

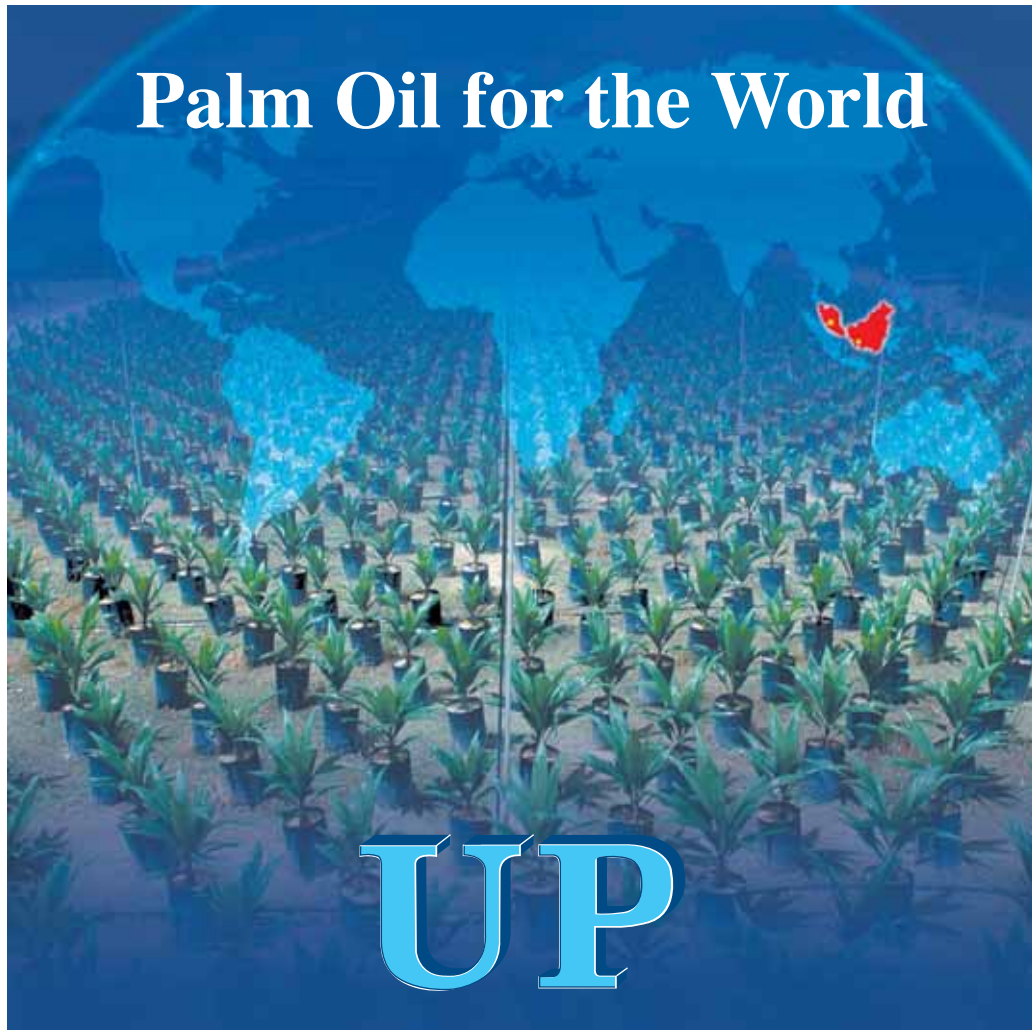
ANNUAL REPORT  
2007



**UP**

**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.



## UNITED PLANTATIONS BERHAD

(Company No. 240-A)

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*Front Cover:*

*A view of the centralized administration building of UIE surrounded by the housing complex, jungle tree park, the airfield and matured oil palms.*

## 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)
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
Branch Register and Copenhagen Office	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
Bankers	<b>Malaysia</b> HSBC Bank Malaysia Berhad Maybank Berhad Standard Chartered Bank Malaysia Berhad  <b>Denmark</b> Danske Bank A/S
Stock Exchange Listings	<b>Malaysia</b> Bursa Malaysia Securities Berhad (Bursa Malaysia) Website : www.bursamalaysia.com  <b>Denmark</b> OMX Nordic Exchange Copenhagen A/S Website : www.omxgroup.com



## Executive Committee And Senior Management

<p>Ho Dua Tiam Senior Executive Director (CEO) &amp; Inspector General, Estates</p>		
<p>Dato' Carl Bek-Nielsen Vice Chairman &amp; Executive Director (Corporate Affairs) Director In-Charge, Unitata Berhad</p>		<p>Martin Bek-Nielsen Executive Director (Finance &amp; Marketing) Commercial Director, Unitata Berhad</p>

## Senior Executive Staff

### Finance

<p>R. Nadarajan Group Financial Advisor</p>			
<p>A. Ganapathy Company Secretary / Senior Group Manager (Finance)</p>	<p>Ng Eng Ho Group Financial Controller</p>	<p>Azero bin Mohamed Anuar Senior Accountant</p>	<p>S.Chandra Mohan Manager, Internal Audit</p>

### Plantations

<p>Loh Hang Pai, A.M.P. Estates Director</p>	<p>Cherichange! Mathews Group Manager Human Resources &amp; Environment, Safety &amp; Health</p>	<p>C.V. Rajah Padman, A.M.P. President Director, PT Surya Sawit Sejati</p>
<p>Abd. Rashid bin Sahibjan Sr Manager, Jendarata Estate</p>	<p>Geoffrey Cooper Sr Manager, Estate 2, UIE</p>	<p>Edward Rajkumar Daniels Sr General Manager, PT Surya Sawit Sejati</p>
<p>N. Sundian Sr Manager, Sungei Bernam Estate</p>	<p>Naslah bin Jajuli Sr Manager, Lima Blas Estate</p>	<p>Kamarudin bin Umar General Manager, PT Surya Sawit Sejati</p>
<p>C. Mohan Das Sr Manager, Ulu Basir Estate</p>	<p>Nek Wahid bin Nek Harun Manager, Sungei Erong Estate</p>	<p>Kan Ku General Manager, PT Surya Sawit Sejati</p>
<p>Mohd. Ramli bin Yeop Abdul Aziz Manager, Changkat Mentri Estate</p>	<p>Tan Lay Guan Manager, Sungei Chawang Estate</p>	<p>Ridzuan bin Md. Isa Acting Manager, Kuala Bernam Estate</p>
<p>Amrik Singh a/l Dewan Singh Acting Manager, Seri Pelangi Estate</p>	<p>Muhammad Ratha bin Abdullah Manager, Estate 1, UIE</p>	

### Research

<p>Dr. Gurmit Singh, J.S.M. Director of Research</p>		
<p>Dr. Xaviar Arulandoo Research Controller</p>	<p>Ho Shui Hing Deputy Research Controller</p>	<p>Musa bin Bilal Manager, Plant Breeding</p>

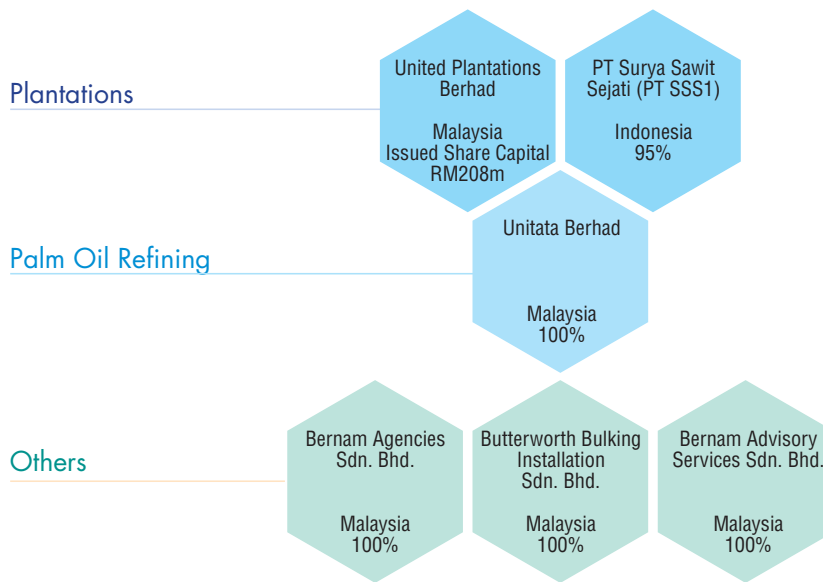
### Engineering

<p>Ir S. Selvaratnam Chief Engineer, Ulu Bernam</p>	<p>Ir Telochan Singh Group Engineer, UIE</p>	<p>Vincent Williams Group Engineer, Jendarata</p>
<p>P. Seker Sr General Manager, Engineering PT Surya Sawit Sejati</p>	<p>K.T. Somasegaran Sr Resident Engineer, Seri Pelangi Palm Oil Mill</p>	<p>Ir V. Renganathan Sr Resident Engineer, Ulu Basir Palm Oil Mill</p>
<p>Lim Chin Yen Sr Resident Engineer, Lima Blas Palm Oil Mill</p>	<p>P. Rajasegaran Sr Resident Engineer, Jendarata Palm Oil Mill</p>	

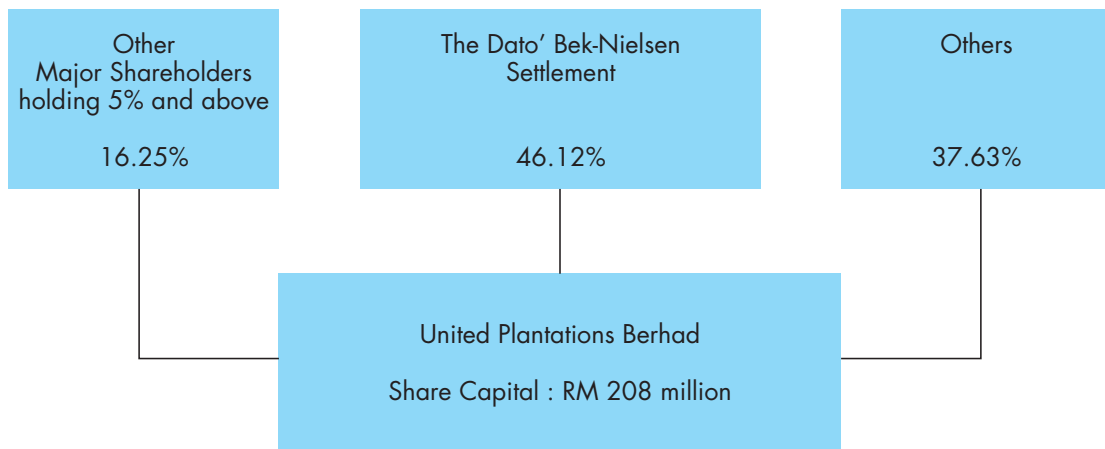
### Palm Oil Refining and Others

<p>Dr. C. T. Prema Nair Chief Research &amp; Quality Controller Unitata Berhad.</p>	<p>Kerk Choon Keng Group Manager, Commerce Unitata Berhad</p>	<p>Jughdev Singh Dhillon Sr Plant Manager Unitata Berhad.</p>
	<p>Soo Yook Kee Sr. Manager / Engineer In-Charge, Butterworth Bulking Installation Sdn. Bhd. Bernam Agencies Sdn. Bhd.</p>	

Group as at 18 April 2008



General Shareholding Structure as at 18 April 2008

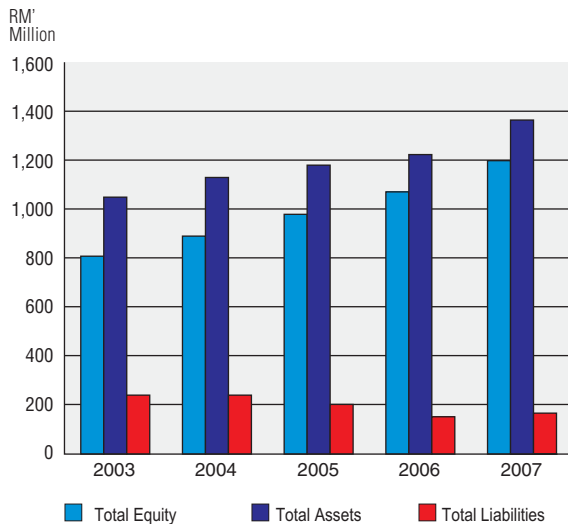


### Financial Highlights

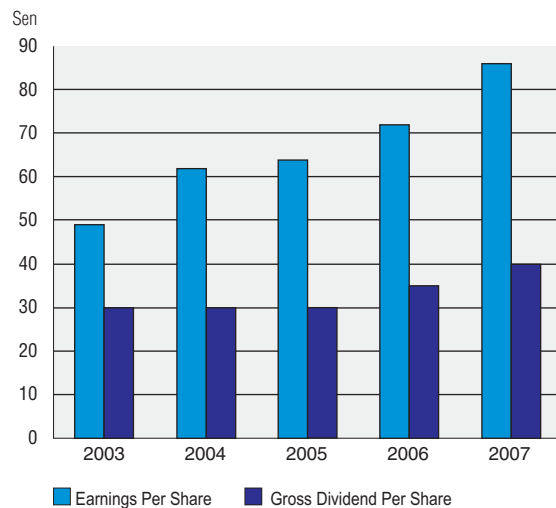
	2007	2006	2005	2004	2003
Profit After Tax (RM' Million)	179	150	133	129	94
Earnings Per Share (Sen)	86	72	64	62	49
Gross Dividend Per Share (Sen) *	40	35	30	30	30
Total Equity (RM' Million)	1,197	1,072	978	890	806
Minority Interest (RM' Million)	0.67	0.30	-	-	-
Total Assets (RM' Million)	1,363	1,223	1,181	1,131	1,048
Total Liabilities (RM' Million)	168	151	202	241	241
Year-End Closing Share Price (RM)	12.70	9.75	7.05	5.10	4.78

\* Including proposed Final Dividend

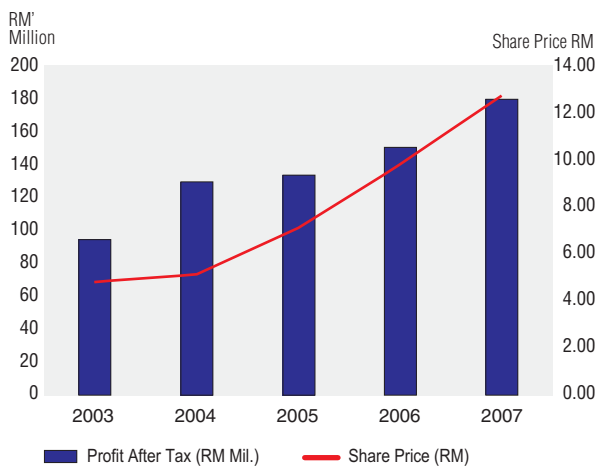
Total Equity, Total Assets and Total Liabilities



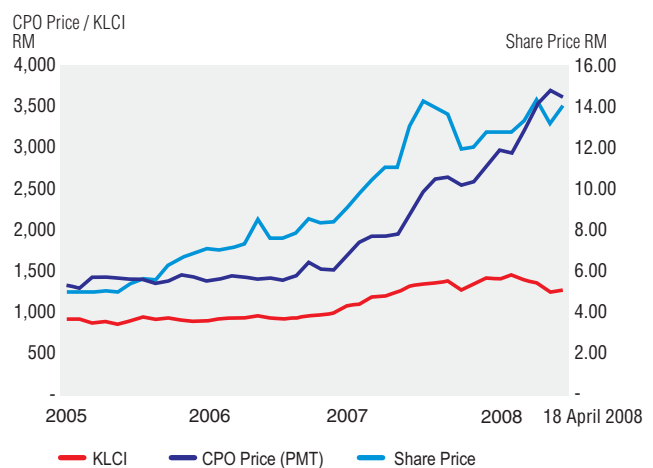
Earnings Per Share and Gross Dividend Per Share



Profit After Tax and Year-End Share Price



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



## Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 87th Ordinary Annual General Meeting of the Company will be held at Jendarata Estate, 36009 Teluk Intan, Perak Darul Ridzuan, Malaysia on 21 June 2008 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 2007 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 26% Malaysian Income Tax for the year ended 31 December 2007.	2
3. To approve Directors' fees for 2007.	3
4. To re-elect as Director Dato' Carl Bek-Nielsen who retires by rotation pursuant to Article 92 of the Company's Articles of Association.	4
5. To re-elect as Director Mr. Jeremy Derek Campbell Diamond who retires by rotation pursuant to Article 92 of the Company's Articles of Association.	5
6. To re-elect as Director Mr. Mohamad Nasir bin Ab. Latif who retires by rotation pursuant to Article 92 of the Company's Articles of Association.	6
7. To re-appoint Messrs. Ernst & Young as auditors of the Company for the year 2008 and to authorize the Directors to fix their remuneration.	7



## Notice Of Annual General Meeting (Contd.)

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 as at 21 May 2008:

### 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 21 May 2008 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 2009 at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Malaysian Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier;

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."

