 RM'000	2008 RM'000
At 31 December	123,163	100,794
Less: Provision for doubtful debts	(7,033)	(7,033)
	116,130	93,761
Amount receivable within next 12 months	116,130	93,761
Amount receivable after next 12 months	-	-
Trade debts	43,409	18,942
Non-trade debts	72,721	74,819
	116,130	93,761

The amounts due from subsidiary companies are unsecured. The trade debts from a subsidiary company have fixed term of repayments and the overdue trade debts bear an average interest at approximately 2.30% (2008: 3.73%) per annum. All other amounts have no fixed term of repayments and are non-interest bearing

(d) Amounts due to subsidiary companies

The amounts due to subsidiary companies are interest free, unsecured and have no fixed terms of repayment.

Notes To The Financial Statements

12. Associated Company

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 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)	(101)	-	-
- Accumulated impairment losses	-	-	(51)	(51)
	50	-	50	50
Represented by :				
Share of net assets	50	-		

	Group 2009 RM'000	Group 2008 RM'000
Note (i):		
Share of post acquisition losses and reserves is arrived at as follows:		
Revenue	-	-
Profit for the year	50	-
Share of accumulated losses	(101)	(101)
	(51)	(101)

The amount due from associated company is interest free, unsecured and has no fixed terms of repayment.

Notes To The Financial Statements

13. Other Investments

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Available for sale financial assets				
- Non-current				
Unquoted shares at cost	10,018	10,018	10,018	10,018
Negotiable instrument of deposit	5,000	5,000	5,000	5,000
Accumulated impairment losses on unquoted shares	(4,465)	(5,947)	(4,465)	(5,947)
	10,553	9,071	10,553	9,071

The negotiable instrument of deposit with tenor of 4 years was purchased in 2007 and matures on 18 October 2011. During the financial year, the instrument earned interest of 2.45% (2008: 2.45%).

14. Inventories

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
At net realisable value				
Produce stocks	19,766	17,049	19,766	17,049
At carrying amount				
Estate stores (Note (a))	32,773	43,134	26,687	28,233
Raw materials	7,848	5,793	-	-
Work-in-progress	729	670	-	-
Finished goods (Note (b))	69,873	68,905	-	-
Consumables (Note (c))	4,179	3,914	-	-
	135,168	139,465	46,453	45,282
Note (a):				
Estate stores	38,167	43,675	26,952	28,774
Write-down of inventories	(5,394)	(541)	(265)	(541)
	32,773	43,134	26,687	28,233

Notes To The Financial Statements

14. Inventories

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Note (b):				
Finished goods	69,973	74,362	-	-
Write-down of inventories	(100)	(5,457)	-	-
	69,873	68,905	-	-
Note (c):				
Consumables	5,340	5,614	-	-
Write-down of inventories	(1,161)	(1,700)	-	-
	4,179	3,914	-	-

Included in produce stocks of the Group and of the Company are unrealised profit amounting to RM15,052,000 (2008: Group and Company RM10,680,000) arising from valuation of the inventories at net realisable value. As at 31 January 2010, all the produce stocks as at 31 December 2009 had been delivered to customers.

15. Trade Receivables

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Balance as at 31 December	24,018	61,670	3,450	4,496
Less: Provision for doubtful debts	(1,299)	(1,237)	-	-
	22,719	60,433	3,450	4,496

Included in trade receivables of the Group is an amount of RM10,974,000 (2008: RM48,965,000) being trade debts due from companies in which certain Directors have an interest. The overdue trade debts, if any, bear interest at prevailing market interest rate, unsecured and repayable on demand.

The average credit terms granted to the Group's customers are 10 to 60 days (2008: 10 to 60 days).

Except for the amount due from companies in which certain Directors have an interest, the Group has no other significant concentration of risk that may arise from exposures to a single debtor or to a group of debtors.

Notes To The Financial Statements

16. Other Receivables, Deposits and Prepayments

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Other receivables	31,202	27,882	7,485	16,465
Deposits	959	196	98	87
Prepayments	2,077	5,488	82	179
Less: Provision for doubtful debts	-	(79)	-	(79)
	34,238	33,487	7,665	16,652

Included in other receivables of the Group is an amount of Nil (2008: RM57,000) being deposit paid for trading of derivatives with a company in which certain Directors have interests.

Apart from that, an amount of RM20,000 (2008: RM122,000) is also included in the other receivables of the Company and the Group being receivables from a company in which certain Directors have interests. This amount is interest free, unsecured and repayable on demand.

17. Deposits with Licensed Banks

The weighted average interest rates during the financial year and the average maturity period of deposits as at 31 December 2009 are as follows:

	Weighted Average Interest Rates		Average Maturity Period	
	2009	2008	2009	2008
	%	%	Days	Days
Deposits with licensed banks	2.17	3.17	60	60

18. Share Capital

	Number of Ordinary Shares of RM1 each		Amount	
	2009 Unit'000	2008 Unit'000	2009 RM'000	2008 RM'000
Authorised	500,000	500,000	500,000	500,000
Issued and fully paid:				
At 1 January and 31 December	208,134	208,134	208,134	208,134

18. Share Capital

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.

19. Reserves

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Distributable				
Retained profits	1,227,549	1,024,124	1,184,822	987,113
Non-distributable				
Share premium	181,920	181,920	181,920	181,920
Capital reserve	21,798	21,798	-	-
Foreign currency translation reserve	(1,256)	(2,989)	-	-
	202,462	200,729	181,920	181,920
Total	1,430,011	1,224,853	1,366,742	1,169,033

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

(a) Retained Profits

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

Notes To The Financial Statements

19. Reserves

(a) Retained Profits

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2009 and 2008 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2009, the Company has sufficient credit in the 108 balance and tax exempt income account to pay frank dividends amounting to RM745,587,000 (2008: RM823,637,000) out of its retained earnings. If the balance of the retained earnings of RM439,235,000 (2008: RM163,476,000) were to be distributed as dividends, the Company may distribute such dividends under the single tier system.

(b) Capital Reserve

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

(c) Foreign Currency Translation Reserve

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

20. Deferred Taxation

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At 1 January	59,094	60,714	53,800	53,400
Recognised in the income statement (Note 8)	3,192	(1,620)	5,200	400
At 31 December	62,286	59,094	59,000	53,800
Presented after appropriate offsetting as follows:				
Deferred tax assets	(9,522)	(6,764)	(3,344)	(1,986)
Deferred tax liabilities	71,808	65,858	62,344	55,786
	62,286	59,094	59,000	53,800

Notes To The Financial Statements

20. Deferred Taxation

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 2009	65,709	149	65,858
Recognised in the income statement	5,866	84	5,950
At 31 December 2009	71,575	233	71,808
At 1 January 2008	66,002	850	66,852
Recognised in the income statement	(293)	(701)	(994)
At 31 December 2008	65,709	149	65,858

Deferred Tax Assets of the Group:

	Retirement Benefits Obligations RM'000	Unutilised Tax Losses And Reinvestment Allowances RM'000	Others RM'000	Total RM'000
At 1 January 2009	(2,083)	(1,876)	(2,805)	(6,764)
Recognised in the income statement	112	(3,261)	391	(2,758)
At 31 December 2009	(1,971)	(5,137)	(2,414)	(9,522)
At 1 January 2008	(933)	(3,933)	(1,272)	(6,138)
Recognised in the income statement	(1,150)	2,057	(1,533)	(626)
At 31 December 2008	(2,083)	(1,876)	(2,805)	(6,764)

Notes To The Financial Statements

20. Deferred Taxation

Deferred Tax Liabilities of the Company:

	Accelerated Capital Allowances RM'000
At 1 January 2009	55,786
Recognised in the income statement	6,558
At 31 December 2009	62,344
At 1 January 2008	54,245
Recognised in the income statement	1,541
At 31 December 2008	55,786

Deferred Tax Assets of the Company:

	Retirement Benefits Obligations RM'000	Others RM'000	Total RM'000
At 1 January 2009	(1,717)	(269)	(1,986)
Recognised in the income statement	102	(1,460)	(1,358)
At 31 December 2009	(1,615)	(1,729)	(3,344)
At 1 January 2008	(559)	(286)	(845)
Recognised in the income statement	(1,158)	17	(1,141)
At 31 December 2008	(1,717)	(269)	(1,986)

Deferred tax assets (net) have not been recognised in respect of the following items:

	Group	
	2009 RM'000	2008 RM'000
Unused tax losses	-	845
Unutilised reinvestment allowances	4,250	1,535
	4,250	2,380

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

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 and or average final remuneration, and are unfunded. No formal independent actuarial valuations have been undertaken to value the Group's obligations under these plans but are estimated by the Group based on the following actuarial assumptions:

	2009 %	2008 %
Discount rate in determining the actuarial present value of the obligations	6.0	6.0
The average rate of increase in future earnings	4.0	4.0
Turnover of employees under the age of 45 years	20.0	20.0

The amounts recognised in the balance sheet are determined as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Present value of unfunded defined benefit obligations	7,882	8,553	6,461	6,989
At 1 January	8,553	3,593	6,989	2,151
Provision during the year	199	5,528	44	5,189
Paid during the year	(870)	(568)	(572)	(351)
At 31 December	7,882	8,553	6,461	6,989
Analysed as:				
Current	1,178	1,424	1,070	1,202
Non-current:				
Later than 1 year but not later than 2 years	681	584	417	424
Later than 2 years but not later than 5 years	1,318	1,270	1,021	972
Later than 5 years	4,705	5,275	3,953	4,391
	6,704	7,129	5,391	5,787
	7,882	8,553	6,461	6,989

Notes To The Financial Statements

22. Trade Payables, Other Payables and Accruals

Trade Payables
Trade payables are non-interest bearing and the average credit terms granted to the Group range from 30 to 60 days (2008: 30 to 60 days).

Other Payables and Accruals

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Other Payables	16,937	18,487	8,189	11,848
Accruals	27,227	35,806	23,751	20,340
Advances from customers	1,809	1,985	1,809	1,888
	45,973	56,278	33,749	34,076

Included in other payables of the Group and the Company is an amount of RM213,000 (2008: RM6,000) owing to a company in which certain Directors have an interest. This amount is interest free, unsecured and has no fixed terms of repayment.

23. Bank Borrowings

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Bank overdraft - unsecured	123	19	-	-

The interest rate applicable to the bank borrowings for the year was 7.25% (2008 : 7.25%) per annum.

Notes To The Financial Statements

24. Dividends

	Group/Company Amount		Net Dividends per Share	
	2009 RM'000	2008 RM'000	2009 Sen	2008 Sen
Final dividend paid in respect of previous financial year: - 20% less 25% tax (2008: 20% less 26% tax)	31,220	30,804	15.00	14.80
Special dividend paid in respect of previous financial year: - 10% less 25% tax (2008: Nil)	15,610	-	7.50	-
Interim dividend in respect of the current financial year: - 20% less 25% tax (2008: 20% less 25% tax)	31,220	31,220	15.00	15.00
	78,050	62,024	37.50	29.80

At the forthcoming Annual General Meeting, a final dividend of 20% less 25% tax amounting to RM31,220,140 and a special dividend of 30% less 25% tax amounting to RM46,830,210 in respect of the year ended 31 December 2009 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 2010.

25. Significant Inter-Company Transactions

	Company	
	2009 RM'000	2008 RM'000
Sale of raw materials to a subsidiary company	17,361	60,873
Sale of biomass and biogas steam to a subsidiary company	2,140	2,179
Disposal of assets to a subsidiary company	1,917	-
Interest charged to a subsidiary company	11	700

All transactions with the subsidiary companies are undertaken in the ordinary course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Notes To The Financial Statements

26. Significant Related Party Transactions

(a) During the year, the Group entered into transactions with AarhusKarlshamn AB ("AAK"), a company incorporated in Sweden, and its subsidiary companies, and International Plantations Services Limited ("IPS"), a company incorporated in Bahamas. These companies are related to certain Directors of the Group, namely Ybhg. Dato' Carl Bek-Nielsen and Mr. Martin Bek-Nielsen by virtue of their mutual interests in AAK, IPS and the Group.

The Group also entered into transactions with Fontannaz Futures Sdn. Bhd. ("FFSB"), a wholly owned subsidiary of AAK. The Company is related to certain Directors of the Group, namely Ybhg. Dato' Carl Bek-Nielsen and Mr. Martin Bek-Nielsen by virtue of their interests in AAK.

The Group also entered into transactions with Fima Palmbulk Services Sdn. Bhd. ("FPS"). This company is related to a Director of the Group, namely Mr. Ahmad Riza Basir by virtue of his indirect interest in FPS.

In addition, the Group also entered into transactions with Jerneh Insurance Berhad ("JIB"), which is deemed related to the Group by virtue of common directorship held by Mr. Ahmad Riza Basir in both JIB and the Group.

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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Sale of cocoa butter substitute to AAK	166,874	324,874	-	-
Storage and handling charges paid to FPS	9	29	-	-
Insurance premium paid to JIB	424	565	418	560
Service fees paid to IPS	156	156	156	156
Commodity brokerage fees paid to FFSB	1,095	2,179	-	-

The Directors are of the opinion that the above related party transactions are undertaken in the ordinary course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Notes To The Financial Statements

26. Significant Related Party Transactions

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Amount outstanding at 31 December:				
Due from AAK	10,974	48,965	20	122
Due to IPS	(213)	(6)	(213)	(6)
Due from FFSB	-	57	-	-

The amount due from FFSB in prior year included deposit paid for trading of derivatives as required under the rules of Bursa Malaysia Derivatives Berhad ("MDEX").

(b) Compensation of key management personnel

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

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	3,268	3,100	3,268	3,100
Post employment benefits:				
Defined contribution plan	515	483	515	483
Defined benefit plan	4	16	4	16
	3,787	3,599	3,787	3,599

Notes To The Financial Statements

27. Segmental Information

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 analysis of Group operations is as follows:

(i) Business segments

	Plantations		Palm Oil Refining		Other Segments		Elimination		Consolidated	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue And Expenses										
Revenue										
External sales	539,106	567,673	276,325	462,474	1,243	778	-	-	816,674	1,030,925
Inter-segment sales	17,361	60,837	-	-	350	1,070	(17,711)	(61,907)	-	-
	556,467	628,510	276,325	462,474	1,593	1,848	(17,711)	(61,907)	816,674	1,030,925
Results										
Segment results/ operating profit/(loss)	336,290	389,742	895	12,983	24,949	(13,147)	-	-	362,134	389,578
Reversal of impairment losses on unquoted shares	-	-	-	-	1,482	824	-	-	1,482	824
Share of results of associate	-	-	-	-	50	-	-	-	50	-
Investment income	-	-	-	-	-	19	-	-	-	19
Interest income	8,080	6,049	363	224	730	1,154	(11)	-	9,162	7,427
Interest expense	(27)	(26)	(15)	(4)	-	-	11	-	(31)	(30)
Income taxes	(91,600)	(98,035)	-	-	(313)	(224)	-	-	(91,913)	(98,259)
Net profit for the year									280,884	299,559

Notes To The Financial Statements

27. Segmental Information

	Plantations		Palm Oil Refining		Other Segments		Elimination		Consolidated	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Assets And Liabilities										
Segment assets	1,585,695	1,432,728	225,656	197,769	8,895	5,515	-	-	1,820,246	1,636,012
Investment in an associated company	-	-	-	-	50	-	-	-	50	-
Other investments	-	-	-	-	10,553	9,071	-	-	10,553	9,071
Consolidated total assets									1,830,849	1,645,083
Segment liabilities	175,007	174,648	17,167	36,583	405	246	-	-	192,579	211,477
Consolidated total liabilities									192,579	211,477
Other Information										
Capital expenditure*	157,958	96,086	49,908	13,080	22	2	-	-	207,888	109,168
Depreciation	13,890	14,152	5,222	4,744	106	108	-	-	19,218	19,004
Amortisation	23,361	22,278	-	-	-	-	-	-	23,361	22,278
Other significant non-cash expenses:										
Write-down of inventories	5,413	41	(5,896)	3,282	-	-	-	-	(483)	3,323
Provision of doubtful debts	-	-	62	1,100	-	-	-	-	62	1,100
Net unrealised foreign exchange loss/(gain)	11	-	360	1,672	(24,575)	13,786	-	-	(24,204)	15,458

(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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue	627,966	598,787	2,579	-	120,467	185,763	36,518	111,377	29,144	134,998	816,674	1,030,925
Segment assets	1,581,780	1,483,912	236,907	113,483	4,722	36,342	3,773	8,564	3,667	2,782	1,830,849	1,645,083
Capital expenditure*	101,890	54,351	105,998	54,817	-	-	-	-	-	-	207,888	109,168

* Consists of biological assets, prepaid lease payments and property, plant and equipment and excludes depreciation/amortisation capitalised.

Notes To The Financial Statements

28. Capital Commitments

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Capital expenditure approved by the Directors but not contracted	93,854	111,601	52,556	51,153
Capital expenditure contracted but not provided for	38,691	62,153	14,213	4,420
	132,545	173,754	66,769	55,573

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 will be periodically reviewed and enhanced where necessary in response to changes in market condition.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to short term fixed rate term deposits with licensed banks and negotiable papers issued by licensed banks. The Group does not hedge this exposure. The maturity periods are mixed such that the Group's cash flow requirements are met while yielding a reasonable return. The effective interest rates and the average maturity days are as disclosed in Note 13 and Note 17.

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

(c) Foreign Exchange Risk

The Group is exposed mainly to Indonesian Rupiah ("IDR") for its operations in Indonesia and United States Dollar ("USD") in its trading operations. Transactions in other currencies are not significant. Foreign currency transactions denominated in IDR are not hedged while transactions in USD are hedged by forward foreign exchange contracts, whenever possible.

Notes To The Financial Statements

29. Financial Instruments

(c) Foreign Exchange Risk

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

Functional currency of the Group	United States Dollar RM'000	Indonesian Rupiah RM'000	Total RM'000
At 31 December 2009			
Ringgit Malaysia	-	239,205	239,205
At 31 December 2008			
Ringgit Malaysia	12,239	115,067	127,306

The Group had entered into forward foreign exchange contracts with the following notional amounts and maturities:

	Currency	Maturities Within 1 year RM'000	Maturities 1 year up to 5 years RM'000	Total Notional Amount RM'000
As at 31 December 2009:				
Forwards used to hedge receivables	USD	53,899	-	53,899
		53,899	-	53,899
As at 31 December 2008:				
Forwards used to hedge anticipated sales	USD	35,769	-	35,769
Forwards used to hedge capital expenditures	EURO	4,143	-	4,143
		39,912	-	39,912

The net recognised loss as at 31 December 2009 on forward exchange contracts used to hedge receivables as at 31 December 2009 amounted to RM638,000 (31 December 2008: net recognised loss RM153,000).

Notes To The Financial Statements

29. Financial Instruments

(d) Credit Risk

Credit risk or the risk of counterparties defaulting is controlled by the application of credit approvals, limits and monthly monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Except for amount due from companies in which certain Directors have an interest, the Group does not have any significant exposure to any single customer or counter party related to any financial instrument (with the exception of fixed deposits). The average credit terms granted to the Group's customers are 10 to 60 days.

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

(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 a mixture of internal funding and long term capital or borrowing 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.

29. Financial Instruments

(g) Fair Values

The fair values of financial assets and financial liabilities (except for amounts due from/(to) related companies) of the Group and of the Company approximates their carrying value and the Group and the Company do not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

It is not practical to estimate the fair value of the amounts due from/(to) related companies principally due to lack of repayment terms. However, the Directors are of the opinion that the amount eventually to be settled will not differ significantly from the carrying amount.

Derivative financial instruments

The net fair value of derivative financial instruments included in the balance sheet as payables/receivables as at the end of the financial year are as follows:

	Contracted amount RM'000	Fair value RM'000
At 31 December 2009 :		
Commodity futures contracts		
Sales	125,223	(22,018)
Purchases	130,802	16,517
Net fair value		(5,501)
At 31 December 2008:		
Commodity futures contracts		
Sales	453,979	102,356
Purchases	454,084	(105,870)
Net fair value		(3,514)

The commodity futures contracts above are subject to market risk and credit risk.

The fair value of the commodity futures contracts is the amount that would be receivable or payable on termination of the outstanding position, and is determined by reference to the difference between the contracted rate and the forward rate as at the balance sheet date.

Notes To The Financial Statements

29. Financial Instruments

(g) Fair Values

The nominal/notional amounts of financial instruments not recognised in the balance sheet of the Group as at the end of the financial year and its net fair value are as follows:

	Nominal/ notional amount RM'000	Net fair value RM'000
At 31 December 2009:		
Forward foreign exchange contracts	53,899	(638)
At 31 December 2008:		
Forward foreign exchange contracts	39,912	(153)

The fair value of the forward foreign currency contracts is the amount that would be payable or receivable on completion/termination of the outstanding position, and is determined by reference to the difference between the contracted rate and the market rate as at the balance sheet date.

Notes To The Financial Statements

29. Financial Instruments

(g) Fair Values

Financial instruments recognised in the balance sheets

The net carrying value of financial assets and financial liabilities which are not carried at fair value on the balance sheets 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 2009				
Non-current unquoted shares	5,553	Note (a)	5,553	Note (a)
At 31 December 2008				
Non-current unquoted shares	4,071	Note (a)	4,071	Note (a)

(a) It is not practical to estimate the fair value of the unquoted shares of the Group and of the Company because of the lack of quoted market price and the inability to estimate fair value without incurring excessive cost. However, adequate provision for diminution has been provided for to reflect the Group's and the Company's share of net tangible assets of the investment.

In estimating the fair values of financial instruments, other than as disclosed above, the following assumptions and bases were applied:

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

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

(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.

Notes To The Financial Statements

29. Financial Instruments

(g) Fair Values

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

Statement By Directors

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

We, TAN SRI DATUK DR. JOHARI BIN MAT and HO DUA TIAM, being two of the Directors of United Plantations Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 70 to 128 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 2009 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 31 March 2010.

TAN SRI DATUK DR. JOHARI BIN MAT	HO DUA TIAM

Jendarata Estate
36009 Teluk Intan,
Perak Darul Ridzuan,
Malaysia

Statutory Declaration

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

I, A. GANAPATHY, the Officer primarily responsible for the financial management of United Plantations Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 70 to 128 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 31 March 2010

Before me,	A. GANAPATHY

MOHD. HANAFIAH BIN SAIDAMAD, PPT
Commissioner For Oaths,
Teluk Intan,
Perak Darul Ridzuan.

Independent Auditors' Report To The Members Of United Plantations Berhad

Report on the financial statements

We have audited the financial statements of United Plantations Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 70 to 128.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of their financial performance and cash flows for the year then ended.