## Notice Of Annual General Meeting (Contd.)

Ordinary  
Resolution

### 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 listing requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) 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 RM751,631,000 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 2007 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 Securities 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 2009 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 Securities and/or by any other relevant authorities.”

## Notice Of Annual General Meeting (Contd.)

### Notice Of Closure Of Books

The Share Transfer Books on the Copenhagen Branch Register and the Register of Members will be closed from 1 July 2008 to 3 July 2008, both days inclusive to determine shareholders' entitlement to the dividend payment. The final dividend if approved will be paid on 23 July 2008 to the shareholders whose names appear in the Register of Members, Branch Register and Record of Depositors on 30 June 2008.

Duly completed Branch Register transfers (scrip-based) received by the Company's Registrar in Copenhagen up to 3.00 p.m. on 30 June 2008 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 26 June 2008 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 30 June 2008 in respect of transfers; and
- (c) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

A. Ganapathy  
Secretary

Jendarata Estate,  
36009 Teluk Intan,  
Perak Darul Ridzuan,  
Malaysia  
21 May 2008

## Notice Of Annual General Meeting (Contd.)

### 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 21 May 2008.

## Statement Accompanying Notice Of Annual General Meeting

(Pursuant to paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)  
(as amended)

### Details of individuals standing for Election as Directors

- (a) (i) Name : Dato' Carl Bek-Nielsen  
 (ii) Age : 35 years  
 (iii) Nationality : Danish citizen with a Permanent Resident status in Malaysia  
 (iv) Qualification : B.Sc. in Agricultural Science from the Royal Veterinary and Agriculture University of Denmark  
 (v) Director's Status : Vice Chairman, Executive Director, Non-Independent

(b) Working Experience and Occupation:

Dato' Carl Bek-Nielsen started his career with the Company in 1993 as a Cadet Planter which included a stint in United International Enterprises (M) Berhad. After his graduation in 1998 he returned to resume his career as a Corporate Affairs Officer with the Company. First appointed Director of the Company on 1 January 2000 and was promoted to his present position of Executive Director (Corporate Affairs) on 1 March 2000. He was appointed Vice Chairman on 8 March 2002 and Director In-Charge of Unitata Berhad, a subsidiary of the Company on 9 November 2004.

(c) Directorship in public companies:

He is the Chairman of United International Enterprises Limited (UIEL), a public listed company on the OMX Nordic Exchange Copenhagen A/S and Vice Chairman of Aarhus Karlshamn AB (AAK), a public listed company on the OMX Nordic Exchange Stockholm AB.

(d) Securities holdings in the company and its subsidiaries :

	Direct	%	Indirect	%
Company	1,516,886	0.73	93,902,447	45.12
Subsidiaries	-	-	-	-

(e) Family Relationship with any director and/or major shareholder :

He is the brother of Mr. Martin Bek-Nielsen, Executive Director (Finance & Marketing) and a cousin of Mr. Brian Bech Nielsen. He has interest in the shares of the Company registered in the name of United International Enterprises Limited and Maximum Vista Sdn. Bhd., the two major shareholders of the Company.

(f) Any conflict of interest with the Company :

No conflict of interest other than the interest disclosed in the Circular to the Shareholders dated 21 May 2008 annexed to this Annual Report.

(g) List of offences within the past 10 years other than traffic offences, if any : Nil

**Statement Accompanying Notice Of Annual General Meeting (Contd.)**  
(Pursuant to paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)  
(as amended)

**Details of individuals standing for Election as Directors**

- (a) (i) Name : Jeremy Derek Campbell Diamond  
(ii) Age : 68 years  
(iii) Nationality : British citizen with a Permanent Resident status in Malaysia  
(iv) Qualification : B.Sc. (Hons.) in Agricultural Economics and Management  
from Durham University  
(v) Director's Status : Independent, Non-Executive Director

- (b) Working Experience and Occupation:

He commenced his career in Malaysia in 1963 as a Planter with Socfin Company Bhd. He served in that Company in various capacities until his appointment as General Manager/Chief Executive Officer in 1977. He held that position for 24 years until his retirement in 2001. He was appointed to the Board of United Plantations Berhad in July 2001 and has since been a Director of United Plantations Berhad.

- (c) Directorship in public companies: Nil

- (d) Securities holdings in the company and its subsidiaries :

	Direct	%	Indirect	%
Company	14,000	0.01	210,000	0.10
Subsidiaries	-	-	-	-

- (e) Family Relationship with any director and/or major shareholder :

He does not have any family relationship with any Director and/or major shareholder of United Plantations Berhad.

- (f) Any conflict of interest with the company : Nil

- (g) List of offences within the past 10 years other than traffic offences, if any : Nil



## Statement Accompanying Notice Of Annual General Meeting

(Pursuant to paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)  
(as amended)

### Details of individuals standing for Election as Directors

- (a) (i) Name : Mohamad Nasir bin Ab. Latif  
 (ii) Age : 50 years  
 (iii) Nationality : Malaysian  
 (iv) Qualification : Bachelors in Social Science (Major-Economics) from Universiti Sains Malaysia, Certified Diploma in Accounting & Finance from the Chartered Association of Certified Accountant and Masters of Science in Investment Analysis from the University of Sterling, United Kingdom  
 (v) Director's Status : Non-Independent, Non-Executive Director

- (b) Working Experience and Occupation:

He started his career with Employees Provident Fund (EPF) in 1982 and held several positions including State Enforcement Officer from 1990-1995, Senior Research Officer, Investment & Economics Research Department (1995-1998) and Manager, Investment & Economics Research Department (1998-2003) and was promoted to his current position of Senior Manager in June 2003. He was appointed to the Board of United Plantations Berhad in July 2004 and has since been a Director of United Plantations Berhad.

- (c) Directorship in public companies: Nil

- (d) Securities holdings in the company and its subsidiaries :

	Direct	%
Company	-	-
Subsidiaries	-	-

- (e) Family Relationship with any director and/or major shareholder :

He does not have any family relationship with any Director and/or major shareholder of United Plantations Berhad.

- (f) Any conflict of interest with the company : Nil

- (g) List of offences within the past 10 years other than traffic offences, if any : Nil

## 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 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.

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.

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.

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

Tan Sri Datuk Dr. Johari bin Mat 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 2007.

## Profile Of Directors (Contd.)

### 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.

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.

Mr. Ho Dua Tiam 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 2007.

## Profile Of Directors (Contd.)

### 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.

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.

Mr. G. Peter Selvarajah 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 2007 .

## Profile Of Directors (Contd.)

### 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) Berhad. 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 OMX Nordic Exchange Copenhagen A/S and Vice Chairman of Aarhus Karlshamn AB (AAK), a public listed company on the OMX Nordic Exchange Stockholm AB.

On 19 April 2008, he was conferred 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.

Currently he is a Council Member of MPOA and MPOC and a member of the R&D Committee of the MPOA. He is currently 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).

Brother of Mr. Martin Bek-Nielsen, Executive Director (Finance and Marketing) and a Board representative of the Company's two largest shareholders, UIEL and Maximum Vista Sdn. Bhd. No conflict of interest other than the interest disclosed in the Circular to Shareholders dated 21 May 2008 annexed to this Annual Report.

He attended all five (5) Board Meetings held during the year ended 31 December 2007.

## Profile Of Directors (Contd.)

### 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.

Currently he is the Chairman of Fima Corporation Berhad and the Group Managing Director of Kumpulan Fima Berhad and has directorships in other public listed companies including KESM Industries Berhad, Jerneh Asia Berhad and Manulife Insurance (Malaysia) Berhad (all listed on Bursa Securities). Mr. Ahmad Riza Basir is also a member of the Board of Directors of several other private limited companies in Malaysia.

First appointed director of the Company on 17 June 2000 and currently is a member of the Company's Audit Committee.

Does not have any family relationship with any director and/or major shareholder of the Company. No conflict of interest other than as disclosed in the Circular to Shareholders dated 21 May 2008 annexed to this Annual Report.

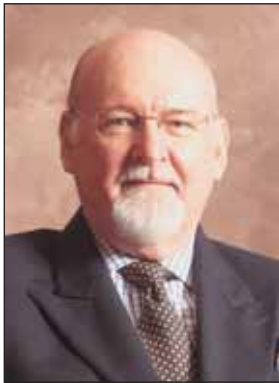
He attended four (4) out of five (5) Board Meetings held during the year ended 31 December 2007.



## Profile Of Directors (Contd.)

### 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.

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.

Mr. Jeremy Derek Campbell Diamond 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.

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 four (4) out of five (5) Board Meetings held during the year ended 31 December 2007.

## Profile Of Directors (Contd.)

### 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) Berhad (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 highly respected, “Jutlandic Dragoon’s Panzer 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 OMX Nordic Exchange Copenhagen A/S and a Director of AarhusKarlshamn AB (AAK), a public listed company on the OMX Nordic Exchange Stockholm AB.

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

Brother of Dato’ Carl Bek-Nielsen, Vice Chairman and Executive Director (Corporate Affairs) and is a Board representative of the Company’s two largest shareholders, UIEL and Maximum Vista Sdn. Bhd. No conflict of interest other than as disclosed in the Circular to Shareholders dated 21 May 2008 annexed to this Annual Report.

He attended all five (5) Board Meetings held during the year ended 31 December 2007.

## Profile Of Directors (Contd.)

### Mohamad Nasir bin Ab. Latif

*Non-Independent,  
Non-Executive Director*



Mr. Mohamad Nasir bin Ab. Latif, born in 1958, a Malaysian, is Senior Manager, Company and Intermediary Supervision Division, Investment Research and Supervision 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) and promoted to his current position of Senior Manager in June 2003.

First appointed director of the Company on 28 July 2004.

Mr. Mohamad Nasir bin Ab. Latif 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 2007.

## Profile Of Directors (Contd.)

### 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.

Mr. Brian Bech Nielsen 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. Mr. Brian Bech Nielsen's research interests are focused on nanotechnology and nanoscience together with the properties of semiconductor material with emphasis on optical studies and magnetic resonance techniques.

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

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.

Mr. Brian Bech Nielsen is a Director of United International Enterprises Limited (UIEL) a public listed company on the OMX Nordic Exchange 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 largest shareholders UIEL and Maximum Vista Sdn. Bhd. He has no conflict of interest other than as disclosed in the Circular to Shareholders dated 21 May 2008 annexed to this Annual Report.

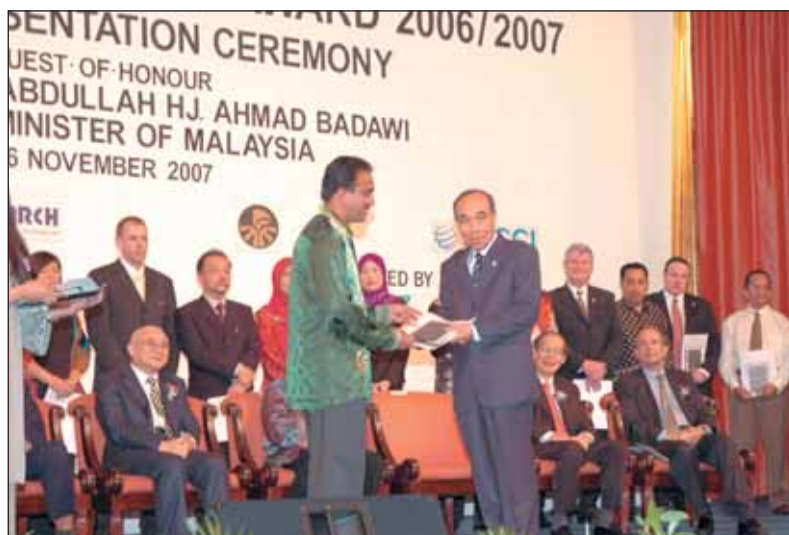
He attended all five (5) Board Meetings held during the year ended 31 December 2007.

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

## Awards



United Plantations was the joint winner (with Shell Malaysia) for the Malaysian Business Corporate Social Responsibility (CSR) award under the category of Environmental Performance. The Chairman, Ybgh. Tan Sri Datuk Dr. Johari bin Mat with the award together with Senior Executives of the Company.



The Chairman, Ybgh. Tan Sri Datuk Dr. Johari bin Mat receiving the Prime Minister's Hibiscus Award for 2006/2007 under the Category of Notable Achievement in Environmental Performance.





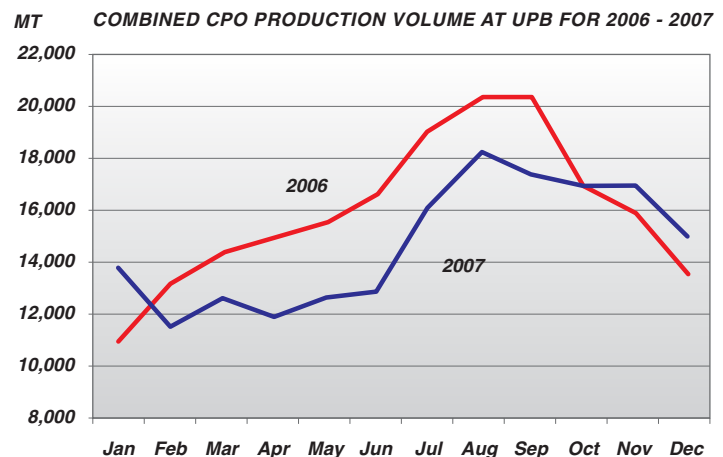
### Chairman’s Statement

On behalf of the Board of Directors, it gives me pleasure to provide a reflection of our Group’s performance for the year ended 31 December 2007 as stated in the Audited Financial Statements.

#### Financial Review Of Operations

- The Group’s profit before tax rose from RM199,569,000 in 2006 to RM232,985,000 in 2007 up by 17%.
- The Group’s net profit increased by 20% or RM29 million thus reaching an all time high of RM179,401,000 vis-à-vis RM150,008,000 in 2006. This was achieved despite experiencing a pronounced shortfall in production of almost 16,000MT of Crude Palm Oil compared to 2006 and concurrently having to incur a cess for the Cooking Oil Subsidy Scheme (COSS) introduced by the Government amounting to RM13 million for the period June to December 2007.

- The Group’s revenue during 2007 was higher by 13% reaching RM674 million during 2007. This was primarily attributed to the sharp rise in Crude Palm Oil and Palm Kernel prices.
- 2007 proved in many ways to be a challenging year in terms of production as our Group’s oil







*A view of a tenera clonal oil palm field which shows the uniformity of the clones, where every palm is identical to the other, resulting in a high yield potential.*

## Chairman's Statement (Contd.)

palm stands entered into a biologically induced resting phase following 3 years of high production causing Crude Palm Oil (CPO) and Palm Kernel (PK) outputs to fall by 8.3% and 10.9% respectively.

The consequences of this phenomenon also manifested itself throughout Malaysia causing the national output of Crude Palm Oil to decline for the first time since 1998. This was in spite of an expansion in the planted area under oil palms from 4.2 million Ha to 4.3 million Ha.

	United Plantations Berhad		
	2007	2006	± (%)
Crude Palm Oil in metric tonnes	176,272	192,204	(8.29)
Palm Kernel in metric tonnes	47,753	53,567	(10.85)
Weighted average mature hectareage under oil palms in hectares	32,339	32,561	(0.68)

Our Group Average yield of CPO per hectare declined by 7.6% to 5.45MT CPO/Ha. Average Fresh Fruit Bunch (FFB) yields also fell by 8.5% to 25.46MT FFB/Ha.

	2005	2006	2007
Malaysian National Yield of CPO/Ha	3.80	3.93	3.83
Group Average CPO yield in metric tonnes per hectare	5.65	5.90	5.45
Group Average FFB yield in metric tonnes per hectare	26.54	27.83	25.46
Group Average Oil Extraction Rates (OER) in %	21.30	21.21	21.41
Group Average Kernel Extraction Rates (KER) in %	5.65	5.91	5.80

However, in this regard, I am pleased to report that management expects a full recovery during 2008 with production poised for a rebound.

Chairman's Statement (Contd.)

- In contrast, our Coconut Palms performed exceedingly well during the year under review, setting a new record in terms of the Group's overall coconut production, which rose to a record high of 87,049,000 nuts compared to 74,035,000 nuts in 2006, up 17.6%. Consequently, the average yield reached a new record of 25,962 nuts/ha vis-à-vis 22,070 nuts/ha during 2006. Such gratifying agricultural performance is unmatched within the worldwide coconut industry today and is a testimony to the tireless efforts undertaken by our Company in terms of its commitments towards optimizing the growing conditions for this crop, known as the "Tree of Life".

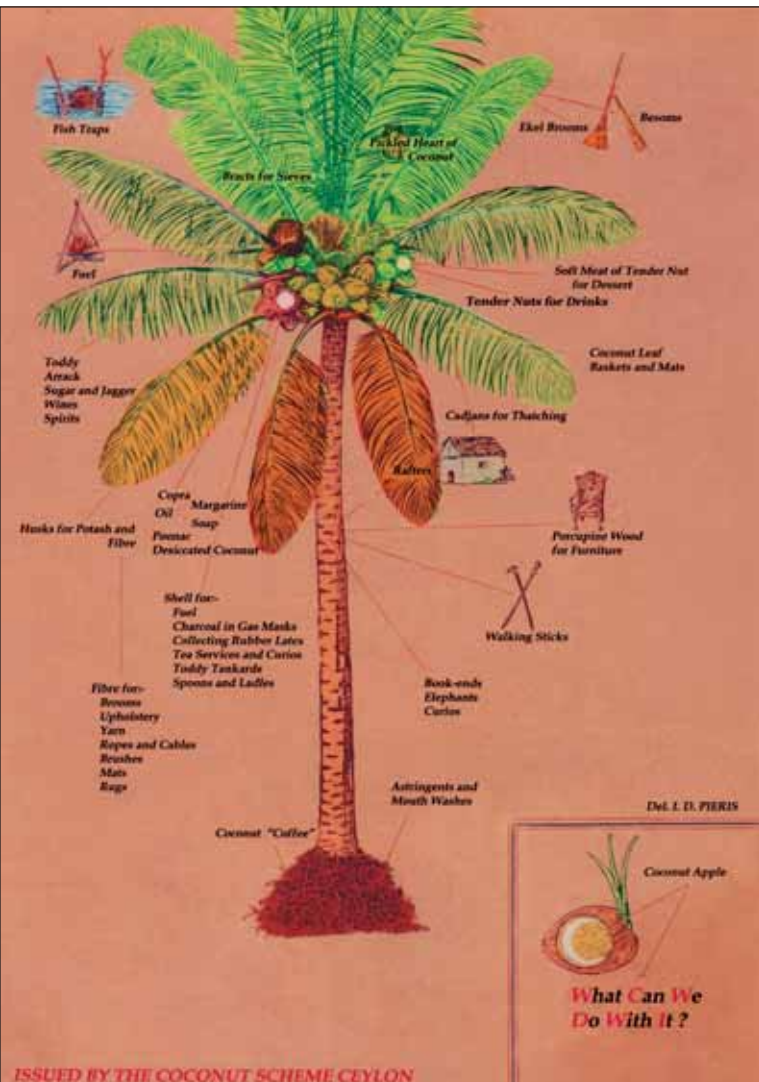


Matag coconuts.

Fact Sheet:

Today, India ranks top in productivity among the world's coconut growing countries with an average yield of 7,608 nuts per hectare in 2005/2006. Among the four major coconut growing states, Tamil Nadu has the highest productivity with 13,133 nuts per hectare.

- Average selling prices for Crude Palm Oil achieved during the year increased by 25% from RM1,468/MT in 2006 to RM1,840/MT.
- Average selling prices for Palm Kernels also increased from RM906/MT to RM1,121/MT, up 24% year on year.
- Our integrated Refinery Complex, Unitata Bhd, continued to show signs of improvement in a year characterized by better market conditions coupled with the effects of improved cost structures, hence resulting in a record profit after tax of RM11 million.
- Whilst cost consciousness remains a vital pillar of United Plantations' core performance indicators, it nevertheless became clear that the severe pressures of inflation inevitably cascaded down the line of our supply chain. This coupled with the drop in production of almost 16,000MT of CPO and 5,814MT of PK had an unavoidable impact on the Group's average cost of production (excluding depreciation and amortisation) which rose 9.5% from RM506 per tonne of CPO in 2006 to RM554 per tonne of CPO in 2007.



Tree of Life and its many uses.





*Visit by Minister YB Dato Sri' Dr. James Jemut Masing and officers from Sarawak to our UPRD seed production facility.*

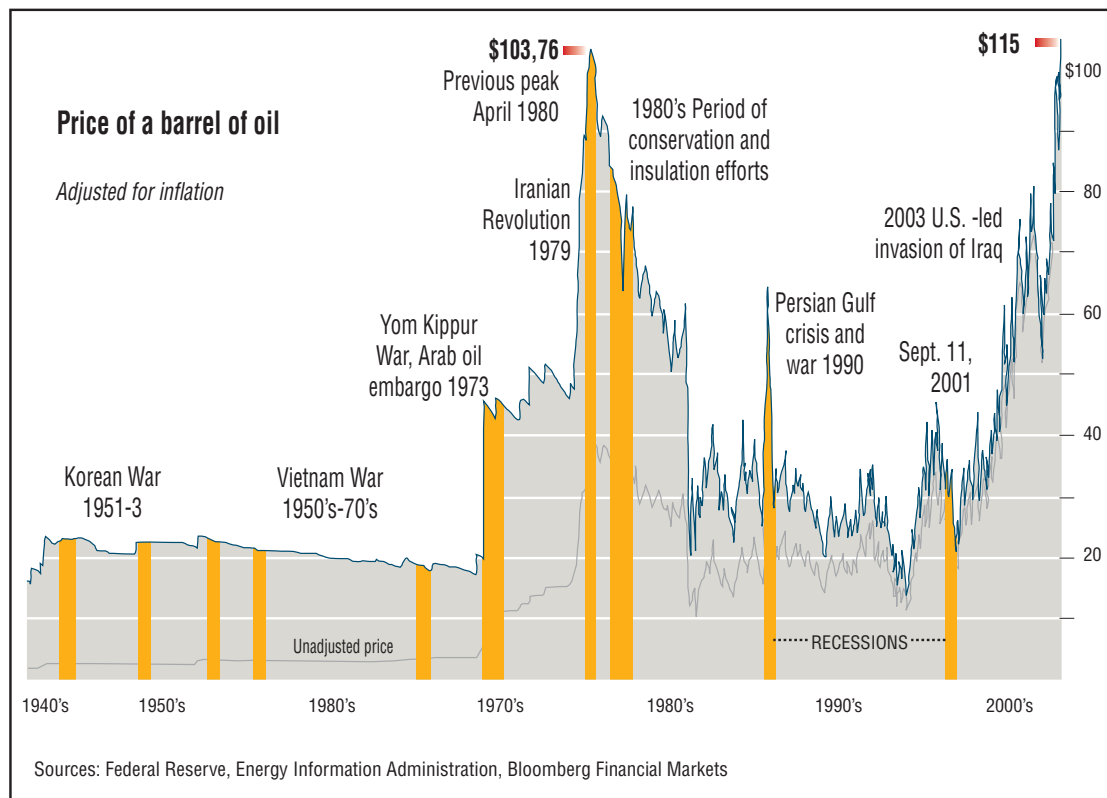
**Chairman's Statement (Contd.)**

Nevertheless, despite the rising costs, I am pleased to acknowledge that Management is making a concerted effort to not just containing but also reducing the cost structure. This will be done without compromising on the social foundations provided to our employees which must always remain a hallmark of our Group.

**Replanting Policy**

During 2007, 1,277 hectares of aged and lower yielding oil palm stands were replanted with superior planting materials produced at our

Research & Development Centre. These high yielding materials, comprising of Elite D x P crosses and clonal planting materials (non-genetically modified organisms) occupied, as of 1 January 2008, a total area of 2,580 hectares corresponding to 6.6% of the Group's total area under oil palm plantings. In this connection, I am pleased to report that enhanced attention towards the Company's Plant Breeding, Tissue Culture and Agronomy trials continue with dynamism and fervour. I am confident that these efforts will in future ensure even better yields so that we will continue to be at the forefront of the Plantation Industry.



*The Phenomenal hike in crude mineral oil prices affecting inflation.*

### Chairman's Statement (Contd.)

Finally, I wish to confirm that all our Company's replantings during 2007 were in adherence to the environmentally friendly "zero burn policy", hence complying with the regulations laid down and enforced by the Department of Environment.

#### Focusing on Growth and Managing Challenges

Over the past few years, the developed world in general has begun to appreciate the growing importance of the many emerging economies that today represent more than 80% of the world's population.

This significant population group accounted for more than half of total World Gross Domestic Product (measured at purchasing-power parity) a couple of years ago. Last year, however, the four biggest emerging economies (China, India, Brazil & Russia) accounted for two-fifths of Global GDP growth. Indeed, the average income of the 5.5

billion people on this planet who live in emerging economies has been growing at a rapid annual rate of 5% in recent years. Going forward, it is easy to predict that these emerging economies with their ever increasing purchasing powers will provide the biggest boost to world demand since the industrial revolution. This in turn will fuel the demand for energy and raw materials and of course vegetable oils.

This is without taking into account the additional demand created by the 70-73 million people that are expected to be added to the world's population in 2008. World food production will therefore have to grow by more than 60% if the demand of the world's population, expected to reach 8-8.3 billion people by year 2030, are to be met. In this connection, we must also recognize that sadly there are more than 840 million people suffering from chronic malnourishment.



*Mr. P. Seker, Senior General Manager (Engineering) and Dr. A. Xavier, Research Controller together with one of our Indonesian officers inspecting the Nursery at Sg. Arut Estate.*





A picture of Lada Estate nearing completion, taken from the company's aircraft, showing the office building on the bottom left corner, the officers' mess and director's bungalow towards the centre and the mill site and Oil Palm nursery on the far right top corner. At the far background is the Kumai River which divides our properties.

Chairman's Statement (Contd.)

In this context, it is important to pay tribute to palm oil's prominent role as a means of providing the world's poorest people with a cheap, yet healthy and stable source of nutrients and calories. In fact, world palm oil production during 2007 reached 38.15 million metric tonnes and would theoretically have been able to satisfy the annual calorific requirement of more than one-fifth of humanity (1.35 billion people) if only 30% of the daily intake of calories were in the form of oils & fats. This was accomplished inspite of the fact that oil palm plantings occupying only 4.8% of the world's total planted area under vegetable oil crops (kindly note below table)

Gratifying progress continues to be made with

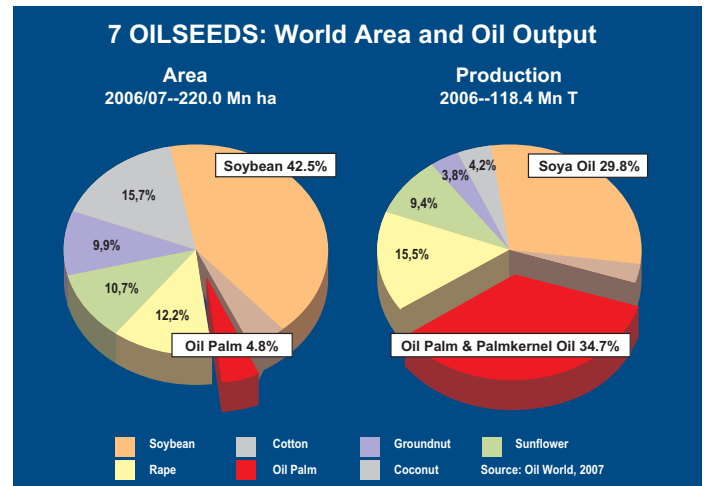
our company's investments into Kalimantan where the plan is to ultimately develop a total landbank of 35,000 – 40,000 hectares under oil palms.

Todate, the Company has obtained permits from the various Indonesian authorities to commence development on 16,000 hectares of land. In this context, I am pleased to report that as of 31 March 2008, 5,300 Ha have been planted with oil palms in strict adherence to the high agricultural standards which had evolved over 100 years of our presence in Malaysia. Furthermore, a new state of the art palm oil mill is currently under construction which is expected to be commissioned by or before September/October 2009.

**Per Capita Use of 17 Oils & Fats (kilos)**  
(Including usage for biofuels, feeds and technical purposes)

	2006/07	1996/97	1986/87
EU-27	57.2	39.3	37.8
USA	53.8	45.7	39.2
China	21.9	11.8	6.7
India	12.1	9.5	7.2
Indonesia	20.2	15.6	9.1
<b>WORLD</b>	<b>23.0</b>	<b>17.0</b>	<b>14.4</b>

Source: Oil World, March 2008





### Chairman's Statement (Contd.)

In this regard, whilst there are still many challenges ahead for the Company, management remains totally committed and dedicated towards this important task. Upon completion this new enterprise will be of immense benefit both to our employees and shareholders.

#### The Environment and Corporate Social Responsibilities

Issues concerning Global Warming continue to grab the headlines of the world media and influence the minds of politicians around the world.

Green House Gases (GHG) have indeed become a catch word today as the majority of the scientific fraternity headed by the Inter-governmental Panel for Climate Change (IPCC) have linked these heat trapping gases as the root cause of Global Warming.

In this context, we must not forget that the largest contributor of GHG emissions is the burning of fossil fuels, which today accounts for more than 80% of our global energy needs. In point of fact, only 13% of today's world energy needs are derived from renewable sources.

Humanity therefore needs to undergo a "total rethink" in terms of curbing its addiction to fossil fuels and must simultaneously pursue pragmatic ways of introducing renewable energy sources if GHG emissions are to be significantly reduced.

In this connection, I am pleased to inform shareholders that your Company remains a pioneer in terms of successfully implementing two Clean Development Mechanisms 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.





*An aerial view of a coconut replanting at Kuala Bernam Estate with the Manager's bungalow in the foreground.*

### Chairman's Statement (Contd.)

Both the Biomass Reciprocating Boiler and Biogas Plant have since their start up in 2006, helped to mitigate emissions of CO<sub>2</sub> and CH<sub>4</sub> by a minimum of 65% and 80% respectively.

There is no doubt that such initiatives have helped your Company win the Prime Minister's Hibiscus Award for 2006/2007 under the category of Notable Achievement in Environmental Performance. United Plantations was also pleased to be the winner (jointly with Shell Malaysia) for the Malaysian Business CSR award under the category of Environmental Performance.

Our Group's commitment towards reducing our "carbon footprint" remains a high priority to which new momentum is constantly being provided to further raise the ceiling and not just the floor. A thorough Life Cycle Assessment study in accordance with the ISO 14000 international standards has therefore been undertaken in order to equip management with the necessary tools for identifying areas in need of further improvement.



*An aerial view of the newly replanted oil palm field showing the zero burn replanting policy adopted throughout UPB group.*



*Riverine Reserves at the Kumai River adjacent to our Lada property at Kalimantan.*

### Chairman's Statement (Contd.)

During 2007, the debate linking palm oil plantations to deforestation intensified, particularly in Europe, where several effective smear campaigns by Non-Government Organisations (NGOs) were launched with the sole objective of tarnishing the names of all oil palm growers and the product they produce.

Despite the general commitment of the Malaysian industry towards embracing and implementing more sustainable practices, Western NGOs continue to voice their concerns about the sustainability of current palm oil production methods.

In this regard, I wish to make it clear that United Plantations Bhd welcomes environmental awareness, which it views as absolutely necessary. However, it must also be reiterated that the most durable kind of progress is usually made through dialogue based on established facts and not through emotional confrontation. Regretfully, the latter has on many occasions been the preferred choice of some NGOs.

Indeed, the palm oil industry must acknowledge that there are a few "black sheep" who do not abide by the rules and who should improve their current practices by thinking more of long term



*The Bek-Nielsen jungle sanctuary at UIE stands as testimony to UP's commitment to preserve the environment.*

## Chairman's Statement (Contd.)

sustainability rather than short term profits. This is unfortunately the case for many industries around the world and action should be taken collectively against such rogue operators, regardless of their business, as they portray a very negative perception of their industry to the outside world.