Report On Other Legal And Regulatory Requirements

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

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

(b) We have considered the accounts and auditors' reports of all subsidiaries of which we have not acted as auditors, which are indicated in note 3 to the financial statements.

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

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

Other Matters

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

ERNST & YOUNG
AF: 0039
Chartered Accountants

WONG LAI WAH
No. 1956/04/11(J)
Chartered Accountant

Kuala Lumpur, Malaysia
31 March 2010

Shareholders Information As At 19 April 2010

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

Categories Of Shareholders As At 19 April 2010

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Issued Capital
Less than 100 shares	263	5.78	13,271	0.01
100 to 1,000 shares	1,843	40.51	1,560,542	0.75
1,001 to 10,000 shares	1,931	42.45	7,171,113	3.45
10,001 to 100,000 shares	408	8.97	11,659,745	5.60
100,001 to less than 5% of issued shares	101	2.22	57,328,539	27.54
5% and above of issued shares	3	0.07	130,401,056	62.65
Total	4,549	100.00	208,134,266	100.00

Substantial Shareholders As At 19 April 2010

Name of Shareholder	Direct Interest No. of Shares	% of Issued Capital	Deemed Interest No. of Shares	% of Issued Capital
1. Maximum Vista Sdn. Bhd. (MVSB)	87,446,600	42.01	-	-
2. Employees Provident Fund Board	29,889,298	14.36	-	-
3. Perbadanan Pembangunan Pertanian Negeri Perak (Perbadanan)	13,065,158	6.28	330,000 *(5)	0.16
4. United International Enterprises Limited (UIEL)	8,476,132	4.07	87,456,985 *(1)	42.02
5. United International Holdings Limited (UIH)	-	-	95,933,117 *(2)	46.09
6. The Dato' Bek-Nielsen Settlement (BNS)	-	-	95,933,117 *(2)	46.09
7. Ybhg. Dato' Carl Bek-Nielsen	1,925,814	0.93	95,961,675 *(3)	46.11
8. Mr. Martin Bek-Nielsen	501,412	0.24	95,933,117 *(4)	46.09
9. Aberdeen Asset Management PLC and its subsidiaries	-	-	11,803,000 *(6)	5.67
Credit Suisse Group AG (CSG AG)	-	-	11,803,000 *(6)	5.67
Mitsubishi UFJ Financial Group, INC (MUFG)	-	-	11,803,000 *(6)	5.67

*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, his spouse and daughter.
(4) Deemed interest by virtue of substantial shareholdings in MVSB, UIEL and IPS Ltd.
(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 and its subsidiaries.

Directors' Shareholdings As At 19 April 2010

Name of Director	Direct Interest No. of Shares	% of Issued Capital	Deemed Interest No. of Shares	% of Issued Capital
Ybhg. Tan Sri Datuk Dr. Johari Bin Mat	110,000	0.05	10,000	0.00
Mr. Ho Dua Tiam	707,400	0.34	-	-
Mr. G. Peter Selvarajah	88,120	0.04	-	-
Ybhg. Dato' Carl Bek-Nielsen	1,925,814	0.93	95,961,675	46.11
Mr. Ahmad Riza Basir	70,500	0.03	2,641,440	1.27
Mr. Jeremy Derek Campbell Diamond	14,000	0.01	215,000	0.10
Mr. Martin Bek-Nielsen	501,412	0.24	95,933,117	46.09
Mr. Mohamad Nasir bin Ab. Latif	-	-	-	-
Mr. Brian Bech Nielsen	-	-	5,000	0.00

Shareholders Information As At 19 April 2010

Thirty (30) Largest Shareholders As At 19 April 2010

Name of Shareholder		No. of Shares	% of Issued Capital
1.	Maximum Vista Sdn Bhd	86,891,100	41.75
2.	Employees Provident Fund Board	26,274,298	12.62
3.	Perbadanan Pembangunan Pertanian Negeri Perak	13,065,158	6.28
4.	United International Enterprises Ltd	8,000,277	3.84
5.	Valuecap Sdn Bhd	6,970,800	3.35
6.	HSBC Nominees (Asing) Sdn Bhd BNP Paribas SECS SVS Lux For Aberdeen Global	5,220,000	2.51
7.	BHR Enterprise Sdn Bhd	2,422,440	1.16
8.	HSBC Nominees (Asing) Sdn Bhd Exempt An for JPMorgan Chase Bank, National Association (Norges Bk Lend)	2,228,200	1.07
9.	Cartaban Nominees (Asing) Sdn Bhd State Street London Fund XCB9 for Aberdeen Asian Smaller Companies Investment Trust PLC	1,502,600	0.72
10.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pheim Asset Management Sdn Bhd for Employees Provident Fund	1,500,000	0.72
11.	Kumpulan Wang Simpanan Pekerja	1,500,000	0.72
12.	HSBC Nominees (Asing) Sdn Bhd Exempt An for BNP Paribas Securities Services (Singapore - SGD)	1,050,000	0.50
13.	HSBC Nominees (Asing) Sdn Bhd Exempt An for Danske Bank A/S (Client Holdings)	1,041,800	0.50
14.	Mayban Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd for Kumpulan Wang Persaraan (Diperbadankan) (FD 1 - 280305)	980,000	0.47
15.	Ybhg. Dato' Carl Bek-Nielsen	972,216	0.47
16.	Sydbank obo Sydbank Schweiz	924,435	0.44
17.	Amsec Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd for Tenaga Nasional Berhad Retirement Benefit Trust Fund (FM-Aberdeen)	817,000	0.39
18.	KAF Nominees (Tempatan) Sdn. Bhd. Bernam Nominees (Tempatan) Sdn Bhd for United Plantations Berhad Education And Welfare Fund	816,000	0.39
19.	Scan Services Limited Ref. 39	795,321	0.38
20.	Jyske Bank obo J.E. Jensen, Alfarvad A/S	754,450	0.36
21.	Mr. Ho Dua Tiam	707,400	0.34
22.	Citigroup Nominees (Asing) Sdn Bhd RBS As Depositary for First State Asia Pacific Sustainability Fund (CBLDN)	676,800	0.33
23.	Mr. E. Thrane	650,000	0.31
24.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	617,400	0.30
25.	Mayban Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd For The Employees' Provident Fund Board (250416)	615,000	0.30
26.	HSBC Nominees (Asing) Sdn Bhd Exempt An for JPMorgan Chase Bank, National Association (Guernsey)	600,000	0.29
27.	HSBC Nominees (Asing) Sdn Bhd HSBC SG For Selat Pte Ltd	557,568	0.27
28.	Maximum Vista Sdn Bhd	555,500	0.27
29.	Scan Services Limited Ref. 40	537,060	0.26
30.	Mrs. Susanne Husted-Andersen	536,000	0.26
		169,778,823	81.57

Comparative Statistics - 10 Years

Year ended 31 December	2009 RM '000's	2008 RM '000's	2007 RM '000's	2006 RM '000's	2005 RM '000's	2004 RM '000's	2003 RM '000's	2002 RM '000's	2001 RM '000's	2000 RM '000's
Balance Sheet Analysis										
Issued Capital	208,134	208,134	208,134	208,134	208,134	208,134	208,134	151,510	151,510	151,510
Reserve	1,430,011	1,224,853	988,347	863,967	770,169	682,098	598,148	384,329	395,793	403,222
Minority Interests	125	619	672	304	-	-	-	-	-	-
Funds Employed	1,638,270	1,433,606	1,197,153	1,072,405	978,303	890,232	806,282	535,839	547,303	554,732
Biological Assets	321,821	241,345	196,499	184,723	182,644	191,620	194,653	154,601	152,005	146,255
Property, Plant and Equipment	494,718	388,414	364,946	346,767	318,465	314,586	196,423	181,731	189,516	193,817
Prepaid Lease Payments	382,835	380,866	385,073	381,434	367,085	371,599	375,529	27,645	27,785	27,104
Other Non-Current Assets	10,651	28,301	26,915	3,258	4,331	11,111	11,803	22,897	29,829	29,435
Current Assets	620,824	606,157	389,070	306,798	308,165	242,319	269,158	266,591	217,590	231,706
Total Assets	1,830,849	1,645,083	1,362,503	1,222,980	1,180,690	1,131,235	1,047,566	653,465	616,725	628,317
Less: Liabilities	192,579	211,477	165,350	150,575	202,387	241,003	241,284	117,626	69,422	73,585
Net Assets Employed	1,638,270	1,433,606	1,197,153	1,072,405	978,303	890,232	806,282	535,839	547,303	554,732
Profit Before Tax	372,797	397,818	232,985	199,569	181,637	160,661	131,974	71,566	32,039	49,392
Tax	91,913	98,259	53,597	49,561	48,609	31,754	37,563	21,063	8,383	9,306
Net Profit	280,884	299,559	179,388	150,008	133,028	128,907	94,411	50,503	23,656	40,086
Attributable to :										
Equity holders of the Company	281,475	299,559	179,401	150,008	133,028	128,907	94,411	50,503	23,656	40,086
Minority Interests	(591)	-	(13)	-	-	-	-	-	-	-
	280,884	299,559	179,388	150,008	133,028	128,907	94,411	50,503	23,656	40,086
Earnings Per Share (in sen)	135	144	86	72	64	62	49	33	16	26
Dividend Rate (Ordinary Share)										
- Interim and Final	70%	50%	40%	5%T.E. & 30%	30%	30%	30%	7.5%T.E. & 17.5%	20% T.E.	20% T.E.
Share Prices On The										
Bursa Malaysia										
Highest	14.00	14.60	14.80	9.75	7.05	5.15	4.86	4.44	3.68	4.26
Lowest	9.70	7.85	9.00	7.00	4.90	4.30	4.00	3.58	2.89	3.12
Production*										
Palm Oil - own - Tonnes	198,883	203,864	176,272	192,204	188,171	177,670	150,962	102,551	98,673	109,060
Palm Kernel - own - Tonnes	53,134	55,537	47,753	53,567	49,935	48,140	43,580	29,322	28,611	33,293
Coconuts - Nuts ('000)	75,541	83,626	87,049	74,035	81,749	76,978	76,129	63,838	60,590	43,480
FFB Yield per hectare - Tonnes	29.05	29.60	25.46	27.83	26.54	26.30	26.23	25.59	23.92	27.59
CPO Yield per hectare - Tonnes	6.31	6.38	5.45	5.90	5.65	5.52	5.30	5.29	4.98	5.59
Palm Oil extraction rate - %	21.73	21.54	21.41	21.21	21.30	20.99	20.20	20.68	20.81	20.28
Palm Kernel extraction rate - %	5.81	5.87	5.80	5.91	5.65	5.69	5.83	5.91	6.03	6.19
Coconuts Yield per hectare -Nuts	22,616	25,037	25,962	22,070	24,028	22,632	22,652	22,698	20,932	16,655
Cost Of Production**	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Palm Oil -Per Tonne	539	574	554	506	536	534	520	522	537	526
Palm Kernel -Per Tonne	120	121	130	110	115	115	119	135	133	122
Coconuts (in sen) -Per Nut	10	10	8	9	9	8	7	7	7	8
Average Sales Price										
Palm Oil -Per Tonne	2,242	2,368	1,840	1,468	1,420	1,512	1,477	1,351	976	948
Palm Kernel -Per Tonne	1,031	1,691	1,121	906	1,020	893	722	666	456	681
Coconuts (in sen) -Per Nut	47	38	32	34	29	25	22	22	16	20

Note: * Production and cost of production inclusive of UIE since acquisition. ** Cost of production figures do not include depreciation.

A Rhinoceros Hornbill, with a frog in its beak, flying across the jungle corridor at Ulu Basir Estate.

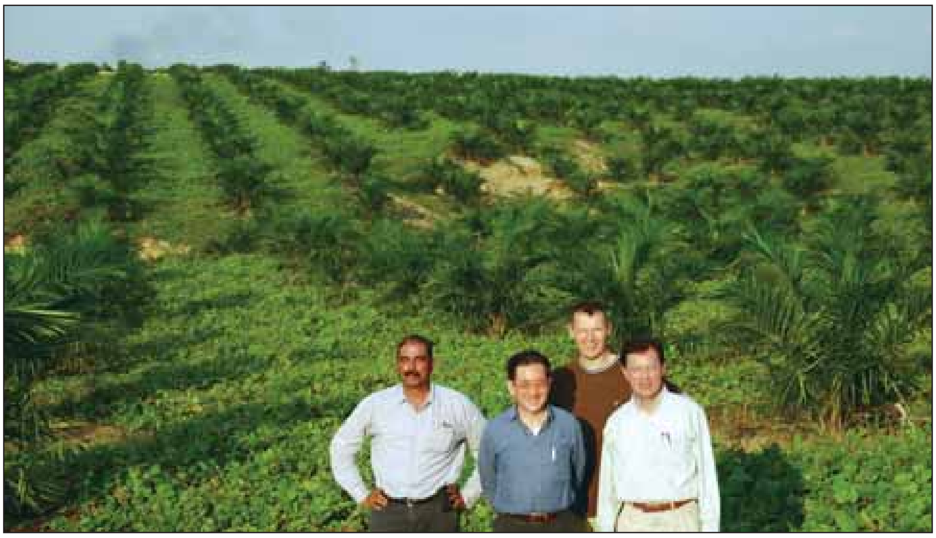
A reservoir with a water storage capacity of nearly 2 million cubic metres built to ensure uninterrupted water supply to the company's state of the art Palm Oil Mill at Lada Estate, Indonesia, in the background.

Developments in Pangkalan Bun, Central Kalimantan, Indonesia

The Group's Senior Officers, Mr. Edward Daniels, President Director, PT SSS1, Ybhg. Dato' Carl Bek-Nielsen, Vice Chairman, UP, Mr. Ho Dua Tiam, Senior Executive Director, UP and Mr. Loh Hang Pai, Estates Director, UP, mingling with the neighbouring community in Kalimantan.

First phase of semi-detached concrete workers' houses in progress at Lada Estate, Indonesia.

Our newly completed guest house of classical design to accommodate overseas visitors on business, built to blend with the natural surroundings at Lada Estate, Indonesia.



A visit to Lada estate by the Group's senior officers viz Mr. Ho Dua Tiam, Senior Executive Director, UP (in the middle), Mr. Loh Hang Pai, Estates Director, UP (far right), Mr. Kenneth Nilsson, representative of U.I.E. Ltd, Denmark (back row) with Mr. Edward Daniels, President Director, PT Surya Sawit Sejati (in the far left).

A harvest of freshly cut oil palm bunches at a collection point being closely inspected by Mr. Ho Dua Tiam, Senior Executive Director, UP.

The serenity of Pangkalan Bun at sunset observed from a jetty by the Arut River, Indonesia.

Sports

Two ladies participating in an arm-wrestling competition at UIE's Annual Sports Day.

The Jendarata Football Club (JFC) won the "9-a-side" Datuk Seri Dr. Ahmad Zahid Hamid Football Championship held at Jendarata Estate on 21 February 2010. YB Datuk Seri Dr Ahmad Zahid Hamid, Minister of Defence, gave the championship trophy to the Captain of JFC.

Rights Of Employees

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

We do not engage in nor support discrimination in any form.

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 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.

Members of our Company's Auxillary Police Force attending the monthly drill at Unitata.

Occupational Safety And Health Policy

We at United Plantations Berhad are committed to secure the safety and health of all our employees at work. In the operation of our activities, we strive to maintain a safe and healthy working environment for our employees, customers and the public.

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

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

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

Safe handling and spraying of pesticides.

Quality Policy

It is the Policy of United Plantations Berhad to produce Palm Oil and related products Second to None in Quality.

Our Quality Philosophy Includes:-

- **U**pholding the name and reputation of United Plantations as a top producer of top quality palm products.
- **N**urturing a diligent work force.
- **I**nitiating and innovating positive, progressive work ethics and methods.
- **T**raining of personnel is the key to upgrading our skills.
- **E**nsuring only the best quality palm products are produced, for customer's needs.
- **D**ecisive efforts in Research and Development continuously to improve our working methods, efficiency and quality.

Bottling of Nutrolein Golden Palm Oil at Unitata Bhd which has been awarded an HACCP accreditation.

Sexual Harassment Policy

We at United Plantations Berhad are committed to maintaining a workplace free from harassment of any kind, including harassment based on an employee's race, colour, religion, gender, national origin, ancestry, disability, marital status, sexual orientation or gender identity. All employees have the right to work in an environment free from all forms of discrimination and conduct which can be considered harassing, coercive, or disruptive, including sexual harassment. No employee, either male or female, should be subjected verbally or physically to unsolicited and unwelcomed sexual overtures or conduct. We will take immediate action to address harassment of employees by managers, co-workers, or non-employees whether the harassment occurs in the workplace or in the course of an employee's work.

In addition, we are committed to complying with all applicable laws regarding employment, environment, health and safety.

Gender Committee

In keeping with United Plantation's Sexual Harassment Policy, Gender Committees were instituted in the three Business Units in 2007 for the welfare of our female employees.

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.

Our lady employees dressed in green in support of Earth Day.

Our Environment Policy

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

Our Objectives:

- To produce quality palm oil, palm kernels, coconuts and their derived products to the total satisfaction of our worldwide valued customers.
- To produce elite oil palm, coconut and banana planting materials with proven yield potential.
- To value our human resources and to continuously strive to provide a conducive and safe environment at the work place.
- To adopt proven and sustainable agricultural practices that are environmentally compatible.
- To promote the conservation and development of biodiversity within our group of plantations.
- To continuously work towards a dynamic and innovative waste management and utilisation system aimed towards achieving zero waste.

Throughout UP, areas have been planted with variety of Malaysian endangered trees with the objective of establishing a seedbank for such endangered trees as well as creating sanctuaries for birds such as hornbills, kingfishers, bulbuls, birds of prey, doves, etc. Picture shows a small sanctuary being established near UP's Registered Office.

United Plantations Berhad's Operations & Environment Management System

United Plantations Berhad's Operations & Environment Management System is the system through which United Plantation's commitment to environment and sustainable development including social and occupational safety & health matters are formalized. It is based on four operating principles of leadership, strategic plans, business processes and business results.

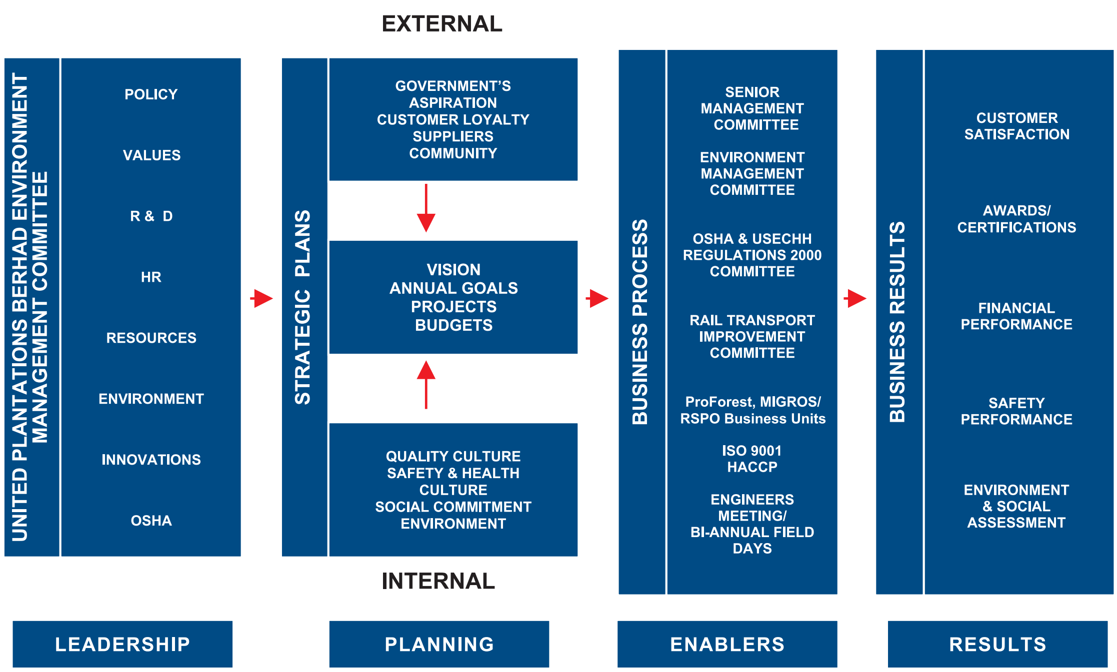
Leadership of the Environment Management Committee is at the highest level of the company and is headed by the Vice Chairman-cum-Executive Director Corporate Affairs. This committee provides policy directions on environment and sustainable development, occupational safety and health, allocation of resources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

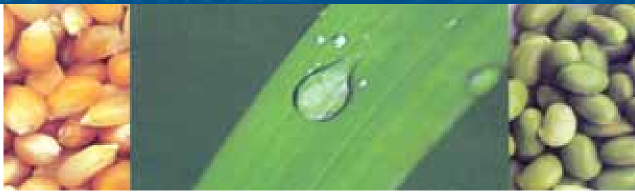
Strategic plans encompassing external and internal needs are formulated through the company's vision, policies, goals, projects and budgets.

Business processes ensure that adoption of environment and operational practices are in line with current best practices. The enablers are various sub-committees and teams. On July 2003 the Environment Management Committee was established. This was followed by the formation of the Roundtable on Sustainable Palm Oil (RSPO) Business Units, headed by the Human Resource and Environment, Safety and Health Department in 2007. The Environment Management Committee and the RSPO Business Units cascade and implement the various policies and needs of the Company to the ground and vice versa. They are guided by the following:-

1. Field Management Manual
2. Standard Operating Procedures – Oil Palm Field Practises
3. Standard Operating Procedures – Palm Oil Mill Operations
4. Occupational Safety & Health Manual
5. Environment & Social Impact Assessments and its Management & Monitoring Plans
6. High Conservation Value Reports and its Management & Monitoring Plans

Business results are measured through customer satisfaction, safety performance, financial performance and environment protection and management.





Water Management – Harvesting the Rain

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. Just consider this - 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 use of 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, young palms are mulched with shredded trunk chips and empty fruit bunches and leguminous cover crops are established in all our immature plantings to conserve moisture.

In this context, it is important to mention that none of United Plantations planted areas under oil palms or coconuts are irrigated. All our areas are under rain-fed agriculture and water from the surrounding rivers, thus making use of whatever water comes naturally from above (green water).

Similar austerity drive on domestic water consumption is monitored at all facilities.