However, having said the above, it is of cardinal importance that we emphasise the fact that the rate of oil palm expansion over the last 50 years in the tropics has been far less compared with the deforestation caused by the logging of timber (especially the illegal logging trade).

At United Plantations, we shall continue to be pro-active and engage ourselves with this debate and strive to fully support the essentials of sustainable palm oil production through the Round Table for Sustainable Palm Oil. Our ultimate goal is to strike a rational balance between economy and ecology within the frameworks of our agricultural operations.

A detailed report of our environmental commitments is presented in a separate section of this Annual Report on pages 131 to 147.

Social commitment remains a core value of our Company where relentless efforts continue to be taken towards setting the highest possible welfare standards for our employees within the conventions of the day.

In this regard, United Plantations continues to operate two (2) well equipped Estate Group Hospitals among three in the country, headed by its own qualified Visiting Medical Doctors, experienced Resident Hospital Assistants and Nurses.

### Facts on Medical Facilities within the Plantation Sector

	Malaysia	United Plantations Bhd
No. of Estates in Malaysia	1376	12
No. of Estates with Houses	1143	12
No. of Estates without Houses	233	0
No. of Estates with Clinics	462	12
No. of Estates with Group Hospitals	3	2

### Benevolent payments, medical benefits and other amenities provided

	2007 RM	2006 RM	2005 RM	2004 RM	2003 RM	2002 RM	2001 RM	Grand Total RM
Hospital & Medicine Workers & Staff	1,127,991	1,108,295	1,095,856	1,247,883	1,036,780	1,438,666	1,380,383	8,435,854
Retirement Benevolent Fund	271,000	224,000	240,000	216,000	246,000	220,000	218,000	1,635,000
Scholarships & Other Educational Welfare	103,843	55,738	75,193	82,642	113,029	136,538	145,999	712,982
Bus Subsidy for School	272,643	217,945	210,671	165,497	200,330	211,162	191,098	1,469,346
External Donation	118,012	128,478	144,800	119,860	85,232	47,365	78,416	722,163
New Infrastructure	1,677,481	2,878,743	1,508,271	490,880	91,627	201,575	346,405	7,194,982
Building – Housing	2,531,894	1,537,313	352,388	470,605	437,478	34,968	194,849	5,559,495
Building – Others (Hall, Prayer Place)	99,698	901,888	454,501	208,007	180,421	165,540	47,578	2,057,633
<b>TOTAL</b>	<b>6,202,562</b>	<b>7,052,400</b>	<b>4,081,680</b>	<b>3,001,374</b>	<b>2,390,897</b>	<b>2,455,814</b>	<b>2,602,728</b>	<b>27,787,455</b>



## Chairman's Statement (Contd.)

### Human Resources

#### Group's Employees - Year 2004 to Current

	31 Dec 2004	31 Dec 2005	31 Dec 2006	28 Feb 2007	29 Feb 2008
UP Bhd	5,406	5,465	5,377	5,707	5,795
Unitata Bhd	477	486	461	472	482
Bernam Agencies Sdn Bhd	5	4	3	3	3
Butterworth Bulking Installation Sdn Bhd	16	16	16	15	16
PT SSS1, Indonesia	-	-	-	503	1,023
Total	5,904	5,971	5,857	6,700	7,319

Company's Benevolent Fund to retiring workers as well as other subsidies and educational payments amounted to RM647,000 during 2007. This is in addition to the regulatory contributions by the Company to the Employees' Provident Fund and social security contributions.

Large investments were also made towards further improving the living conditions on the estates.

28 model houses were built and occupied by our most eligible general employees prior to the festive seasons of Deepavali and Hari Raya in 2007. Moreover, a new Community Hall was officially opened on 14 February 2008 by Ms Josephine Grut and named the "Grut Community Hall" in commemoration and respect of her fore-fathers' (Commander Grut, Olof Grut and Rolf Grut) contributions towards United Plantations and the Oil Palm Industry in general.

Long stretches of gravel roads were also upgraded to tarmac on our Upriver and Downriver Estates providing most of our estates with the luxury of having fully tarred road connections to the outside world.

Regular inspections of the employees housing are made by the Health Care Team to ensure that sanitation 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 with pesticide and other chemical handling. In this context, training programmes in the use of personal protective equipment for workers exposed to hazardous compound are regularly conducted.

Audiometric tests and fire drills are 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 Safety Committee Meetings in accordance with the Department of Safety & Health (DOSH) regulations of Malaysia.

#### Vacancies / Shortages in the Group's Plantations and Mills As Per Job Categories, as at 29 February 2008

Job Categories	Existing Workforce			Vacancies/ Shortage	Total No. of Workers Required
	Local	Foreign	Total		
Oil Palm Harvesters	75	2,001	2,076	-191	2,267
Coconut Huskers	38	164	202	+35	167
Field Workers	456	1,924	2,380	-49	2,429
General Workers	720	837	1,557	+11	1,546
Skilled Workers	121	82	203	-38	241
	1,410	5,008	6,418	-232	6,650

Furthermore, the Company continues to provide and maintain places of worship for our employees, pre-schools for our employees' children, crèches for personalized child care, bus subsidies for school transport for our workers children, a fully operational Danish Bakery to provide our employees with cheap yet delicious high quality products and an Old Folks Home to care for the aged and the homeless. Such benevolence and social compassionate gestures will continue to be nurtured.

In relation to this, I am pleased to mention that annual benevolent payments made from the



*An aerial view of modern workers houses at Taman Bek-Nielsen situated in Jendarata Estate Div 3 complete with a football field.*



*Our very own Bernam Bakery makes a full range of quality bread, Danish pastries, cookies as well as confectionary items for the estates and surrounding communities and visitors.*



*A cultural performance by our Indonesian employees at the Merdeka Sports carnival at UIE.*



Chairman’s Statement (Contd.)



Planters Bungalows at various estates in UP.

Prospects & Outlook

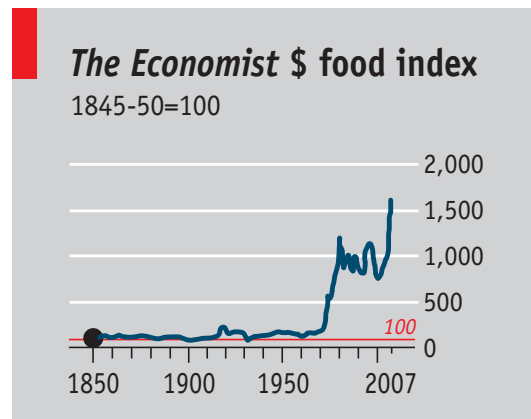
The world production of the 17 Oils & Fats reached a new high of 154 million MT during 2007, up 4 million MT on the previous year. This was a significantly lower increase compared to that seen between 2005 to 2006.

	2005	2006	2007
World Production of the 17 Oils & Fats (in million MT)	140.7	150.0	154.0

Source : Oil World 2008

Adverse weather conditions and harvest failures across many parts of the world were the main causes which aggravated the situation especially in a year where the world demand for oils & fats continued to outstrip supply for the third year in succession. This imbalance pushed not only vegetable oil prices upwards but generally all agricultural commodities, giving rise to the new term “agflation”.

Indeed, food prices in general have increased by 75% since 2005 measured in real terms.



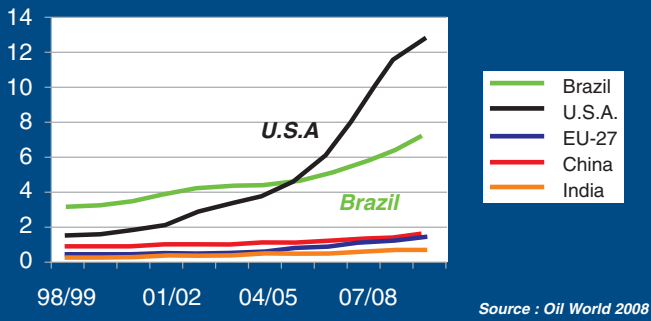
**40%**  
 ↑ The increase in the cost of an average African meal made up of staple such as wheat, maize and rice in the last 12 months.  
 Source: Financial Times, April 2008



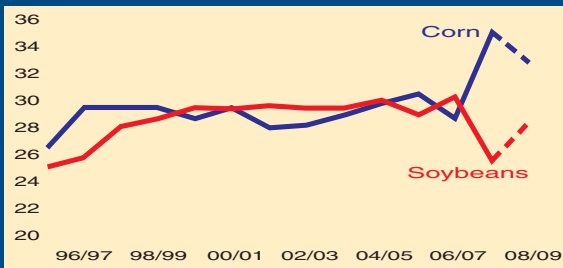
Chairman’s Statement (Contd.)

Prospects & Outlook (Contd.)

USA : World Ethanol Production (Bn gallons)



U.S.A.: Soybean & Corn Plantings (Mn ha)



However, the factor which continued to tip the scale of imbalance was that arising from the overly ambitious biofuel policies in the European Union (EU) as well as the USA, in their pursuit to reduce Green House Gas emissions and their dependency on imported fossil fuels.

On 23 January 2008, we witnessed how Mr José Barroso, the President of the European Commission (EC) formally adopted new legislative proposals targeting a 10% mix of biofuels in fossil fuels by 2020, which is even more ambitious than the earlier goal of 5.75% by the year 2010.

Furthermore, in early December 2007 news came from Washington that the House had passed a new energy bill promoting renewable energy sources which amongst other things could see bio-ethanol output increase to 36 billion gallons (136 million MT) a year by 2022.

The above policies have added fuel to the fire and ignited a rush by farmers to increase their plantings of corn at the expense of soybeans and wheat.

As a result, the area under US soybean plantings fell by 4.8 million hectares (larger than the size of Denmark) in 2007 to 25.4 million hectares compared to the year before. Corn plantings on the other hand rose by 6.4 million hectares or 22% year on year.

Whilst such policies are currently bullish for vegetable oil producers, our Group chooses to remain cautiously optimistic and stands firm on its earlier decision not to enter the business of first generation biofuels. Instead we will continue to produce palm oil and coconuts in the most sustainable manner for traditional uses.

In this connection, we must recognize the potential structural changes which could surface as the “food vs fuel” dilemma heats up. Questions are already being posed as to whether the costly shift to biofuels will actually deliver the anticipated reductions in GHG emissions.

We shall continue to monitor developments very carefully as sentiments could change the demand/supply complex for vegetable oils and this would ultimately affect prices.

Nevertheless, in view of the current high palm oil prices, coupled with a year in which our Group’s crude palm oil production is expected to rebound, the Board of Directors have every reason to expect another satisfactory year for 2008.

Acknowledgement

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 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

10 April 2008

## 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 a potential 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.

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 responsibilities 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. We have described our commitment and the actions we have taken in regard to our CSR in the Statement for your information, herebelow.

### Environment

In 2006, we completed the commissioning of the Biomass Reciprocating Boiler and Biogas plants 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. 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 before mentioned projects from the Clean Development Mechanism Board (CDM) under the Kyoto Protocol. A more detailed explanation is given on page 141 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 frameworks 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.

The Company was awarded the joint winner with Shell Malaysia Bhd for the Malaysian Business CSR award under the category of Environment Performance which is testimony to our commitment to the environment.

Our commitment towards the Round Table of Sustainable Palm Oil found on page 143 is yet another example of our focus and dedication towards a clean environment.



*Stakeholders meeting attended by various interested parties to discuss social and environmental issues affecting them by UP's operations.*

## Statement on Corporate Social Responsibility (Contd.)

### 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 exposed to hazardous 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 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.

### Contributions to Society and the Local Community

We provide premium housing amenities and places of worship for our employees, kindergartens for our workers children, creches for personalized care, and an old folk's home for the Company's retirees.

We have made aggregate payments of RM10.2 million to date 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 part-take in sporting and social activities by providing facilities such as football fields, community halls, badminton courts, etc. Annual employee 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.



*Children of our employees participating in the Merdeka Sports carnival at UIE.*



## Statement On Corporate Governance

The Malaysian Code of Corporate Governance (the Code) sets out the principle of Corporate Governance in Part 1 and the Best Practices in Part II. They essentially relate to the boards 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 15.26 of the Bursa Malaysia's Listing Requirements. Its purpose is to show how the Board has applied the principle 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 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.



*Bulking installation at Jendarata Riverside with the Bernam River at the foreground.*

*Dato' Carl Bek-Nielsen briefing the members of the European Parliament during their visit to United Plantations in January 2008.*



## Statement On Corporate Governance (Contd.)

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 Listing Requirements which states that one-third of the Board's size must be independent and non-executive. 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 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 three 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.



*Ms Josephine Grut officiating the opening of The Grut Community Hall at Jendarata together with Mr Ho Dua Tiam and Dato' Carl Bek-Nielsen.*

## Statement On Corporate Governance (Contd.)

The Company has issued 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 Company;
- ii) Overseeing the conduct of the Company'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 Company's internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

### Supply of Information

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

The Company's management accounts are sent to all Board members on a regular basis. The proceedings of all Board and Committee meetings are minuted by the Company Secretary for confirmation at the next Board/



## Statement On Corporate Governance (Contd.)

Committee Meetings. All minutes of the Board committees are circulated to all members of the Board.

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

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

All directors of the Company had completed the Mandatory Accreditation Programme (MAP). The Continuous Education Programme (CEP) was repealed by Bursa Securities with effect from 1 January 2005 and the directors who were required to fulfill this programme complied with the deadline before the due date. The directors are also mindful of their continuous training requirements.

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.



*A group picture at the opening of The Grut Community Hall.*

## Statement On Corporate Governance (Contd.)

Relevant training programmes, seminars and conferences attended by Directors during the financial year ended 31 December 2007 were:

1. Bursa Malaysia's Annual Palm & Lauric Oils Conference & Exhibition: Price Outlook 2007/2008 (POC 2007)
2. 2007 International Palm Oil Congress (PIPOC 2007)
3. 5th Roundtable Meeting (RT5) on Sustainable Palm Oil
4. Seminar on Impact of the 2008 Budget on Business and Tax Updates
5. Audit Committee: Crucial Updates 2007

### Board Meetings

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

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

1. Matters arising from the previous minutes of the Board and Committees of the Board
2. Monthly, Quarterly and Yearly Financial Statements
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	4	5
Mr. Martin Bek-Nielsen	5	5
Mr. Mohamad Nasir bin Ab. Latif	5	5
Mr. Brian Bech Nielsen	5	5

### Nomination Committee

The Principal Board function of making recommendations for new appointments to the Board is delegated to the Nomination Committee. The Committee consists entirely of non-executive directors who are also independent. The Committee has access to the services of the Company'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 the Listing Rules of Bursa Malaysia.

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 (Contd.)

The Committee held one meeting in respect of year ended 31 December 2007 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 was 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 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 five (5) times during the year, and the minutes thereof are 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)

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

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

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



## Statement On Corporate Governance (Contd.)

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	335,000	-	-	-	69,000	404,000
Executive Directors	150,000	300,194	2,310,000	438,389	22,500	3,221,083
<b>Total</b>	<b>485,000</b>	<b>300,194</b>	<b>2,310,000</b>	<b>438,389</b>	<b>91,500</b>	<b>3,625,083</b>

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		6
RM 900,001 - RM 1,000,000	2	
RM 1,200,001 - RM 1,300,000	1	
<b>Total</b>	<b>3</b>	<b>6</b>

### 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 was usually lacking with shareholders with the exception of the controlling shareholders who are represented on the Board. The Company's website: [www.unitedplantations.com](http://www.unitedplantations.com) and the stock exchange websites: [www.bursamalaysia.com](http://www.bursamalaysia.com), and [www.omxgroup.com](http://www.omxgroup.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.



*Water management and good drainage systems are critical in oil palm cultivation to maximize yields.*

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 is an excellent forum for dialogue with all shareholders for which due notice is given. The shareholders are given the

## Statement On Corporate Governance (Contd.)

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

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

The Notice of A.G.M. 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 Listing Rules 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 balanced and understandable. In the preparation of the financial statement, 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. The external auditors are appointed by the Board to review this 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 2007

The Board of Directors is required under paragraph 15.27(a) of the Listing Requirements of Bursa Malaysia Securities Berhad 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 2007 the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates. The Directors also consider that all applicable Financial Reporting Standards in Malaysia have been complied with and confirm that the financial statements have been prepared on a going concern basis.