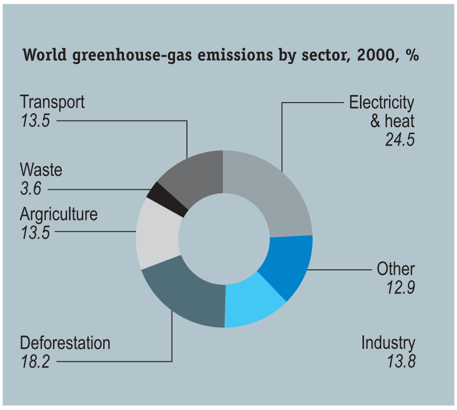
Rain Harvesting.

Water management activities within the estate.

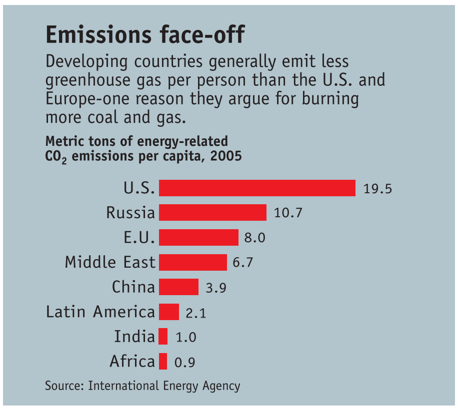
Global Warming, Greenhouse Gases and Life Cycle Assessment

The new European Union (EU) Climate and Energy Policy Legislation reaffirms the EU's ambitions of being the front runner in the fight against global climate change. One of the objectives is to create an opportunity for alternative fuels which will help the EU reduce its reliance on the imports of fossil fuels.

Today, the EU Legislation includes a framework for renewable energy and imposes binding targets where 20% of the overall energy used and 10% of the fuel used in transport must come from renewable sources by 2020. Strong considerations are also being made to completely decarbonize transport by 2050.



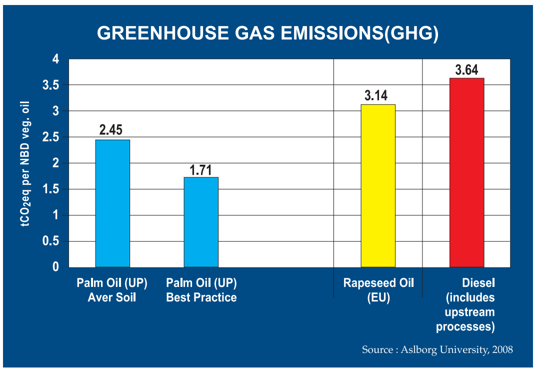
This puts an enormous challenge on the legislators and also the environment. The EU, has as a result of this, introduced the legally binding "Biofuels Sustainability Scheme" for both European biofuel producers and international producers exporting to the EU market.



More specifically, the EU biofuel sustainability criteria contains a minimum greenhouse gas (GHG) savings requirement expressed in a comparison to the use of conventional fuels. In other words, biofuels will only qualify for the tax-rebates if their usage can demonstrate a minimum of 35% GHG saving vis-à-vis fossil fuel. This is set to rise to 50% in 2017 and 60% in 2018 for new installations. The EU criteria on sustainability also include a ban (for biodiversity reasons) on using biomass from primary forests, nature protection areas or highly biodiverse grassland and (for carbon stock reasons) on using biomass from land that was previously wetland forests or undrained peatlands.

In 2007, United Plantations commissioned Associate Professor Mr Jannick Schmidt of the Aalborg University, Denmark to carry out a full blown Life Cycle Assessment (LCA) in accordance to the ISO 14040 and 14044 standards of its entire palm oil production chain - right from "cradle to grave".

Upon completion, this independent study was subject to a critical review panel by three independent European Panelists. The following results in terms of our Group's "average" and "best practice" emissions of CO_2(eq) per tonne of vegetable oil produced can be concluded as follows:



The contribution to global warming from one tonne of Neutralised, Bleached and Deodorised

Multistock Deodoriser Plant at Unitata which was commissioned in 2009.

Global Warming, Greenhouse Gases and Life Cycle Assessment

(NBD) palm oil produced in United Plantations is today 2.45 tonnes CO_2(eq) vis-à-vis 1.71 tonnes CO_2(eq) on the best practice business units. The LCA study has proven to be extremely helpful towards management in terms of identifying the major sources of GHG, which are generated during the palm oil production chain. Herein it is clear that the oil palm plantation stage contributes with the largest portion of GHG emissions predominantly originating from the capital goods used to produce fertilizers and the derivatives produced during its break-down. However, the palm oil milling stage also contributes with a sizeable 30-35% of the total GHG emissions produced during the anaerobic decomposition of the waste water, more commonly known as palm oil mill effluent (POME). Normally, POME is subject to a complete biological break down over the course of 70-80 days in open lagoons.

To help overcome this, United Plantations pioneered the first Clean Development Mechanism (CDM) project entailing a biogas plant within the Malaysian Palm Oil Industry in 2006 where a series of anaerobic digestor tanks degassed the POME. The captured biogas containing about 64% methane has since been used for fossil fuel replacement activities.

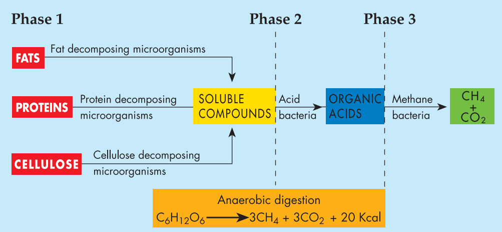
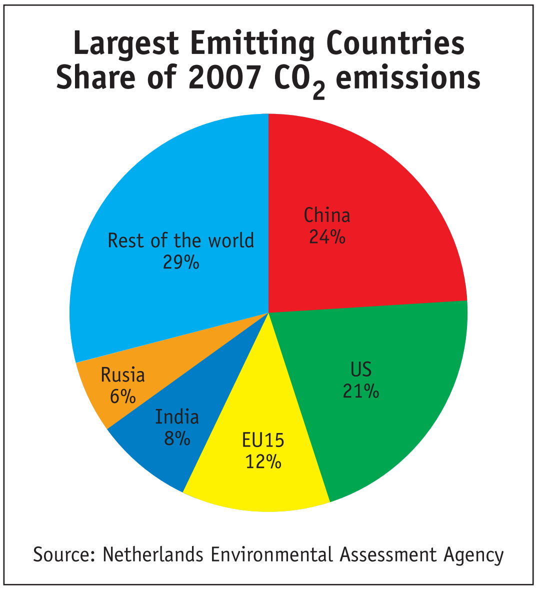


Figure 4. The three phases in the microbiology of methane production: 1) solubilisation of complex molecules such as fats, proteins and cellulose; 2) the resultant soluble, low molecular weight products are converted to organic acids; 3) these acids (primarily acetic) are specifically decomposed by the methanogenic bacteria to methane and CO_2.



Global Warming, Greenhouse Gases and Life Cycle Assessment

At the Jendarata Biogas Plant, a minimum of 25,000 tons of CO_2(eq) are trapped every year and sold as Carbon Equivalent Reductions through the CDM initiative.

Whilst the UNFCCC Meeting in Copenhagen fell short of its intentions (see fact box), United Plantations has nevertheless decided to commit itself towards investing in new technologies, which will help mitigate GHG emissions. In this respect, it is worth mentioning that a second biogas plant is now nearing completion on our UIE Estate. This will, upon commissioning in mid 2010, become the Company's third Clean Development Mechanism and the largest biogas plant in the state of Perak Darul Ridzuan.

15th Climate Conference in Copenhagen

During the month of December 2009, several thousand Dignitaries, Observers, Non-governmental Organizations, Industry Groups and Leaders from more than 189 countries gathered in the Danish Capital Copenhagen where the 15th Conference of the Parties (COP) under the United Nations Framework Convention on Climate Change (UNFCCC) was held.

The Copenhagen Meeting was intended, when it was decided on two years ago, to produce the world's first truly global agreement on Climate Change, one that would bind all countries – developed and developing – to take action on their Greenhouse Gas (GHG) emissions, which according to leading scientists from the Inter-governmental Panel of Climate Change (IPCC) is the major cause of global warming.

However, the fortnight of volatile negotiations and increasingly fractious arguments clearly demonstrated the extraordinary difficulties in the expectations of so many countries agreeing on long term issues contributing to climate change, albeit this change being of extreme importance.

In the end, after hours of hard bargaining, a non-binding document was produced which today is referred to as the Copenhagen Accord.

The Board of Directors of United Plantations Bhd has furthermore approved the construction of a third biogas plant to be built on our Ulu Basir Estate, where the foundation works have recently been completed. This will upon completion become our Group's fourth CDM project.

More importantly, these two additional biogas plants will help mitigate methane (CH_2) emissions by 75-80% at the respective mills thereby contributing towards reducing our Group's GHG footprint per metric tonne of oil produced.

Managing our Carbon Footprint

setting aside jungle reserves.

Global Warming, Greenhouse Gases and Life Cycle Assessment

CDM projects

Introduction to CDM

The Kyoto Protocol

- In 1997 Parties to the United Nations Framework Convention on Climate Change (UNFCCC) adopted the Kyoto Protocol.
- The Kyoto Protocol contains commitments by Developed Countries to reduce their CO_2 emissions by an average of 5% below base year levels (from 1990) in the period 2008-2012, which is the first commitment period.

The Clean Development Mechanism

- The Clean Development Mechanism (CDM) is a new tool for energy and environmental projects that was created in article 12 of the Kyoto Protocol that reduces Green House Gas emissions (GHG) such as CO_2 and Methane. With the opportunity to sell the emission reductions or carbon credits to an international buyer the project receives an extra incentive.

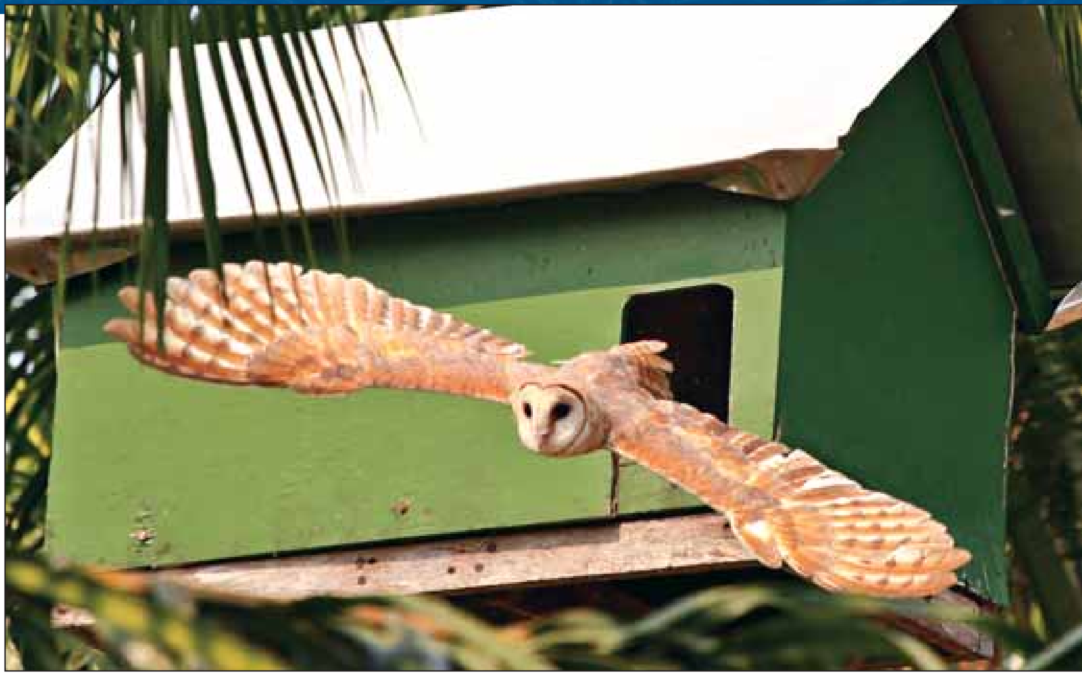
In Partnership With Barn Owls

Rats are one of the most common pests found in abundance on oil palm plantations. The thick vegetation of leguminous cover crops, ferns & grasses as well as the fronds of palms that have been cut after pruning are ideal breeding grounds for them. Mature palms with ripe and unripe fruits are subject to rat attacks. The rodents gnaw to reach the kernel inside. Crop losses caused by rats feeding on mesocarp of the fruit has been estimated to be in the region of 5% of oil yield and in severe cases, it can rise to between 7 to 10% of total oil production. Taking into account the current price of palm oil, it is a hefty price oil palm growers have to pay for the menace.

Rats also frequently tear up spent male flowers in search of the pollinating weevils' grubs (Elaeidobius kamerunicus). This will affect the good work of the pollinators and resulting in poor fruit set. Several methods have been used to control and eliminate rats, such as traps, rearing of snakes and baiting with poisons. Traps are not feasible due to the vast area and the rats became wiser thus avoiding the trap. Rearing of snakes to predate on rats, was not acceptable as workers generally had a dislike and fear of the snakes. The more successful method is the usage of anti-coagulant poisons mixed with food substances like maize, palm oil and wax. These baits are left at the foot of palms or frond heaps to be consumed by the rats. The main drawback to this method is that other creatures may accidentally consume the baits and also that the rats over time develop "bait shyness".

However, the well proven and environmentally friendly method of rodent control are the services provided by the barn owls (Tyto alba) on plantations.

This bird is the best partner to growers due to its ability to adapt well to oil palm plantations. It survives on a staple diet of 99% rats. It is estimated that a pair of barn owls together with its chicks consume about 800 to 1,000 rats per year. The barn owls are medium sized (34-36cm) with long legs that have feathers all the way down to their grey toes. The owls have large, round heads without ear tufts and pale heart-shaped facial disc. The owls ingest the rats whole and use their digestive juices to dissolve the nutrients of the fleshy parts. The tougher indigestible parts such as the bones and skulls are regurgitated out.



Barn owl population in tandem with preys' availability can be expanded in the plantation by construction of boxes at vantage points-about 5 meters from the ground and shaded by the palms' canopies. A zinc baffle or collar should be placed on the pole to prevent snakes etc. from predation of the owl's eggs and new born chicks. These boxes should be inspected regularly and repaired where necessary in order to optimize its occupancy.

Since the formal introduction of barn owls in United Plantations Berhad it is pleasing to note that rat damages and the use of rodenticide have reduced significantly as shown below.

SUMMARY FOR UPB GROUP OF OIL PALM ESTATES						
YEAR	2004	2005	2006	2007	2008	2009
Total Boxes	1329	1316	1645	1645	1614	1597
Total Area Under Owl	21,904.40	23,194.54	26,722.83	25,676.33	27,395.40	27,029.58
Box to Land Ratio in Scheme	16.48	17.63	16.24	15.61	16.97	16.93
% Occupancy in Scheme	90.22	81.99	86.75	85.11	85.19	81.13
Total Planted Area (ha)	35,487.40	35,456.56	35,458.86	35,460.91	35,433.19	35,436.19
Box to Land Ratio over Total Planted Area	26.70	26.94	21.56	21.56	21.95	22.19
Rodenticide ai/planted (kg/ha)	0.000524	0.000209	0.000311	0.000466	0.000147	0.00003155

Land Use Change - Producing More with Less

Land use change has for long been considered a local environmental issue, but it is becoming a force of global importance. Worldwide changes to forests, farmlands, waterways and air are being driven by the need to provide food, fibre, water and shelter to more than 6.85 billion people.

Global croplands, pastures, plantations and urban areas have expanded in recent decades, accompanied by large increases in energy, water, and fertiliser consumption, along with considerable losses in biodiversity. Such changes in land use have enabled humans to appropriate an increasing share of the planet's resources, but they also potentially undermine the capacity of ecosystems to sustain food production, maintain freshwater and forest resources, regulate climate and air quality in the future. Together we face the challenge of managing trade-offs between the immediate human needs and maintaining the capacity of the biosphere to provide goods and services in the long term.

Indeed society faces the challenge of developing strategies that reduce the negative environmental impacts of land use change across multiple services and scales while maintaining social and economic benefits.

In United Plantations we feel that it is imperative to strike a balance between environmental, social and economic benefits by increasing our agricultural production per unit land area, per unit fertiliser & pesticide input, and per unit water consumed amongst others. However, we also feel it is important to acknowledge that conservation means development as much as it does protection.

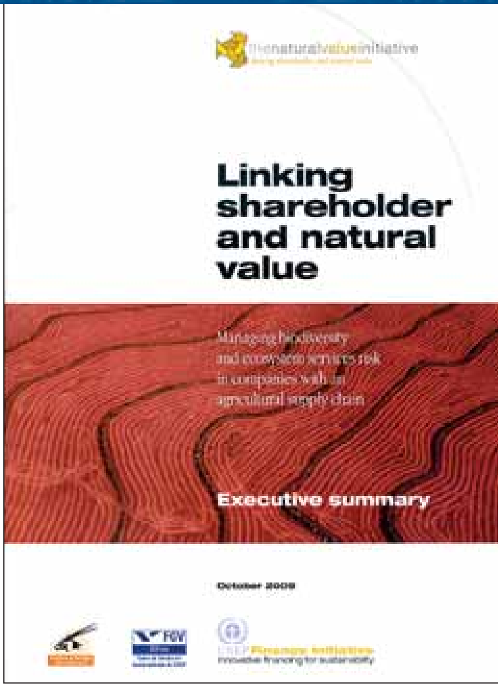
In this context, United Plantations continues to reaffirm its commitment towards sustainability in all aspects of its plantation operations. Firstly, special emphasis is always being placed on achieving high yields hereby maximizing the productivity of its landbank resources e.g. United Plantations average yield of crude palm oil per hectare was 6.31 MT during 2009 compared with the national Malaysia average of 3.93 MT of CPO/Ha.

Secondly, the Group has for decades focused much on maintaining an environmental awareness and responsibility, continuously striving to the best of its abilities to ensure that a rational balance between economy and ecology exists within the framework of the plantation ecosystem. Preservation of jungle reserves and wild life sanctuaries as well as promoting green corridors are examples of this, a policy which started in 1926 during the establishment of Ulu Bernam Estate by the Late Commander William Lennart Grut.

Following the recommendations in the High Conservation Value assessment and especially its External Environmental Consultant, United Plantations has todate set aside 5,100 Ha of permanent forest reserve lands consisting of riparian corridors, secondary logged over forest land and peat lands. These parcels of lands will be left aside as biodiversity enriched areas under rehabilitation which with time will hopefully become a safe haven for the flora and fauna of Central Kalimantan. Today, these reserves represent about one third of our total landbank under development in Indonesia - a commitment which is matched by few within our industry.

United Nations (U.N.) backed Report - United Plantations Bhd "Best in Class"

In October 2009 a U.N. backed study undertaken by the Natural Value Initiative and supported by Fauna & Flora International and the UNEP Finance



Land Use Change - Producing More with Less

Initiative published a report summarizing the findings of their Ecosystem Services Benchmark, a tool to evaluate a company's impact and dependence on biodiversity and ecosystem services.

The report looking at 31 companies (please see table 1) in the food, drink and tobacco industries, predicted a growing risk to future raw materials supplies and reputation for firms that undervalued natural services such as healthy soils, water and insect pollination.

Table 1 - Companies within the analysis with key market data

Company	Stock Exchange	Market capitalisation (billion)
Producers		
Acucar Guarani (ACGU3)	Sao Paulo	0.63
Bunge (BG)	NYSE	5.46
COSAN (CZZ)	NYSE	1.56
Grupo Andre Maggi	Private company	0.00
SLC Agricola (SLCE3)	Sao Paulo	0.59
United Plantations (UTDPLT)	Kuala Lumpur	0.53
Processors		
Cadbury plc (CBRY)	London	11.95
Dean Foods (DF)	NYSE	2.23
Groupe Danone (BN)	Euronext	24.57
Hain Celestial (HAIN)	NASDAQ	0.45
Nestle (NESN)	SIX Swiss Exchange	105.21
Parmalat Brazil (LCSA4)	Sao Paulo	2.80
Sadia (SDA)	NYSE	0.94
Unilever (UN)	Amsterdam	52.15
Tobacco		
Alliance One International (AOI)	NYSE	0.29
British American Tobacco (BATS)	London	44.11
Imperial Tobacco Group (IMT)	London	20.18
Philip Morris International (PM)	NYSE	62.56
Beverages		
The Coca-cola Company (KO)	NYSE	81.41
Diageo plc (DGE)	London	26.67
Foster's Group (FGL)	Australian Exchange	6.36
Heineken N.V. (HEIA)	Amsterdam	15.11
PepsiCo (PEP)	NYSE	62.48
SABMiller plc (SAB)	London	25.68
Retailers		
Ahold (AH)	Amsterdam	10.23
Carrefour (CA)	Euronext	21.93
M&S (MKS)	London	6.57
Sainsbury's (SBRY)	London	6.91
TESCO (TSCO)	London	34.46
Wal-Mart (WMT)	NYSE	134.79
Woolworths (WOW)	Australian Exchange	20.78

Land Use Change - Producing More with Less

The Natural Value Initiative study said that only Unilever qualified as "best practice" in the survey judged against the new Ecosystem Services Benchmark.

However, under the category of Food Producers it was very gratifying to note that United Plantations was nominated as the "Best in Class" (please see table 2).

Finally, the Group also has a very strong commitment towards the social aspects of running a plantation, where compassionate and considerate measures e.g. group hospitals, clinic, housing facilities, crèches, schools, religious houses of worship, an old folks home amongst others are provided to the Group's more than 7,000 employees and their families.