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

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

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



### Economic Outlook 2008 GDP Growth

The Malaysian economy continued its strong growth momentum, expanding by 6.3% in 2007. Growth was driven by robust domestic demand despite weaker external environment which led to moderation in export growth. In 2008, domestic demand is expected to remain resilient, providing strong support to the Malaysian economy which is projected to expand by 5 - 6%. In addition, private investment will also benefit from measures implemented to further improve business environment, including the reduction in corporate tax rate, as well as intensification of implementation of projects under the 9MP and the economic corridors.

#### Real GDP Growth – Regional Countries

Country	2008 Forecast (%)	2007 Estimate(%)
Malaysia	5.0 - 6.0	6.3
Indonesia	6.2 - 6.8	6.3
Philippines	6.3 - 7.0	7.3
Thailand	4.5 - 6.0	4.8
Singapore	4.0 - 6.0	7.7
Chinese Taipei	4.3	5.7
Hong Kong SAR	4.5	6.3
Korea	4.7	4.9
PR China	10.5	11.4

Source:  
Bank Negara Malaysia  
[www.bnm.gov.my](http://www.bnm.gov.my)

### UP Share Prices

Year	2007	2006	2005	2004	2003
Highest Price Per Share (RM)	14.80	9.75	7.05	5.15	4.86
Lowest Price Per Share (RM)	9.00	7.00	4.90	4.30	4.00

The price of United Plantations Berhad shares on Bursa Malaysia Securities Berhad reached a high of RM14.80 and recorded a low of RM9.00 per share for the year ended 31 December 2007. Compared with the corresponding prices achieved in 2003, this represented an increase of 205% and 125% 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 rather than to eliminate these risks. Accordingly, the system of internal control can provide 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 (Contd.)

- 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 action taken on identified internal control issues. The role of the Audit Committee is further elaborated in the Audit Committee Report on pages 51 to 53.

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 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 Mills

#### Palm Oil Extraction Rates

There are more than 405 palm oil mills in operation in Malaysia. The average oil extraction rate in Peninsular Malaysia for 2007 was 19.32%, compared with that of United Plantations Berhad which was 21.41%.

### CPO Production

In 2007 the production of CPO declined marginally by 0.4% to 15.8 million tonnes from 15.9 million tonnes in the previous year. This was the first decline in output since 1998 and was due to the biological yield down-cycle, which normally occurs every three to four years. Average national yields, as measured by the fresh fruit bunches, declined by 2.9% to 19 tonnes per hectare in 2007.

## 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)

**Secretary – Mr. A. Ganapathy**

### 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, all of whom must be non-executive directors and the majority shall be independent 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 (Contd.)

- (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 (Contd.)

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 2007 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	5	5

### 4) Activities

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

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

b) Reviewed all related party transactions;

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

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

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

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

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 2008 and recommended to the Board for its approval.



*Mr Terence Daley, Mr Ken Stimpson and Mr Harold Speldewinde who joined us at UP's field day in March 2008.*

*Mr Ken Stimpson passed away peacefully in Scotland on the 20th April 2008. His contribution and leadership over the many years associated with UP has been a great asset and inspiration for which the company is deeply grateful.*

## 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 2007

##### Consumer Prices

The headline inflation rate, as measured by the annual change in the CPI increased at a slower pace of 2% in 2007 (2006: 3.6%). The level of inflation was within the forecast of 2 - 2.5%. Rising global price of primary and food commodities posed a serious challenge to policymakers globally in 2007. These developments in varying degrees affected price inflation across the globe. The appreciation of the ringgit exchange had also, to some extent, mitigated some inflationary pressure. Headline inflation is expected to average 2.5 - 3% in 2008.

#### Economic Outlook 2007- Malaysia Liberalisation of the Foreign Exchange Administration Policies w.e.f 1-4-2007

In line with the country's strategic objectives Bank Negara Malaysia announced further liberalisation of the Foreign Exchange Administration Rules w.e.f 1 April 2007 aimed at enhancing Malaysia's competitiveness through reducing cost of doing business amongst various others. Details of the announcement can be obtained at [www.bnm.gov.my](http://www.bnm.gov.my)

## Our Code Of Business Ethics (Contd.)

### 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.



*BOP Club House with a swimming pool is one of the many facilities provided to executives to relax and socialize after a hardworking day.*

## Our Code Of Business Ethics (Contd.)

### 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 2007 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	83,810

#### 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 254,962 was incurred by the Group in the financial year for its outsourced internal audit and in-house internal audit department.





*4 year-old clonal palms on a hill terrace in Seri Pelangi Estate.*



*A new high yielding Malayan Yellow Dwarf x Cameroon Red Dwarf (MYD x CRD) hybrid in Sungei Bernam Estate. Besides being a prolific yielder, this dwarf x dwarf hybrid produces tender drinking nuts with high sugar content.*





**UNITED PLANTATIONS BERHAD**  
(Company No. 240-A)

Financial Statements  
For the year ended 31 December 2007

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## Report Of The Directors For The Year Ended 31 December 2007

The Directors have pleasure in submitting for your consideration their 87th annual report together with the audited financial statements of the Company and of the Group for the year ended 31 December 2007.

### 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 Company'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	179,388	169,062
Attributable to:		
Equity holders of the Company	179,401	169,062
Minority interests	(13)	-
	179,388	169,062

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:

	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	3,857
Sungei Erong	3,620
Sungei Chawang	3,286
Seri Pelangi	1,422
Lima Blas	2,889
PT Surya Sawit Sejati	3,592
	44,274



## Report Of The Directors For The Year Ended 31 December 2007 (Contd.)

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 2007 were as follows:

1,277 hectares of oil palm replanted with oil palm  
 55 hectares of coconut replanted with coconut  
 2,016 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 15% less 27% tax amounting to RM22,790,702 in respect of the previous financial year was paid on 5 February 2007.
- b) A final dividend of 15% less 27% tax amounting to RM22,790,702 in respect of the previous financial year was paid on 24 July 2007.
- c) An interim dividend of 20% less 26% tax amounting to RM30,803,871 in respect of the current financial year was paid on 4 February 2008.

At the forthcoming Annual General Meeting, a final dividend in respect of the year ended 31 December 2007, of 20% less 26% tax 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 this proposed dividend. Such dividend, 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 2008.

### 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 2007 (Contd.)

### Directors (Contd.)

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:

The Company:	Number of Shares of RM1.00 each				% of Issued Share Capital
	1 January 2007	Bought	Sold	31 December 2007	
Ybhg. Tan Sri Datuk Dr. Johari bin Mat					
- held directly	140,000	-	-	140,000	0.07
Mr. Ho Dua Tiam					
- held directly	957,400	-	250,000	707,400	0.34
- deemed interested	110,892	-	110,892	-	-
Mr. G. Peter Selvarajah					
- held directly	60,120	-	-	60,120	0.03
Ybhg. Dato' Carl Bek-Nielsen					
- held directly	771,411	742,475	-	1,513,886	0.73
- deemed interested	94,266,505	720,892	1,084,950	93,902,447*	45.12
Mr. Ahmad Riza Basir					
- held directly	112,500	-	42,000	70,500	0.03
- deemed interested	2,735,940	-	89,500	2,646,440	1.27
Mr. Jeremy Derek Campbell Diamond					
- held directly	14,000	-	-	14,000	0.01
- deemed interested	224,000	-	14,000	210,000	0.10
Mr. Martin Bek-Nielsen					
- held directly	416,287	542,475	430,000	528,762	0.25
- deemed interested	94,266,505	720,892	1,084,950	93,902,447*	45.12
Mr. Brian Bech Nielsen					
- deemed interested	5,000	-	-	5,000	-

## Report Of The Directors For The Year Ended 31 December 2007 (Contd.)

### Directors (Contd.)

\* Note:

Dato' Carl Bek-Nielsen and Mr. Martin Bek-Nielsen

7,320,807 shares - Deemed interested in the shares registered in the name of United International Enterprises Limited

86,566,100 shares - Deemed interested in the shares registered in the name of Maximum Vista Sdn. Bhd.

10,540 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 Mas Holdings Limited

93,902,447 shares

By virtue of their interest in the shares of United International Enterprises Limited and Maximum Vista Sdn. Bhd., 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.

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 in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest except as disclosed in Note 27 to the financial statements.

## Report Of The Directors For The Year Ended 31 December 2007 (Contd.)

### 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 assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which 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 2007 (Contd.)

### Significant Event During The Year

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 after the merger of a subsidiary company, PT. Surya Sawit Sejati ("PT SSS1") and PT SSS2.

However, due to Indonesian authorities' administrative differences restricting a single company holding areas in excess of 20,000 hectares, the Company has decided not to pursue the merger. Thus, PT SSS1 and PT SSS2 will remain as separate entities. The Company is in the process of acquiring the shares of PT SSS2 directly via another Malaysian subsidiary company, and obtaining the approvals of the relevant Indonesian and Malaysian authorities.

### 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 17 March 2008.

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 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue	4	674,193	597,463	408,598	382,236
Other income		7,856	8,273	7,720	6,500
		682,049	605,736	416,318	388,736
Changes in finished goods		26,242	(4,336)	11,577	6,170
Raw materials and consumables used		(270,158)	(212,765)	(25,358)	(34,311)
Amortisation of biological assets		(19,092)	(19,493)	(19,092)	(19,493)
Depreciation of property, plant and equipment		(17,428)	(16,970)	(12,821)	(12,507)
Amortisation of prepaid lease payments		(4,115)	(4,108)	(4,115)	(4,108)
Staff costs	5	(93,659)	(90,525)	(82,715)	(79,998)
Other expenses		(78,698)	(62,787)	(66,643)	(56,236)
<b>Profit from operations</b>	5	225,141	194,752	217,151	188,253
Finance costs	6	(14)	(287)	(9)	(173)
Reversal of provision for diminution in value of investments		1,965	813	1,965	813
Investment and interest income	7	5,893	4,291	5,164	9,099
<b>Profit before taxation</b>		232,985	199,569	224,271	197,992
Taxation	8	(53,597)	(49,561)	(55,209)	(53,500)
<b>Net profit for the year</b>		179,388	150,008	169,062	144,492
Attributable to:					
Equity holders of the Company		179,401	150,008	169,062	144,492
Minority interests		(13)	-	-	-
		179,388	150,008	169,062	144,492
<b>Earnings per share (sen)</b>	9	86	72		

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

## Balance Sheets

As At 31 December 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>Assets</b>					
<b>Non-Current Assets</b>					
Biological assets	10(a)	196,499	184,723	177,037	180,183
Property, plant and equipment	10(b)	364,946	346,767	322,388	304,381
Prepaid lease payments	10(c)	385,073	381,434	359,408	358,970
Subsidiary companies	11	-	-	97,451	67,451
Advances to a foreign company	12	18,651	-	-	-
Associated company	13	-	-	50	50
Amount due from associated company	13	17	11	17	11
Available for sale financial assets	14	8,247	3,247	8,268	3,268
		973,433	916,182	964,619	914,314
<b>Current Assets</b>					
Inventories	15	118,034	84,011	41,489	27,584
Trade receivables	16	46,296	45,843	2,445	6,832
Other receivables, deposits and prepayments	17	52,729	13,668	3,170	9,026
Amounts due from subsidiary companies	11	-	-	135,942	63,714
Tax recoverable		546	482	-	-
Financial assets at fair value	14	3,060	5,921	3,060	5,921
Deposits with licensed banks	18	159,615	150,097	126,800	118,200
Cash and bank balances		8,790	6,776	3,107	3,820
		389,070	306,798	316,013	235,097
<b>Total Assets</b>		<b>1,362,503</b>	<b>1,222,980</b>	<b>1,280,632</b>	<b>1,149,411</b>
<b>Equity and Liabilities</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	19	208,134	208,134	208,134	208,134
Reserves	20	988,347	863,967	933,551	818,084
		1,196,481	1,072,101	1,141,685	1,026,218
Minority interest		672	304	-	-
<b>Total Equity</b>		<b>1,197,153</b>	<b>1,072,405</b>	<b>1,141,685</b>	<b>1,026,218</b>
<b>Non-Current Liabilities</b>					
Deferred taxation	21	60,714	64,626	53,400	55,291
Retirement benefit obligations	22	2,958	3,323	1,765	1,814
		63,672	67,949	55,165	57,105
<b>Current Liabilities</b>					
Trade payables	23	19,071	13,694	2,331	2,286
Other payables and accruals	23	32,753	32,934	30,886	27,239
Amounts due to subsidiary companies	11	-	-	1,198	712
Taxation		18,183	12,810	18,177	12,810
Dividends payable		30,804	22,791	30,804	22,791
Bank borrowings	24	232	16	-	-
Retirement benefit obligations	22	635	381	386	250
		101,678	82,626	83,782	66,088
<b>Total Liabilities</b>		<b>165,350</b>	<b>150,575</b>	<b>138,947</b>	<b>123,193</b>
<b>Total Equity and Liabilities</b>		<b>1,362,503</b>	<b>1,222,980</b>	<b>1,280,632</b>	<b>1,149,411</b>

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

## Consolidated Statement Of Changes In Equity

For The Year Ended 31 December 2007

Group	Note	Attributable to Equity Holders of the Company					Foreign currency translation reserve	Total	Minority Interest	Total Equity
		Share capital	Retained profits	Reserve on consolidation	Share premium	Capital reserve				
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2006										
As previously stated		208,134	330,231	220	181,920	257,798	-	978,303	-	978,303
Effects of adopting FRS 3		-	220	(220)	-	-	-	-	-	-
		208,134	330,451	-	181,920	257,798	-	978,303	-	978,303
Minority interest in a subsidiary company at point of acquisition		-	-	-	-	-	-	-	333	333
Transfer to retained profits upon capital reduction in a subsidiary company out of bonus shares issued previously		-	236,000	-	-	(236,000)	-	-	-	-
Foreign currency translation		-	-	-	-	-	(534)	(534)	(29)	(563)
Net income/(expense) recognised directly in equity		-	236,000	-	-	(236,000)	(534)	(534)	304	(230)
Net profit for the year		-	150,008	-	-	-	-	150,008	-	150,008
Dividends	25	-	(55,676)	-	-	-	-	(55,676)	-	(55,676)
At 31 December 2006		208,134	660,783	-	181,920	21,798	(534)	1,072,101	304	1,072,405
At 1 January 2007		208,134	660,783	-	181,920	21,798	(534)	1,072,101	304	1,072,405
Foreign currency translation		-	-	-	-	-	(1,426)	(1,426)	(75)	(1,501)
Increase in the paid-up share capital of a subsidiary company		-	-	-	-	-	-	-	456	456
Net income/(expense) recognised directly in equity		-	-	-	-	-	(1,426)	(1,426)	381	(1,045)
Net profit for the year		-	179,401	-	-	-	-	179,401	(13)	179,388
Dividends	25	-	(53,595)	-	-	-	-	(53,595)	-	(53,595)
At 31 December 2007		208,134	786,589	-	181,920	21,798	(1,960)	1,196,481	672	1,197,153

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



## Statement Of Changes In Equity

For The Year Ended 31 December 2007

### Company

	Note	Share capital RM'000	Retained profits RM'000	Revaluation reserve RM'000	Share premium RM'000	Total RM'000
<b>At 1 January 2006</b>						
As previously stated		208,134	547,348	19,721	181,920	957,123
Effect of adoption of FRS 127	2.1	-	-	(19,721)	-	(19,721)
<b>At 1 January 2006 (restated)</b>						
		208,134	547,348	-	181,920	937,402
Net profit for the year		-	144,492	-	-	144,492
Dividends	25	-	(55,676)	-	-	(55,676)
<b>At 31 December 2006</b>						
		208,134	636,164	-	181,920	1,026,218
<b>At 1 January 2007</b>						
As previously stated		208,134	636,164	19,721	181,920	1,045,939
Effect of adoption of FRS 127	2.1	-	-	(19,721)	-	(19,721)
<b>At 1 January 2007 (restated)</b>						
		208,134	636,164	-	181,920	1,026,218
Net profit for the year		-	169,062	-	-	169,062
Dividends	25	-	(53,595)	-	-	(53,595)
<b>At 31 December 2007</b>						
		208,134	751,631	-	181,920	1,141,685

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

## Cash Flow Statements

For The Year Ended 31 December 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>Cash Flows From Operating Activities</b>					
Receipts from customers		673,740	579,305	412,985	375,522
Payments to suppliers		(264,781)	(209,297)	(25,313)	(36,542)
Payments of operating expenses		(218,161)	(152,752)	(141,689)	(137,567)
Payments of taxes		(52,200)	(55,948)	(51,733)	(54,394)
Other receipts		7,517	7,181	7,381	5,408
Net cash generated from operating activities		146,115	168,489	201,631	152,427
<b>Cash Flows From Investing Activities</b>					
Proceeds from sale of property, plant and equipment		339	1,092	339	1,092
Interest income		4,589	3,784	3,860	3,740
Dividend income		248	507	248	5,359
Pre-cropping expenditure incurred		(30,824)	(17,329)	(15,946)	(12,716)
Purchase of property, plant and equipment	(a)	(36,742)	(45,435)	(31,235)	(36,066)
Prepaid lease payments made		(9,038)	(10,723)	(4,553)	(3,067)
Proceeds from sale of financial assets at fair value		5,882	-	5,882	-
Purchase of investment in negotiable instrument of deposit		(5,000)	-	(5,000)	-
Advances to a foreign company		(18,651)	-	-	-
Capital repaid on an investment		-	1,136	-	1,136
Subscription of preference shares issued by a subsidiary company	11(a)	-	-	(30,000)	(23,000)
Acquisition of interest in a subsidiary company		-	-	-	(594)
Acquisition of a subsidiary company		-	(12,385)	-	-
Net cash used in investing activities		(89,197)	(79,353)	(76,405)	(64,116)

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

## Cash Flow Statements

For The Year Ended 31 December 2007 (Contd.)