Table 2 Summary of findings by sector showing the percentage of companies scoring more than 50%

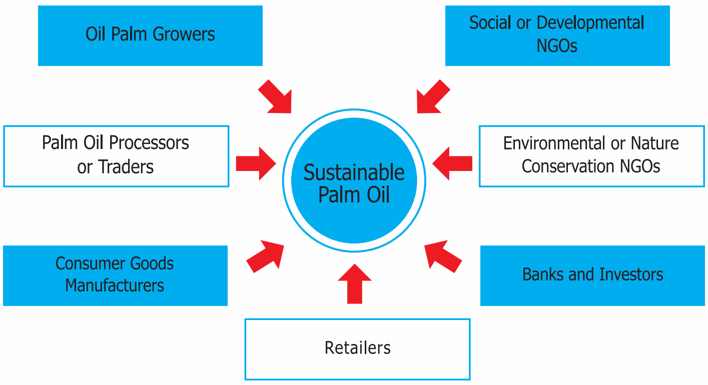
		Competitive advantage	Governance	Policy and strategy	Management and implementation	Reporting	Overall benchmark scores
		Percentage scoring > 50% i.e. level 3 and over					
	Producers: Operational and compliance risk from dependence on ecosystem services. e.g. pollination, access to water for irrigation, healthy soils. Reputational risk from potential impact on biodiversity						
sector result	**Best in class: United Plantations** 1. No. company had a comprehensive risk assessment process that included BES, although Bunge was evaluating impacts on sensitive sites in Brazil 2. Policy commitments too high level to act as a framework to drive action 3. Sustainable agriculture initiatives were underway in all companies e.g. water management plans, integrated pest management, use of certification schemes 4. Only Bunge produced a CSR report and reported against relevant GRI indicators	67	33	67	17	33	33
	Processors: Exposed to operational and reputational risk through the supply chain, e.g. the Dove campaign against unsustainable palm oil						
sector result	**Best in class: Unilever** 1. 50% (4) of companies showed elements of a risk assessment process (with water & carbon well addressed). Unilever was particularly strong 2. 50% of companies had high level policy commitments on BES, recognising its importance. These were too high level to act as a framework to drive improvements 3. Tools used to manage the issue included biodiversity action plans, incorporation of standards into supplier contracts, certification schemes and NGO collaborations 4. Targets were commodity focused with the exception of Cadbury which committed to "sustainably source 50% of agricultural commodities"	75	75	63	25	63	63
	Tobacco: Operational and compliance risk from dependence on ecosystem services, e.g. pollination, access to water for irrigation, healthy soils. Reputational risk from potential impact on biodiversity						
sector result	**Best in class: BAT** 1. None had yet undertaken a comprehensive risk assessment, 50% (2) has strong building blocks e.g. risk and opportunity assessment tools, two companies had or were identifying potential impacts on biologically sensitive sites as part of this. 2. BAT was the only company in the survey with a standalone biodiversity policy 3. 50% of the companies used tools that enabled evaluation of supplier performance on BES, this was used to target and address weak suppliers through local audits 4. Two companies had pilot projects that addressed security of supply issues	50	50	50	50	50	50
	Beverage: Beverage dependence on water as key ingredient exposes sector to operational risk. Agricultural supply chain also has dependence on ecosystem services regulatory and reputational risks						
sector result	**Best in class: SABMiller/ Foster's** 1. Diageo & Heineken had evaluated impacts on protected areas, 22% companies had undertaken risk assessments that included water and carbon but none had undertaken a comprehensive risk assessment that included BES and the supply chain 2. PepsiCo was unique in having a sustainable agriculture policy including BES 3. Standards are in place in 60% of companies, but voluntary 4. Only sector using payments for ecosystem services as a tool to manage dependence (SABMiller). There are untapped opportunities to build shareholder value on this issue	50	83	83	0	66	83
	Retailers: Reputational risk linked to consumer desire for ethical goods combined with high-profile NGO campaigns						
sector result	**Best in class: M&S** 1. 86% (6 companies) had undertaken commodity focused risk assessment, comprehensive assessment were lacking, activity appeared reactive rather than proactive 2. 43% had internal standards covering aspects of BES, these were not disclosed due to concerns about competitive advantage and often did not cover the entire supply chain 3. Only one company (M&S0) had a strategy/action plan of relevance to BES 4. Companies were piloting projects aimed at ensuring sustainability of supply Sainsbury & Carrefour were unique in addressing the issue of pollination 5. The sector showed a high level of responsiveness to NGO concerns	86	86	57	43	57	57

The Roundtable On Sustainable Palm Oil (RSPO)

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

Established under the Article 60 of the Swiss Civil Code on the 8th April 2004, the not-for-profit association embraces today 330 ordinary members and 89 affiliates from palm oil producers and processors, trading houses, consumer goods manufacturers, retailers, bank and investors to nature conservation NGOs and social or development NGOs.

Players in the Sustainable Palm Oil Supply Chain



Palm oil is today the most used vegetable oil in the world, contributing to more than 30% of the global production of vegetable oils. Palm oil is versatile and has numerous uses. It is found in food, 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 Round Table on Sustainable Palm Oil promotes palm oil production practices that help reduce deforestation, preserve biodiversity and respect the livelihoods of rural communities. It ensures that no new primary forest or other high conservation value areas are sacrificed for oil palm plantations, that plantations apply accepted best practices and that the basic rights and living conditions of millions of plantation workers, smallholders and indigenous people are fully respected.

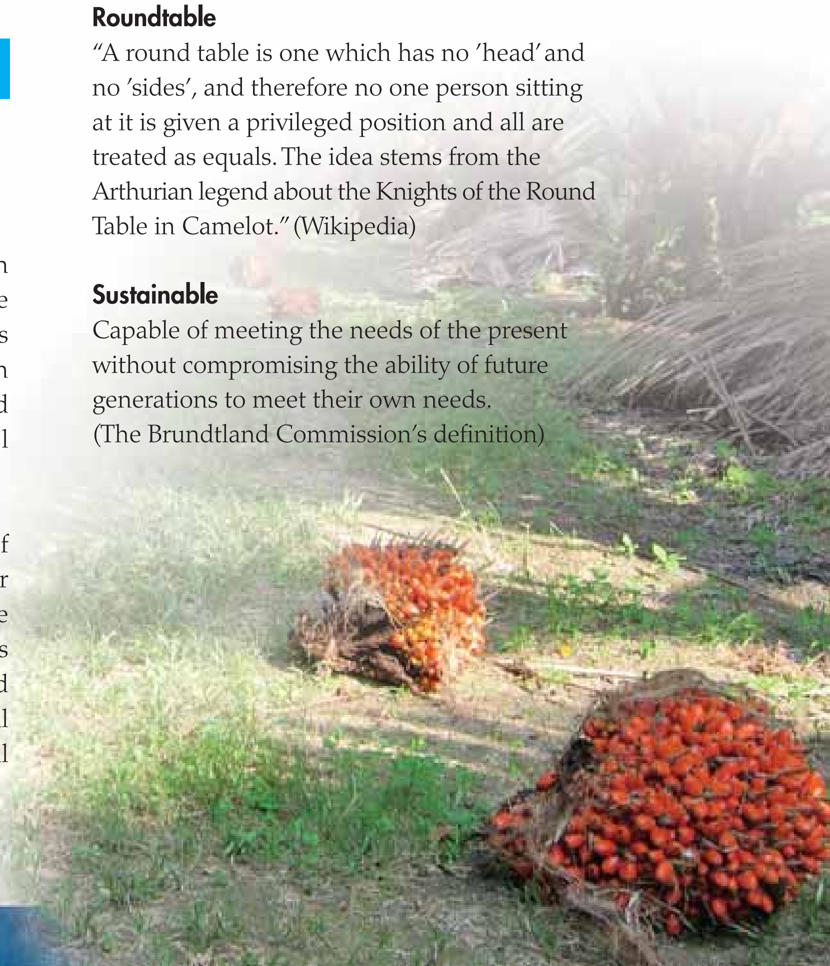
The RSPO has defined eight principles and 39 criteria and numerous indicators which must be followed and implemented in order for palm oil producers to become RSPO certified. While producers are expected to implement the principles and criteria, the non-producers are expected to implement equivalent standards in their procurement and use of palm oil hence binding all members to its common objective.

Source: www.rspo.org

RSPO
Roundtable on Sustainable Palm Oil

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

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



United Plantations and the RSPO

United Plantations Berhad's role regarding the Roundtable on Sustainable Palm Oil (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.

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.

Following this, we are pleased to report that United Plantations Berhad'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 the 26th of August 2008.

The maximum validity of this RSPO certificate is five years. During the lifetime of the certificate, monitoring or surveillance assessments to check continued compliance must take place annually. In this connection, an Annual Surveillance Assessment was conducted by Control Union Certifications, The Netherlands in November 2009. The certification plans for our greenfield developments in Indonesia are envisaged within two years.

Since United Plantations received the world's first RSPO certification, many other companies have managed to become certified and as of March 2010, a total of eleven companies have obtained certification.

The interest for certified, sustainable palm oil is increasing, and United Plantations is especially seeing a demand for fully segregated and refined palm oil solutions, which we are able to provide to the market.

Retailers using segregated certified palm oil in their products are allowed to make the claim, 'This product contains RSPO certified palm oil,' which is a guarantee for the end consumer that the palm oil used in this product is traceable all through the supply chain.

Quantities of RSPO certified palm and palm kernel oil available as of March 2010

Firm	Country	Mills Certified	Total Mills	Certified Crude Palm & Palm Kernal Oil (Tonnes)
United Plantations	Malaysia	6	6	185,000
New Britian	PNG	4	6	263,995
Sime Darby	Malaysia	5	42	209,444
Kulim Bhd	Malaysia	3	4	88,914
Wilmar/PPB	Malaysia	3	9	122,900
PT Musim Mas	Indonesia	2	12	133,690
IOI Corp	Malaysia	3	12	155,447
SIPEF/Hargy Oil Palms	PNG	2	2	78,158
Cargill/PT Hindoli	Indonesia	2	4	51,344
KL Kepong	Malaysia	2	20	92,000
London Sumatra	Indonesia	4	10	169,480
Palm kernel oil certified from the various firms				344,418
Total		36	127	1,894,790

The RSPO logo used on Erong Golden Palm Oil, produced by Unitata Berhad/United Plantations.

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

Input	Per tonne oil basis					
	Oil Palm*			Soybean**	Sunflower**	Rapeseed**
	2007	2008	2009			
Fertiliser nutrients						
Nitrogen (N-kg)	21	19	16	315	96	99
Phosphate (P_2O_5-kg)	9	7	7	77	72	42
Potash (K_2O-kg)	46	38	32	NA	NA	NA
Magnesium (MgO-kg)	4	4	4	NA	NA	NA
Pesticides/Herbicides (kg)	0.54	0.44	0.46	29	28	11
Energy (GJ)	0.38	0.42	0.40	2.9	0.2	0.7

* includes palm oil + palm kernel oil (United Plantations Berhad, 2007-2009)

** Data from FAO, 1996

The quantity of agrochemicals (fertiliser nutrients and pesticide/herbicides) and energy used in oil palm cultivation in United Plantations over the last three years is comparatively low when compared to other annual oilseed crops such as soybean, sunflower and rapeseed.

Production and Level of Utilisation of Oil Palm Biomass Residues in United Plantations Berhad in Year 2009 (Dry Matter Basis)

Biomass	Quantity Produced (tonnes)	Quantity Utilised (tonnes)	% Utilisation	Method of Utilisation
Pruned fronds	322,323	322,323	100	Mulch
Trunks and fronds at replanting	170,396	170,396	100	Mulch
Spent male flowers	30,993	30,993	100	Organic matter recycled on land
Fibre	75,453	75,453	100	Fuel & mulch in nursery
Shell	44,583	44,583	100	Fuel and mulch for polybag seedlings
POME	30,077	28,573	95	Nutrient source and organic fertiliser
EFB	82,157	78,049	95	Mulch and Fuel
Total	755,982	750,370	-	-
Level of utilisation = 99%				

In 2009, a total of 755,982 tonnes of biomass residues were generated through the field and mill operations of the company. Of these, 750,370 tonnes or 99% of the total, were effectively utilised with most of the residues recycled as organic matter back to the land or as fuel source, thereby enriching our soils and displacing the use of fossil fuels.