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>Cash Flows From Financing Activities</b>					
Interest paid		(14)	(287)	(9)	(173)
Dividends paid		(45,582)	(55,365)	(45,582)	(55,365)
Redemption of promissory note		-	(35,917)	-	(35,917)
Bank borrowing		-	(20,000)	-	-
Inter-company balances		-	-	(71,742)	(19,760)
Associated company balances		(6)	138	(6)	138
Net cash used in financing activities		(45,602)	(111,431)	(117,339)	(111,077)
Net Increase/(Decrease) In Cash And Cash Equivalents		11,316	(22,295)	7,887	(22,766)
Cash And Cash Equivalents At The Beginning Of Year		156,857	179,152	122,020	144,786
Cash And Cash Equivalents At The End Of Year	(b)	168,173	156,857	129,907	122,020

(a) Purchase of property, plant and equipment during the year was fully paid for in cash and excludes inter-group transfers.

(b) Analysis of cash and cash equivalents:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash and bank balances	8,790	6,776	3,107	3,820
Deposits with licensed banks	159,615	150,097	126,800	118,200
Bank overdrafts	(232)	(16)	-	-
	168,173	156,857	129,907	122,020

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 Company'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 of the financial statements.

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

The number of employees at 31 December 2007 for the Group was 6,749 (2006: 6,471) and for the Company was 5,553 (2006: 5,588).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 17 March 2008.

### 2. Significant Accounting Policies

#### 2.1 Basis of Preparation

The financial statements of the Company and of the Group have been prepared under the historical cost convention except for the revaluation of certain land and building included under property, plant and equipment. The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia. At the beginning of the current financial year, the Group and the Company have adopted the following revised Financial Reporting Standards ("FRSs") which became effective for the financial periods beginning on or after 1 October 2006:

FRS 117 Leases

FRS 124 Related Party Disclosures



## Notes To The Financial Statements (Contd.)

### 2.1 Basis of Preparation (Contd.)

The principal effect of the change in accounting policy resulting from the adoption of FRS 117 by the Group is as follows:

#### *FRS 117 : Leases*

In prior years, leasehold interest in land held for own use classified as property, plant and equipment, were stated at cost and revalued amounts less accumulated amortisation. With the adoption of FRS 117, the leasehold land for own use is accounted for as being held under an operating lease. Such leasehold land will no longer be revalued. Where the leasehold land had been previously revalued, the Group retained the unamortized revalued amount as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions of FRS 117. Such prepaid lease payments are amortised on a straight line basis over the remaining lease term of the land.

The comparative figures are restated to conform to the current period's presentation.

	Previously Stated RM'000	Reclassification RM'000	Restated RM'000
<b>Group</b>			
Property, plant and equipment	728,201	(381,434)	346,767
Prepaid lease payments	-	381,434	381,434
<b>Company</b>			
Property, plant and equipment	663,351	(358,970)	304,381
Prepaid lease payments	-	358,970	358,970

#### *FRS 124 : Related Party Disclosures*

The key changes of FRS 124 are:

- (i) Removal of the exemption for disclosure of related party transactions in the Company's financial statements in respect of transactions with subsidiaries.
- (ii) Disclosure of the compensation of key management personnel.

The new disclosures are shown in Notes 26 and 27.

Prior to 1 January 2007, investment in subsidiary companies was stated at cost or valuation less impairment losses. Investment in subsidiary companies is now stated at cost less impairment losses.

## Notes To The Financial Statements (Contd.)

### 2.1 Basis of Preparation (Contd.)

This change in accounting policy has been accounted for retrospectively and as disclosed below, certain comparatives have been restated. This change has no effects on the Company's income statement and the Group's financial statements for the year ended 31 December 2007.

Details of the adjustment are as follows:

	Previously Stated RM'000	Decrease RM'000	Restated RM'000
Company At 1 January 2006/2007			
Subsidiary companies	87,172	(19,721)	67,451
Revaluation reserve as at 1 January 2006	19,721	(19,721)	-

### 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 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.

## Notes To The Financial Statements (Contd.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (a) Subsidiary Companies and Basis of Consolidation (Contd.)

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.

#### (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.

## Notes To The Financial Statements (Contd.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (b) Associated Companies (Contd.)

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

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

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

In the Company's separate financial statements, investments in associated companies are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in 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 (Contd.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (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/deemed cost less accumulated depreciation and any accumulated impairment losses.

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% - 10%
Furniture and office equipment	10% - 20%
Motor vehicles, tractors and implements	12.5% - 25%

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

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

## Notes To The Financial Statements (Contd.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (c) (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 and buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term ranging from 26 years to 96 years.

#### (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.

#### (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 taxation 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

## Notes To The Financial Statements (Contd.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (e) Income Tax (Contd.)

a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

#### (f) Foreign Currencies

##### (i) Functional and Presentation Currency

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

##### (ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each 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 not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. 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 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

## Notes To The Financial Statements (Contd.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (f) Foreign Currencies (Contd.)

##### (ii) Foreign Currency Transactions (Contd.)

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 profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in 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:

	2007	2006
	RM	RM
1 United States Dollar	3.32	3.53
100 Danish Kroner	64.88	62.25
100 Indonesian Rupiah	0.034	0.039

##### (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 approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.



## Notes To The Financial Statements (Contd.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (f) Foreign Currencies (Contd.)

##### (iii) Foreign Operations (Contd.)

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.

#### (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. Revenue is recognised net of selling and distribution expenses.

##### (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 in subsidiary companies is recognised when the right to receive payment is established. Dividend income from other investments is recognised on receipt basis.

##### (iv) *Revenue from services*

Revenue from services is recognised when services are rendered and invoiced.

#### (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 (Contd.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (h) Employee Benefits (Contd.)

##### (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 contracts and certain unions' collective agreements. 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 based on the rates set out in the employment contracts and collective agreements. 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 profit or loss in the period in which they are incurred.

## Notes To The Financial Statements (Contd.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (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 assets, 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 (Contd.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (k) Financial Instruments (Contd.)

##### (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.



## Notes To The Financial Statements (Contd.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (k) Financial Instruments (Contd.)

##### (vi) *Derivative Financial Instruments (Contd.)*

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 values is negative. Any gains or losses arising from changes in fair value on derivatives are recognized in the income statement.

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.

## Notes To The Financial Statements (Contd.)

### 2.3 Significant Accounting Estimate

The key assumptions concerning the future and other key source of estimation uncertainty at the balance sheet date, that has a significant risk of causing a 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.

If the management's estimated gross contribution had been lower by 10%, the property, plant and equipment would be further impaired by RM800,000.

#### (ii) Biological assets

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

#### (iii) Deferred tax assets

The unused tax losses, unabsorbed capital allowances and 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 they have arisen in a subsidiary company that has a recent history of losses and it is not foreseen that there would be taxable profits to offset these losses in the near future.

## Notes To The Financial Statements (Contd.)

### 2.4 Standards and Interpretations Issued but not yet effective

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

FRS, Amendments to FRS and Interpretations	Effective for financial periods beginning on or after
FRS 139: Financial Instruments: Recognition and Measurement	Deferred
FRS 107: Cash Flow Statements	1 July 2007
FRS 111: Construction Contracts	1 July 2007
FRS 112: Income Taxes	1 July 2007
FRS 118: Revenue	1 July 2007
FRS 120: Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134: Interim Financial Reporting	1 July 2007
FRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7: Applying the Restatement Approach under FRS 129 - Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007

The above FRSs, amendments to FRSs and Interpretations are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application (except possibly for FRS 139 which is exempted from disclosure).

## Notes To The Financial Statements (Contd.)

## 3. Group Structure

The subsidiary companies are as follows:

Company	Country of incorporation	Percentage of equity held by the Group		Activity (see below)
		2007 %	2006 %	
United International Enterprises (M) Sdn. Bhd.	Malaysia	100	100	(a)
Unitata Berhad	Malaysia	100	100	(b)
Bernam Agencies Sdn. Bhd.	Malaysia	100	100	(c)
Butterworth Bulking Installation Sdn. Bhd.	Malaysia	100	100	(d)
Bernam Advisory Services Sdn. Bhd.	Malaysia	100	100	(e)
PT Surya Sawit Sejati	Indonesia	95	95	(f)
Berta Services Sdn. Bhd.	Malaysia	100	100	Dormant
Kapal Bernam Sdn. Bhd.	Malaysia	100	100	Dormant
Scanlook Sdn. Bhd.	Malaysia	100	100	Dormant

The subsidiary companies are primarily engaged in the following activities:

- (a) Business of oil palm and coconut cultivation, and processing of palm oil. In 2004, the subsidiary company disposed its plantation properties to the Company and ceased its principal activities.
- (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.
- (f) Business of oil palm cultivation in Indonesia. As the 3,592 hectares of oil palms planted as at the balance sheet date are still immature, there is no revenue contribution from PT SSS1 during the year.



## Notes To The Financial Statements (Contd.)

## 3. Group Structure (Contd.)

The associated company is as follows:

Company	Country of incorporation	Percentage of equity held by the Group	
		2007	2006
		%	%
Bernam Bakery Sdn. Bhd.	Malaysia	30	30

The associated company was primarily engaged in the manufacturing and sale of bread, biscuits and pastries.

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

In 2006, the operating assets of the associated company were acquired by the Company. Consequently, the associated company ceased its principal activities.

## 4. Revenue

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue consists of the following and excludes, in respect of the Group, intragroup transactions:				
Net sales proceeds of produce stocks	354,626	348,247	408,598	382,236
Net sales proceeds of finished goods	318,750	248,715	-	-
Services	817	501	-	-
	674,193	597,463	408,598	382,236

## Notes To The Financial Statements (Contd.)

## 5. Profit from Operations

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Profit from operations is arrived at, after charging:				
Directors' remuneration				
- fees	594	594	485	485
- emoluments	3,049	3,012	3,049	3,012
- others	91	105	91	105
Auditors' remuneration				
- current year	241	241	155	155
Write-down of inventories	432	50	432	50
Rental of premises	1,267	1,265	-	29
Rental of equipment	87	52	36	35
Provision for doubtful debts	45	-	-	-
Property, plant and equipment written off	407	785	407	785
Net unrealised foreign exchange loss	961	-	-	-
and crediting:				
Rental income	90	86	90	86
Profit on disposal of property, plant and equipment	339	200	339	200
Realised foreign exchange gain	190	84	42	42
Net unrealised foreign exchange gain	-	497	-	-

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Wages and salaries	79,508	75,813	70,131	67,180
Social security cost	469	437	354	334
Pension costs				
- defined contribution plans	4,817	4,780	4,061	4,065
- defined benefit plans (Note 22)	373	1,396	331	842
Other staff related expenses	8,492	8,099	7,838	7,577
	93,659	90,525	82,715	79,998

## Notes To The Financial Statements (Contd.)

## 5. Profit from Operations (Contd.)

Included in staff costs of the Group and of the Company are executive directors' emoluments amounting to RM3,049,000 (2006: RM3,012,000).

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	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Finance costs consist of interest expenses on:				
- bank overdraft / bankers acceptances	14	121	9	7
- promissory note	-	166	-	166
	14	287	9	173

## 7. Investment and Interest Income

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Gross dividends received from shares in quoted corporations	248	106	248	106
Gross dividends received from shares in unquoted corporations	-	401	-	401
Gross dividends received from subsidiary companies	-	-	-	4,852
Interest received from subsidiary companies	-	-	458	1,029
Other interest income	4,589	3,784	3,402	2,711
Gain on revaluation of financial assets at fair value (Note 14)	206	-	206	-
Gain on disposal of financial assets at fair value	850	-	850	-
	5,893	4,291	5,164	9,099

## Notes To The Financial Statements (Contd.)

## 8. Taxation

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current tax for the year	59,509	51,736	59,100	52,600
Deferred tax, relating to origination and reversal of temporary differences (Note 21)	(3,912)	(2,102)	(1,891)	900
Over provided in prior years-income tax	(2,000)	(73)	(2,000)	-
	53,597	49,561	55,209	53,500

Domestic current income tax is calculated at the statutory rate of 27% (2006: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008 and to 25% effective year of assessment 2009. The computation of deferred tax as at 31 December 2007 has reflected these changes.

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	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Profit before taxation	232,985	199,569	224,271	197,992
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	62,906	55,879	60,553	55,438
Income not subject to tax	(916)	(154)	(916)	(154)
Expenses not deductible for tax purposes	5,644	5,148	4,314	4,304
Utilisation of current year reinvestment allowance and double deduction for research	(2,142)	(4,188)	(2,142)	(4,188)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(2,995)	(1,751)	-	-
Over provided in prior years	(2,000)	(73)	(2,000)	-
Effect of taxation on temporary differences excluded on initial recognition	(2,000)	(3,000)	-	-
Effect of exemption of real property gains tax on deferred tax liability	(2,600)	-	(2,600)	-
Effect of change in deferred tax rate from 27% to 26%	(2,300)	(2,300)	(2,000)	(1,900)
Tax expense for the year	53,597	49,561	55,209	53,500



## Notes To The Financial Statements (Contd.)

## 9. Earnings Per Share

The calculation of earnings per share is based on Group profit after taxation and minority interest of RM179,401,000 (2006: RM150,008,000) and on the weighted number of ordinary shares of 208,134,266 (2006: 208,134,266) in issue during the year.

## 10. (a) Biological Assets

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Pre-cropping expenditure				
Cost				
At 1 January	392,085	370,513	393,075	380,359
Additions	31,867	17,329	15,946	12,716
Acquisition of a subsidiary company	-	4,243	-	-
Exchange differences	(999)	-	-	-
At 31 December	422,953	392,085	409,021	393,075
Accumulated Amortisation				
At 1 January	207,362	187,869	212,892	193,399
Amortisation for the year	19,092	19,493	19,092	19,493
At 31 December	226,454	207,362	231,984	212,892
Net Book Value				
At 31 December	196,499	184,723	177,037	180,183

Included in the additions of the Group during the year are depreciation of property, plant and equipment and amortisation of prepaid lease payments of a subsidiary company, PT SSS1 totalling RM1,043,000.