Fertiliser Equivalent and Monetary Value of Oil Palm Biomass Residues Recycled on Land in United Plantations Berhad in 2009

Biomass Residues	Method of Utilisation	Quantity Utilised on Dry Basis (tonnes)	Fertiliser Equivalent (tonnes)			
			Urea	Rock Phosphate	Muriate of Potash	Kieserite
Trunk & fronds at replanting	Mulch	170,396	2,130	716	2,741	1,306
Pruned fronds	Mulch	322,323	7,266	2,364	6,146	4,023
Spent male flowers	Organic matter	30,993	997	660	1,834	952
EFB	Mulch	67,265	1,170	493	3,251	747
Digested POME	Irrigation	28,573	994	629	1,562	1,143
Total (tonnes)		619,550	12,557	4,862	15,534	8,171
Monetary value (RM)			13,812,774	2,527,927	31,656,347	3,227,682
Total monetary value RM 51,224,730						

Recycling of field and mill biomass residues back to the oil palm land remains a cornerstone of sustainable crop production for the maintenance of long term soil health. Besides enhancing the soil's physical, chemical and biological properties, their application also has a favorable impact on oil palm yield. In 2009, the total organic matter recycled on land in United Plantations amounted to 619,550 tonnes, with a carbon content of 247,820 tonnes. This is equivalent to recycling 19 tonnes of organic matter or 7.5 tonnes of carbon per hectare.

Upon mineralization, the organic residues return substantial quantities of previously locked plant nutrients to the soil. The fertiliser equivalent of the material recycled on land is of the order of 41,124 tonnes of NPKMg fertiliser worth a substantial RM 51.22 million in view of the escalating fertiliser prices in 2009 as well as the enlarged replanting area.

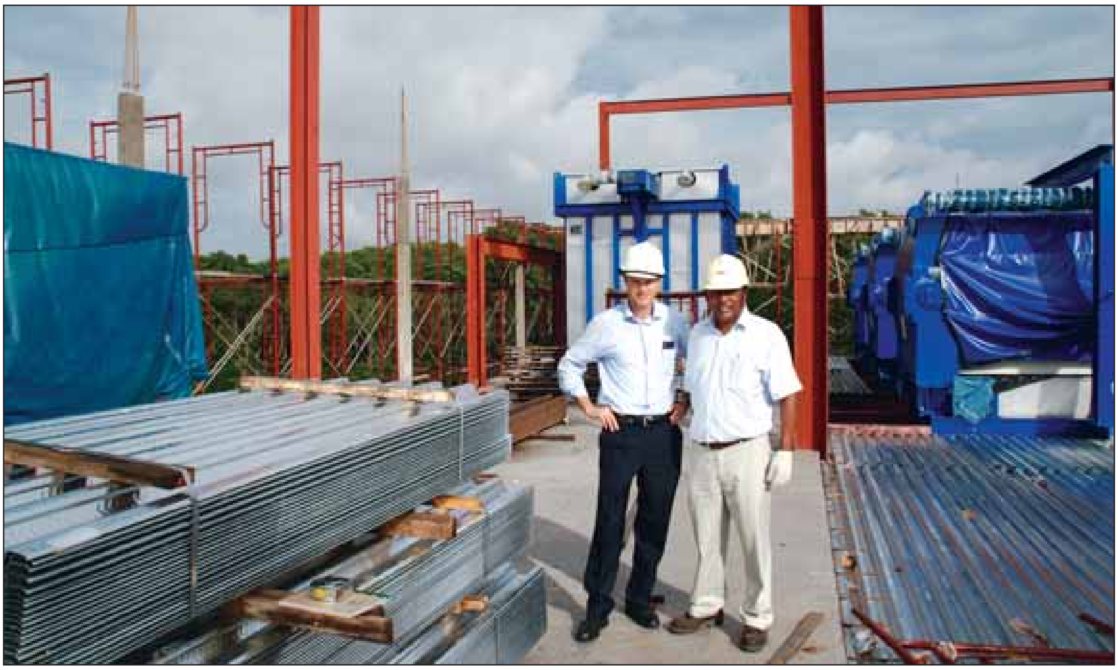
Practices for Sustainable Agriculture

Trunk chips from the previous crop (around 90t dry matter per hectare) are recycled as mulch along the planting rows at replanting. Lush legume covers established as a green mulch in the inter-rows further add organic matter and nitrogen to the soil.

Isokinetic Monitoring of Gaseous Emissions from the Palm Oil Mills

The concentration of dust particles in the flue gases emitted from the boiler stacks were monitored during 2009 by certified external assessors, and the results are tabulated below. The average dust concentration in the flue gases of all palm oil mills in United Plantations were within the Department of Environment's allowable limit of 0.4 g/Nm^3 as per the Environment Quality Act, 1978.

Palm Oil Mill	Average Dust Concentration (g/Nm^3)
Jendarata Stack 5	0.2590
Ulu Bernam Boiler 2 & 3	0.3350
Seri Pelangi Boiler 1 Boiler 2	0.0496
United International Enterprise (M) Boiler 1,2,3	0.2073
Ulu Basir Boiler 1,2,3	0.3575
Lima Blas Boiler 1 Boiler 2	0.2365



Vice Chairman & Executive Director (Corporate Affairs), Ybhg. Dato' Carl Bek-Nielsen and Group Engineer Mr. Vincent Williams inspecting the construction of the PKS Plant.

All Properties Of The Group

Properties	Tenure	Area In Hectares	Description	Age In Years	Net Tangible Asset Value RM '000	Year of Acquisition
Jendarata Estate	Leasehold		Registered Office - 1,369 sq.m.	45	620	
36009 Teluk Intan	Expiring on:		Research Station - 1,070 sq.m.	44	1,833	
Perak Darul Ridzuan	15-01-2062	606.16	Oil Palm & Coconut Estate		89,240	1917
	07-06-2104	623.77	Palm Oil Mill 10,032 sq. m.	75	4,145	
	07-06-2104	36.07	Biomass Plant	4	2,971	2006
	20-11-2067	997.06				
	22-08-2068	151.67				
	Yr to Yr	33.62				
	Freehold	3,931.65				
Kuala Bernam Estate	Freehold	830.11	Coconut Estate		12,005	1926
Batu 18, Jalan Bagan Datoh						
36300 Sungai Sumun						
Perak Darul Ridzuan						
Sungei Bernam Estate	Leasehold		Coconut Estate		28,348	1917
Sungai Ayer Tawar	Expiring on:		Copra Kiln - 1,022 sq.m.	35	12	
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		40,428	1927
36500 Ulu Bernam	Expiring on:		Palm Oil Mill - 8,193 sq.m.	77	2,126	
Perak Darul Ridzuan	Yr to Yr	95.31				
	Freehold	3,098.57				
Changkat Mentri Estate	Leasehold		Oil Palm Estate		23,102	1973
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		39,776	1982
36500 Ulu Bernam	Expiring on:		Palm Oil Mill - 6,352 sq. m.	20	450	
Perak Darul Ridzuan	26-11-2067	11.40				
	20-01-2087	2,468.00				
	Yr to Yr	288.98				
	Freehold	1,218.62				
Sungei Erong Estate	Leasehold		Oil Palm Estate		36,401	1982
36500 Ulu Bernam	Expiring on:					
Perak Darul Ridzuan	02-11-2064	53.90				
	31-03-2065	809.39				
	Yr to Yr	43.18				
	Freehold	2,756.53				
Sungei Chawang Estate	Freehold	3,280.69	Oil Palm Estate		21,866	1982
36500 Ulu Bernam	Yr to Yr	5.50				
Perak Darul Ridzuan						
Seri Pelangi Estate	Leasehold		Oil Palm Estate		15,340	1972
Batu 11 3/4	Expiring on:		Palm Oil Mill - 2,248 sq. m.	32	147	
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		124,248	2004
35800 Slim River			Palm Oil Mill - 8,210 sq. m.		423	
UIE	Leasehold		Oil Palm and Coconut Estate		333,552	2003
Pantai Remis	Expiring on:		Palm Oil Mill - 6,148 sq. m.	18	3,638	
Perak Darul Ridzuan	23-12-2103	10,359.26				
	Freehold	3.25				
Unitata Berhad	Freehold	18.45	Palm Oil Refinery			
36009 Teluk Intan			Complex, Soap Plant, Buildings	35	17,697	1974
Perak Darul Ridzuan			Cebes Plant			
Bernam Bakery	Freehold	0.45	Bakery	25	12	1984
36009 Teluk Intan						
Perak Darul Ridzuan						
Butterworth	Leasehold		Bulking & Storage			
Bulking Installation	Expiring on:		& Rigging Facilities	37	439	1973
4536 Deep Water Wharf	31-08-2019	0.84				
12100 Butterworth						
PT Surya Sawit Sejati	Leasehold		Oil Palm Estate		153,288	2006
Pangkalan Bun, Central	Expiring on:					
Kalimantan, Indonesia	24-09-2040	2,508.47				
	**	6,359.53				
PT Sawit Seberang Seberang	Leasehold		Oil Palm Estate		14,838	2009
Pangkalan Bun, Central	Expiring on:					
Kalimantan, Indonesia	**	928.00				

Notes:
* Estate Includes Land, Pre-cropping Cost and Buildings

** awaiting issue of lease

Group's Plantation Properties As At 31 December 2009

	Jendarata Hect.	Kuala Bernam Hect.	Sungei Bernam Hect.	Ulu Bernam Hect.	Changkat Mentri Hect.	Ulu Basir Hect.	Sungei Erong Hect.	Sungei Chawang Hect.	Seri Pelangi Hect.	Lima Blas Hect.	UIE Hect.	PT Surya Sawit Sejati Hect.	PT Sawit Seberang Seberang Hect.	Total
OIL PALM:														
Mature	5,706			2,820	1,945	2,518	2,512	2,366	1,337	2,227	9,309	940		31,680
Immature-Planted 2006				71			130	284				631		1,116
Immature-Planted 2007	163			150		394	248	411		227		2,106	420	4,119
Immature-Planted 2008					126	513	450	60				3,480	508	5,137
Immature-Planted 2009	154			112	340	359	203	127		286	150	1,711		3,442
Sub-Total	6,023			3,153	2,411	3,784	3,543	3,248	1,337	2,740	9,459	8,868	928	45,494
COCONUT:														
Mature	25	722	2,221								70			3,038
Immature-Planted 2006			19											19
Immature-Planted 2007		40	15											55
Immature-Planted 2008		32												32
Immature-Planted 2009		17												17
	25	811	2,255								70			3,161
Sub-Total														
OTHER AREAS:														
Other Crops	5													5
Areas felled for buildings, roads, drains, air-strip, nurseries, toddy tapping areas, railway, etc.	327	19	37	41	138	203	120	38	85	149	834			1,991
TOTAL	6,380	830	2,292	3,194	2,549	3,987	3,663	3,286	1,422	2,889	10,363	8,868	928	50,651

Oil Palm		
Age in years	Hectares	% Under crop
4 - 8	5,198	12
9 - 18	12,262	27
19 and above	14,220	31
Mature	31,680	70
Immature	13,814	30
Total	45,494	100

Locations of Estates, Factories and Holdings in Peninsular Malaysia

Planted Area (Hectares) 31 December 2009

Estate	Oil Palm	Coconut	Other Crops	Total
UIE	9,459	70	-	9,529
Jendarata	6,023	25	5	6,053
Kuala Bernam	-	811	-	811
Sungei Bernam	-	2,255	-	2,255
Ulu Bernam	3,153	-	-	3,153
Changkat Mentri	2,411	-	-	2,411
Ulu Basir	3,784	-	-	3,784
Sungei Erong	3,543	-	-	3,543
Sungei Chawang	3,248	-	-	3,248
Seri Pelangi	1,337	-	-	1,337
Lima Blas	2,740	-	-	2,740
PT SSS1	8,868	-	-	8,868
PT SSS2	928	-		928
TOTAL (Hectares)	45,494	3,161	5	48,660

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