## Notes To The Financial Statements (Contd.)

## 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
<b>Cost/Deemed cost</b>					
At 1 January 2007	203,480	149,151	336,240	2,610	691,481
Additions	3	4,540	18,614	13,585	36,742
Disposals	-	-	(2,145)	-	(2,145)
Written off	-	-	(1,727)	-	(1,727)
Reclassification	-	84	3,121	(3,205)	-
Exchange differences	-	(13)	(190)	-	(203)
<b>At 31 December 2007</b>	<b>203,483</b>	<b>153,762</b>	<b>353,913</b>	<b>12,990</b>	<b>724,148</b>
<b>Accumulated Depreciation and Impairment Losses</b>					
At 1 January 2007					
Accumulated depreciation	-	96,995	236,233	-	333,228
Accumulated impairment losses	-	-	11,486	-	11,486
<b>Depreciation for the year</b>					
Depreciation capitalised during the year	-	13	542	-	555
Disposals	-	-	(2,145)	-	(2,145)
Written off	-	-	(1,320)	-	(1,320)
Exchange differences	-	(1)	(29)	-	(30)
<b>At 31 December 2007</b>	<b>-</b>	<b>102,055</b>	<b>257,147</b>	<b>-</b>	<b>359,202</b>
<b>Analysed as:</b>					
Accumulated depreciation	-	102,055	245,661	-	347,716
Accumulated impairment losses	-	-	11,486	-	11,486
<b>At 31 December 2007</b>	<b>-</b>	<b>102,055</b>	<b>257,147</b>	<b>-</b>	<b>359,202</b>
<b>Net Book Value</b>					
At 31 December 2007					
At cost/deemed cost	203,483	51,707	96,766	12,990	364,946

## Notes To The Financial Statements (Contd.)

## 10. (b) Property, Plant and Equipment (Contd.)

## Group

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost/Deemed cost</b>					
At 1 January 2006	203,368	138,648	300,312	5,870	648,198
Additions	112	6,230	32,696	6,397	45,435
Disposals	-	-	(2,797)	-	(2,797)
Acquisition of a subsidiary company	-	75	570	-	645
Reclassification	-	4,198	5,459	(9,657)	-
At 31 December 2006	203,480	149,151	336,240	2,610	691,481
<b>Accumulated Depreciation and Impairment Losses</b>					
At 1 January 2006					
Accumulated depreciation	-	92,309	225,938	-	318,247
Accumulated impairment losses	-	-	11,486	-	11,486
Depreciation for the year	-	92,309	237,424	-	329,733
Disposals	-	5,312	11,658	-	16,970
Reclassification	-	(626)	(1,989)	-	(1,989)
At 31 December 2006	-	96,995	247,719	-	344,714
Analysed as:					
Accumulated depreciation	-	96,995	236,233	-	333,228
Accumulated impairment losses	-	-	11,486	-	11,486
At 31 December 2006	-	96,995	247,719	-	344,714
<b>Net Book Value</b>					
At 31 December 2006					
At cost/deemed cost	203,480	52,156	88,521	2,610	346,767

## Notes To The Financial Statements (Contd.)

## 10. (b) Property, Plant and Equipment (Contd.)

## Company

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost/Deemed cost</b>					
At 1 January 2007	202,915	127,744	225,480	-	556,139
Additions	3	3,833	15,559	11,840	31,235
Disposals	-	-	(2,104)	-	(2,104)
Written off	-	-	(1,314)	-	(1,314)
At 31 December 2007	202,918	131,577	237,621	11,840	583,956
<b>Accumulated Depreciation</b>					
At 1 January 2007	-	87,551	164,207	-	251,758
Depreciation for the year	-	4,588	8,233	-	12,821
Disposals	-	-	(2,104)	-	(2,104)
Written off	-	-	(907)	-	(907)
At 31 December 2007	-	92,139	169,429	-	261,568
<b>Net Book Value</b>					
At 31 December 2007	202,918	39,438	68,192	11,840	322,388
<b>Cost/Deemed cost</b>					
At 1 January 2006	202,803	119,951	194,510	5,606	522,870
Additions	112	6,088	29,866	-	36,066
Disposals	-	-	(2,797)	-	(2,797)
Reclassification	-	(1,360)	1,360	-	-
Transfers	-	3,065	2,541	(5,606)	-
At 31 December 2006	202,915	127,744	225,480	-	556,139
<b>Accumulated Depreciation</b>					
At 1 January 2006	-	83,269	157,971	-	241,240
Depreciation for the year	-	4,908	7,599	-	12,507
Disposals	-	-	(1,989)	-	(1,989)
Reclassification	-	(626)	626	-	-
At 31 December 2006	-	87,551	164,207	-	251,758
<b>Net Book Value</b>					
At 31 December 2006	202,915	40,193	61,273	-	304,381



## Notes To The Financial Statements (Contd.)

## 10. (c) Prepaid lease payments

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At 1 January	381,434	367,085	358,970	360,011
Additions	9,038	10,723	4,553	3,067
Acquisition of a subsidiary company	-	7,734	-	-
Amortisation for the year	(4,115)	(4,108)	(4,115)	(4,108)
Amortisation capitalised during the year	(288)	-	-	-
Exchange differences	(996)	-	-	-
At 31 December	385,073	381,434	359,408	358,970
At net book value				
- Long term leasehold land	361,105	357,152	351,482	347,529
- Short term leasehold land	23,968	24,282	7,926	11,441
	385,073	381,434	359,408	358,970

Certain properties of the Group and of the Company were revalued by the Directors based on open market valuations by an independent professional firm of valuers in periods prior to 1996. As permitted by FRS 116, Property, Plant and Equipment, these assets have continued to be stated on the basis of their prior years valuations which are now regarded as deemed cost. No disclosure has been made on the net book value of assets at valuation had they been stated at cost as it is impractical to obtain such information.

## 11. Subsidiary Companies

	Company	
	2007 RM'000	2006 RM'000
(a) Investment in subsidiary companies		
Unquoted shares at cost	100,443	70,443
Less: Accumulated impairment losses	(2,992)	(2,992)
	97,451	67,451

During the year, the Company subscribed to 30,000,000 Redeemable Cumulative Convertible Preference Shares ("RCCPS") issued by a subsidiary company, Bernam Advisory Services Sdn. Bhd.. These funds in turn were used to provide a loan to PT SSS1.

## Notes To The Financial Statements (Contd.)

## 11. Subsidiary Companies (Contd.)

	Company	
	2007 RM'000	2006 RM'000
(b) Amounts due from subsidiary companies		
At 31 December	142,975	70,747
Less: Provision for doubtful debts	(7,033)	(7,033)
	135,942	63,714
Amount receivable within next 12 months	135,942	63,714
Amount receivable after next 12 months	-	-

The amounts due from subsidiary companies are unsecured. Overdue trade debts from a subsidiary company bear interest at 3.60% (2006 : 3.60%) per annum. All other amounts are non-interest bearing.

## (c) Amounts due to subsidiary companies

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

## 12. Advances to a foreign company

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 after the merger of PT SSS1 and PT SSS2.

However, due to Indonesian authorities' administrative differences restricting a single company holding areas in excess of 20,000 hectares, the Company has decided not to pursue the merger. Thus, PT SSS1 and PT SSS2 will remain as separate entities. The Company is in the process of acquiring the shares of PT SSS2 directly vide another Malaysian subsidiary company, and obtaining the approvals of the relevant Indonesian and Malaysian authorities.

During the year, the Group has advanced amounts totalling to RM18,651,000 to PT SSS2 for the purposes of securing land rights in Kalimantan, Indonesia. These advances are unsecured, interest-free and are not expected to be recalled within the next 12 months.

## Notes To The Financial Statements (Contd.)

## 13. Associated Company

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 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)	(101)	(101)	-	-
- Accumulated impairment losses	-	-	(51)	(51)
	-	-	50	50
Represented by :				
Share of net assets	-	-		

	Group	
	2007 RM'000	2006 RM'000
Note (i):		
Share of post acquisition losses and reserves is arrived at as follows:		
Loss for the year	-	-
Share of accumulated losses	(101)	(101)
	(101)	(101)

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

## Notes To The Financial Statements (Contd.)

## 14. Other Investments

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Available for sale financial assets - Non-current				
Unquoted shares at cost	4,534	4,534	10,018	10,018
Negotiable instrument of deposit	5,000	-	5,000	-
Accumulated impairment losses	(1,287)	(1,287)	(6,750)	(6,750)
	8,247	3,247	8,268	3,268
Financial Assets At Fair Value - Current				
Quoted shares in Malaysia at cost	2,854	7,886	2,854	7,886
Surplus on revaluation (Note 7)	206	-	206	-
Accumulated impairment losses	-	(1,965)	-	(1,965)
	3,060	5,921	3,060	5,921
Market value of quoted shares	3,060	5,921	3,060	5,921

## 15. Inventories

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At net realisable value				
Produce stocks	21,255	9,678	21,255	9,678
At cost				
Estate stores (Note (a))	22,058	17,906	20,234	17,906
Raw materials	6,765	376	-	-
Work-in-progress	758	547	-	-
Finished goods	63,411	50,921	-	-
Consumables	3,787	4,583	-	-
	118,034	84,011	41,489	27,584
Note (a):				
Estate stores	22,558	17,974	20,734	17,974
Write-down of inventories	(500)	(68)	(500)	(68)
	22,058	17,906	20,234	17,906

Included in produce stocks of the Group and of the Company are unrealised profit amounting to RM14,623,000 (2006: Group and Company RM6,113,000) arising from valuation of the inventories at net realisable value. As at 31 January 2008, all the produce stocks as at 31 December 2007 had been delivered to customers.

## Notes To The Financial Statements (Contd.)

## 16. Trade Receivables

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Balance as at 31 December	46,433	45,935	2,445	6,832
Less: Provision for doubtful debts	(137)	(92)	-	-
	46,296	45,843	2,445	6,832

Included in trade receivables of the Group is an amount of RM20,638,000 (2006: RM8,458,000) being trade debts due from companies in which certain Directors have interest.

The average credit terms granted to the Group's customers are 10 to 60 days. (2006: 10 to 60 days)

## 17. Other Receivables, Deposits and Prepayments

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Other receivables	52,233	13,033	2,852	8,471
Deposits	137	130	36	73
Prepayments	438	584	361	561
Less: Provision for doubtful debts	(79)	(79)	(79)	(79)
	52,729	13,668	3,170	9,026

Included in other receivables of the Group is an amount of RM39,057,000 (2006:RM8,612,000) being deposit paid for trading of derivatives with a Company in which certain directors have interests.

## 18. Deposits with Licensed Banks

The weighted average interest rates during the financial year and the average maturity period of deposits as at 31 December 2007 are as follows:

	Weighted Average Interest Rates		Average Maturity Period	
	2007	2006	2007	2006
	%	%	Days	Days
Deposits with licensed banks	3.2	3.2	30	30



## Notes To The Financial Statements (Contd.)

## 19. Share Capital

	Number of Ordinary Shares of RM1 each		Amount	
	2007 Unit'000	2006 Unit'000	2007 RM'000	2006 RM'000
Authorised	500,000	500,000	500,000	500,000
Issued and fully paid: At 1 January and 31 December	208,134	208,134	208,134	208,134

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

## 20. Reserves

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>Distributable</b>				
Retained profits	786,589	660,783	751,631	636,164
<b>Non-distributable</b>				
Share premium	181,920	181,920	181,920	181,920
Capital reserve	21,798	21,798	-	-
Foreign currency translation reserve	(1,960)	(534)	-	-
	201,758	203,184	181,920	181,920
<b>Total</b>	<b>988,347</b>	<b>863,967</b>	<b>933,551</b>	<b>818,084</b>

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

## (a) Capital Reserve

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

## Notes To The Financial Statements (Contd.)

## 20. Reserves (Contd.)

## (b) 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.

Presently, Malaysian companies adopt the full imputation system. In the Budget 2008, the Government announced the proposal to introduce the single tier tax system for companies effective from the year of assessment 2008. Under the proposed single tier system, the Company shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends paid, credited or distributed by the Company will be exempted from tax in the hands of the shareholders. However, there will be 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 section 108 balance and opt to pay dividends under the single tier system. This proposed change in the tax law also provides for the section 108 balance to be locked in as at 31 December 2007.

The balances in the Section 108 credit and exempt profits accounts as at 31 December 2007 are sufficient to frank dividends out of the distributable reserves of the Company.

## 21. Deferred Taxation

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At 1 January	64,626	66,728	55,291	54,391
Recognised in the income statement (Note 8)	(3,912)	(2,102)	(1,891)	900
At 31 December	60,714	64,626	53,400	55,291
Presented after appropriate offsetting as follows:				
Deferred tax assets	(818)	(733)	(845)	(718)
Deferred tax liabilities	61,532	65,359	54,245	56,009
	60,714	64,626	53,400	55,291

## Notes To The Financial Statements (Contd.)

## 21. Deferred Taxation (Contd.)

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
At 1 January 2006	67,613
Recognised in the income statement	(2,254)
<hr/>	
At 31 December 2006	65,359
<hr/>	
At 1 January 2007	65,359
Recognised in the income statement	(3,827)
<hr/>	
At 31 December 2007	61,532

## Deferred Tax Assets of the Group:

	Provision for Retirement		Total RM'000
	Benefits RM'000	Others RM'000	
At 1 January 2006	(425)	(460)	(885)
Recognised in the income statement	(146)	298	152
<hr/>			
At 31 December 2006	(571)	(162)	(733)
<hr/>			
At 1 January 2007	(571)	(162)	(733)
Recognised in the income statement	(1)	(84)	(85)
<hr/>			
At 31 December 2007	(572)	(246)	(818)

## Notes To The Financial Statements (Contd.)

## 21. Deferred Taxation (Contd.)

## Deferred Tax Liabilities of the Company:

	Accelerated Capital Allowances RM'000
At 1 January 2006	55,261
Recognised in the income statement	748
At 31 December 2006	56,009
At 1 January 2007	56,009
Recognised in the income statement	(1,764)
At 31 December 2007	54,245

## Deferred Tax Assets of the Company:

	Provision for Retirement Benefits RM'000	Others RM'000	Total RM'000
At 1 January 2006	(410)	(460)	(870)
Recognised in the income statement	(146)	298	152
At 31 December 2006	(556)	(162)	(718)
At 1 January 2007	(556)	(162)	(718)
Recognised in the income statement	(3)	(124)	(127)
At 31 December 2007	(559)	(286)	(845)

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

	Group	
	2007 RM'000	2006 RM'000
Unused tax losses	746	28
Unutilised reinvestment allowances	5,092	8,075
	5,838	8,103

The unused tax losses, unabsorbed capital allowances and unutilised reinvestment allowances are available indefinitely for offset against future taxable profits of the subsidiary company in which those items arose.

## Notes To The Financial Statements (Contd.)

## 22. Retirement Benefit Obligations

The Company and certain subsidiary companies are required to pay retirement benefits to their eligible employees in accordance with the terms of employment contracts and certain unions' collective agreements. 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:

	2007 %	2006 %
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	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Present value of unfunded defined benefit obligations	3,593	3,704	2,151	2,064
At 1 January	3,704	2,951	2,064	1,464
Provision during the year	373	1,396	331	842
Paid during the year	(484)	(643)	(244)	(242)
At 31 December	3,593	3,704	2,151	2,064
Analysed as:				
Current	635	381	386	250
Non-current:				
Later than 1 year but not later than 2 years	522	583	348	388
Later than 2 years but not later than 5 years	771	807	478	451
Later than 5 years	1,665	1,933	939	975
	2,958	3,323	1,765	1,814
	3,593	3,704	2,151	2,064



## Notes To The Financial Statements (Contd.)

## 23. Trade Payables, Other Payables and Accruals

Trade Payables

Trade payables are non-interest and the average credit terms granted to the Group range from 30 to 60 days. (2006: 30 to 60 days)

Other Payables and Accruals

Included in other payables of the Group and the Company is an amount of RM45,485 (2006:NIL) owing to a company in which certain directors have interests.

## 24. Bank Borrowings

	Group	
	2007 RM'000	2006 RM'000
Bank overdraft - unsecured	232	16

The interest rate applicable to the bank borrowings for the year was 7.25% (2006: 6.8% to 7.5%) per annum.

## 25. Dividends

	Amount		Group/Company Net Dividends per Share	
	2007 RM'000	2006 RM'000	2007 Sen	2006 Sen
Final dividend paid in respect of previous financial year: - 15% less 27% tax (2006: 15% less 28% tax)	22,791	22,478	10.95	10.80
Centenary Special dividend in respect of the previous financial year: - 5% tax exempt	-	10,407	-	5.00
Interim dividend in respect of the current financial year: - 20% less 26% tax (2006: 15% less 27% tax)	30,804	22,791	14.80	10.95
	53,595	55,676	25.75	26.75

## Notes To The Financial Statements (Contd.)

### 25. Dividends (Contd.)

At the forthcoming Annual General Meeting, a final dividend in respect of the year ended 31 December 2007 of 20% less 26% tax 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 this proposed dividend. Such dividend, 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 2008.

### 26. Significant Inter-Company Transactions

	Company	
	2007 RM'000	2006 RM'000
Sale of raw materials to a subsidiary company	53,972	33,989
Net interest charged to a subsidiary company	458	1,029

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.

### 27. 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 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 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.

## Notes To The Financial Statements (Contd.)

## 27. Significant Related Party Transactions (Contd.)

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	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Sale of cocoa butter substitute to AAK	231,702	160,825	-	-
Storage and handling charges paid to FPS	9	68	-	-
Insurance premium paid to JIB	485	434	479	427
Service fees paid to IPS	156	74	156	74
Commodity brokerage fees paid to FFSB	2,385	2,256	39	11

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Amount outstanding at 31 December:				
Due from AAK	20,678	4,425	40	34
Due to JIB	(14)	(8)	(14)	(8)
Due (to)/from IPS	(45)	43	(45)	43
Due from FFSB	39,057	8,612	-	4,663

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

## Notes To The Financial Statements (Contd.)

## 27. Significant Related Party Transactions (Contd.)

## (b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Short-term employee benefits	3,169	3,059	3,169	3,059
Post employment benefits:				
Defined contribution plan	494	477	494	477
	3,663	3,536	3,663	3,536

## Notes To The Financial Statements (Contd.)

## 28. 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	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>Revenue And Expenses</b>										
<b>Revenue</b>										
External sales	354,626	348,247	318,750	248,715	817	501	-	-	674,193	597,463
Inter-segment sales	53,972	33,989	-	-	709	1,296	(54,681)	(35,285)	-	-
	408,598	382,236	318,750	248,715	1,526	1,797	(54,681)	(35,285)	674,193	597,463
<b>Results</b>										
Segment results/ operating profit/(loss)	216,898	188,253	11,474	6,394	(3,231)	105	-	-	225,141	194,752
Reversal of diminution in value of investments	-	-	-	-	1,965	813	-	-	1,965	813
Investment income	-	-	-	-	1,304	507	-	-	1,304	507
Interest income	3,402	2,711	82	57	1,105	1,016	-	-	4,589	3,784
Interest expense	(9)	(173)	(5)	(114)	-	-	-	-	(14)	(287)
Income taxes	(53,209)	(49,131)	-	73	(388)	(503)	-	-	(53,597)	(49,561)
<b>Net profit for the year</b>									179,388	150,008



## Notes To The Financial Statements (Contd.)

## 28. Segmental Information (Contd.)

	Plantations		Palm Oil Refining		Other Segments		Elimination		Consolidated	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>Assets And Liabilities</b>										
Segment assets	1,136,104	1,065,994	209,527	142,462	5,548	5,345	-	-	1,351,179	1,213,801
Investment in an associated company	-	-	-	-	17	11	-	-	17	11
Other investments	-	-	-	-	11,307	9,168	-	-	11,307	9,168
Consolidated total assets									1,362,503	1,222,980
Segment liabilities	148,773	132,958	16,306	17,308	271	309	-	-	165,350	150,575
Consolidated total liabilities									165,350	150,575
<b>Other Information</b>										
Capital expenditure*	72,880	77,895	3,722	8,076	2	138	-	-	76,604	86,109
Non-cash expenses other than depreciation	432	50	-	-	-	-	-	-	432	50

## (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	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue	437,126	406,768	-	-	78,976	101,138	78,067	58,909	80,024	30,648	674,193	597,463
Segment assets	1,284,041	1,188,949	57,871	21,712	5,960	1,875	65	6,281	14,566	4,163	1,362,503	1,222,980
Capital expenditure*	55,458	72,685	21,146	13,424	-	-	-	-	-	-	76,604	86,109

\* Includes biological assets and property, prepaid lease payments and plant and equipment.

## Notes To The Financial Statements (Contd.)

## 29. Capital Commitments

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Capital expenditure approved by the Directors but not contracted	64,537	39,918	42,619	39,097
Capital expenditure contracted but not provided for	50,442	2,996	2,038	2,996
	114,979	42,914	44,657	42,093

## 30. 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 18 to the financial statements.

The Group's bank borrowings are insignificant to hedge. The effective interest rate is disclosed in Note 24 to the financial statements.

## (c) Foreign Exchange Risk

The Group is exposed mainly to United States Dollar ("USD") in its trading operations. Transactions in other currencies are not significant. Foreign currency transactions denominated in USD are hedged by forward foreign exchange contracts.

## Notes To The Financial Statements (Contd.)

## 30. Financial Instruments (Contd.)

## (c) Foreign Exchange Risk (Contd.)

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

	Currency	Maturities		Total Notional Amount RM'000
		Within 1 year RM'000	1 year up to 5 years RM'000	
<b>As at 31 December 2007:</b>				
Forwards used to hedge anticipated sales	USD	130,021	-	130,021
Forwards used to hedge trade receivables	USD	22,109	-	22,109
		152,130	-	152,130
<b>As at 31 December 2006:</b>				
Forwards used to hedge anticipated sales	USD	24,443	-	24,443
Forwards used to hedge trade receivables	USD	7,893	-	7,893
		32,336	-	32,336

The net recognised gains as at 31 December 2007 on forward exchange contracts used to hedge anticipated sales which are expected to occur subsequent to financial year ended 31 December 2007 amounted to RM2,648,000 (31 December 2006: RM997,000).

## Notes To The Financial Statements (Contd.)

### 30. Financial Instruments (Contd.)

#### (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. 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 and the average credit terms granted by the Group's suppliers are 30 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) Fair Values

The fair value 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.

## Notes To The Financial Statements (Contd.)

## 30. Financial Instruments (Contd.)

## (f) Fair Values (Contd.)

## 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
<b>At 31 December 2007 :</b>		
Commodity futures contracts		
Sales	486,804	(246,398)
Purchases	517,863	237,030
Net fair value		(9,368)
<b>At 31 December 2006:</b>		
Commodity futures contracts		
Sales	462,926	(98,053)
Purchases	449,899	110,319
Net fair value		12,266

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 (Contd.)

## 30. Financial Instruments (Contd.)

## (f) Fair Values (Contd.)

## Market Risk

Market risk is the potential change in value caused by movement in market prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions.

## Credit Risk

	2007 RM'000	2006 RM'000
Amount of credit risk, measured in terms of cost to replace the profitable contracts	-	12,266

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 2007:		
Forward foreign exchange contracts		
Sales	130,021	2,648
At 31 December 2006:		
Forward foreign exchange contracts		
Sales	24,443	997

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

## Notes To The Financial Statements (Contd.)

## 30. Financial Instruments (Contd.)

## (f) Fair Values (Contd.)

## 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 2007				
Negotiable instrument of deposit	5,000	5,000	5,000	5,000
Non-current unquoted shares	3,247	(a)	3,268	(a)
At 31 December 2006				
Non-current unquoted shares	3,247	(a)	3,268	(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 fair values of quoted investments were calculated using market prices at the balance sheet date;
- (iii) the book value of short term bank borrowings with floating rates approximates fair value; and

## Notes To The Financial Statements (Contd.)

### 30. Financial Instruments (Contd.)

#### (f) Fair Values (Contd.)

(iv) 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.

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.

### 31. Significant Event During The Year

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 after the merger of PT SSS1 and PT SSS2.

However, due to Indonesian authorities' administrative differences restricting a single company holding areas in excess of 20,000 hectares, the Company has decided not to pursue the merger. Thus, PT SSS1 and PT SSS2 will remain as separate entities. The Company is in the process of acquiring the shares of PT SSS2 directly via another Malaysian subsidiary company, and obtaining the approvals of the relevant Indonesian and Malaysian authorities.

## 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 66 to 119 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 2007 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 17 March 2008.

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 66 to 119 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 17 March 2008

Before me,

A. GANAPATHY

Francis Sinnappan  
Commissioner For Oaths  
Teluk Intan  
Perak Darul Ridzuan

## Report Of The Auditors To The Members Of United Plantations Berhad

We have audited the accompanying financial statements set out on pages 66 to 119. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of:
  - (i) the financial position of the Group and of the Company as at 31 December 2007 and of the results and cash flows of the Group and of the Company for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements and consolidated financial statements of the Group and of the Company.
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The Auditors' Reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Companies Act, 1965.

ERNST & YOUNG  
AF: 0039  
Chartered Accountants

WONG LAI WAH  
No. 1956/04/09(J)  
Partner

Kuala Lumpur, Malaysia  
17 March 2008



## Shareholders Information As At 18 April 2008

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 18 April 2008				
Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Issued Capital
Less than 100 shares	233	4.62	11,230	0.01
100 to 1,000 shares	2,021	40.08	1,758,313	0.84
1,001 to 10,000 shares	2,213	43.88	8,231,839	3.95
10,001 to 100,000 shares	454	9.00	13,295,539	6.39
100,001 to less than 5% of issued shares	119	2.36	64,771,489	31.12
5% and above of issued shares	3	0.06	120,065,856	57.69
<b>Total</b>	<b>5,043</b>	<b>100.00</b>	<b>208,134,266</b>	<b>100.00</b>

Substantial Shareholders As At 18 April 2008				
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)	86,566,100	41.59	-	-
2. United International Enterprises Limited (UIEL)	7,320,807	3.52	86,581,640 <sup>*(1)</sup>	41.60
3. Employees Provident Fund Board	24,592,698	11.82	-	-
4. Perbadanan Pembangunan Pertanian Negeri Perak (Perbadanan)	13,065,158	6.28	330,000 <sup>*(5)</sup>	0.16
5. United International Holdings Limited (UIH)	-	-	93,902,447 <sup>*(2)</sup>	45.12
6. The Dato' Bek-Nielsen Settlement (BNS)	-	-	93,902,447 <sup>*(3)</sup>	45.12
7. Dato' Carl Bek-Nielsen	1,516,886	0.73	93,902,447 <sup>*(4)</sup>	45.12
8. Mr. Martin Bek-Nielsen	571,762	0.27	93,902,447 <sup>*(4)</sup>	45.12

\*Notes:

- (1) Deemed interest by virtue of substantial shareholding in MVSB, IPS Ltd and Mas Holdings Ltd.
- (2) Deemed interest by virtue of substantial shareholding in UIEL
- (3) Deemed interest by virtue of substantial shareholding in UIH
- (4) Deemed interest by virtue of substantial interest in BNS
- (5) Deemed interest by virtue of shares held by subsidiary company of Perbadanan

Directors' Shareholdings As At 18 April 2008				
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	-	-
Mr. Ho Dua Tiam	707,400	0.34	-	-
Mr. G. Peter Selvarajah	60,120	0.03	-	-
Ybhg. Dato' Carl Bek-Nielsen	1,516,886	0.73	93,902,447	45.12
Mr. Ahmad Riza Basir	70,500	0.03	2,641,440	1.27
Mr. Jeremy Derek Campbell Diamond	14,000	0.01	210,000	0.10
Mr. Martin Bek-Nielsen	571,762	0.27	93,902,447	45.12
Mr. Mohamad Nasir bin Ab. Latif	-	-	-	-
Mr. Brian Bech Nielsen	-	-	5,000	0.00

## Shareholders Information As At 18 April 2008 (Contd.)

Thirty (30) Largest Shareholders As At 18 April 2008		
Name of Shareholder	No. of Shares	% of Issued Capital
1. Maximum Vista Sdn Bhd	86,566,100	41.59
2. Employees Provident Fund Board	20,434,598	9.82
3. Perbadanan Pembangunan Pertanian Negeri Perak	13,065,158	6.28
4. United International Enterprises Ltd	7,146,892	3.43
5. Valuecap Sdn Bhd	5,975,800	2.87
6. HSBC Nominees (Asing) Sdn Bhd Exempt An for BNP Paribas Securities Services (Convert in USD)	3,716,200	1.79
7. HSBC Nominees (Tempatan) Sdn Bhd Nomura Asset Mgmt Malaysia for Employees Provident Fund	3,198,100	1.54
8. BHR Enterprise Sdn Bhd	2,422,440	1.16
9. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Non Par 1)	1,600,000	0.77
10. Citigroup Nominees (Asing) Sdn Bhd Bear Stearns Securities Corp for Third Avenue Global Value Fund LP	1,596,200	0.77
11. Cartaban Nominees (Asing) Sdn Bhd State Street London Fund XCB9 for Aberdeen Asian Smaller Companies Investment Trust PLC	1,402,900	0.67
12. HSBC Nominees (Asing) Sdn Bhd Exempt An for Danske Bank A/S (Client Holdings)	1,299,200	0.62
13. KAF Nominees (Tempatan) Sdn. Bhd. Bernam Nominees (Tempatan) Sdn Bhd for Jendarata Bernam Provident Fund	971,121	0.47
14. HSBC Nominees (Asing) Sdn Bhd HSBC-FS for Aberdeen Malaysia Equity Fund	970,000	0.47
15. Mayban Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd for The Employees' Provident Fund Board (250416)	960,000	0.46
16. Citigroup Nominees (Asing) Sdn Bhd Exempt An for Mellon Bank (Mellon)	944,800	0.45
17. Sydbank obo Sydbank Schweiz	869,500	0.42
18. HSBC Nominees (Asing) Sdn Bhd Exempt An for The Bank of New York (Charles Stanley)	833,708	0.40
19. Carl Bek-Nielsen	819,102	0.39
20. KAF Nominees (Tempatan) Sdn. Bhd. Bernam Nominees (Tempatan) Sdn Bhd for United Plantations Berhad Education And Welfare Fund	816,000	0.39
21. Citigroup Nominees (Asing) Sdn Bhd RBS As Depository for First State Asia Pacific Sustainability Fund (CBLDN)	756,400	0.36
22. Jyske Bank obo J.E. Jensen, Alfarvad A/S	754,450	0.36
23. Ho Dua Tiam	707,400	0.34
24. HSBC Nominees (Asing) Sdn Bhd Exempt An for JPMorgan Chase Bank, National Association (Norges Bank)	700,000	0.34
25. Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Fund	678,200	0.33
26. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund W61I for Emerging Companies Portfolio (Wellington TST)	666,500	0.32
27. Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	663,600	0.32
28. Mr. E. Thrane	650,000	0.31
29. Scan Services Limited Ref. 39	642,784	0.31
30. Scan Services Limited Ref. 50	641,665	0.31
	162,468,818	78.06

## Comparative Statistics - 10 Years

Year ended 31 December	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	1999 RM '000's	1998 RM '000's
<b>Balance Sheet Analysis</b>										
Issued Capital	208,134	208,134	208,134	208,134	208,134	151,510	151,510	151,510	151,510	151,510
Reserve	988,347	863,967	770,169	682,098	598,148	384,329	395,793	403,222	402,762	329,167
Minority Interest	672	304	-	-	-	-	-	-	-	-
Funds Employed	1,197,153	1,072,405	978,303	890,232	806,282	535,839	547,303	554,732	554,272	480,677
<b>Biological Assets</b>										
Property, Plant and Equipment	364,946	346,767	318,465	314,586	196,423	181,731	189,516	193,817	193,472	191,696
Prepaid Lease Payments	385,073	381,434	367,085	371,599	375,529	27,645	27,785	27,104	27,767	28,430
Other Non-Current Assets	26,915	3,258	4,331	11,111	11,803	22,897	29,829	29,435	27,964	27,138
Current Assets	389,070	306,798	308,165	242,319	269,158	266,591	217,590	231,706	303,647	259,225
Total Assets	1,362,503	1,222,980	1,180,690	1,131,235	1,047,566	653,465	616,725	628,317	692,034	643,499
Less: Liabilities	165,350	150,575	202,387	241,003	241,284	117,626	69,422	73,585	137,762	162,822
Net Assets Employed	1,197,153	1,072,405	978,303	890,232	806,282	535,839	547,303	554,732	554,272	480,677
<b>Other Data</b>										
Profit Before Tax	232,985	199,569	181,637	160,661	131,974	71,566	32,039	49,392	117,139	132,443
Tax	53,597	49,561	48,609	31,754	37,563	21,063	8,383	9,306	2,044	40,427
Net Profit attributable to United Plantations Berhad Shareholders	179,401	150,008	133,028	128,907	94,411	50,503	23,656	40,086	115,095	92,016
Earnings Per Share (in sen)	86.19	72.07	63.91	61.93	49.10	33.33	15.61	26.46	75.97	60.73
Dividend Rate (Ordinary Share)										
- Interim and Final	40%	5% T.E. & 30%	30%	30%	30%	7.5% T.E. & 17.5%	20% T.E.	20% T.E.	25% T.E.	35%
<b>Share Prices On The Bursa Malaysia Securities Berhad</b>										
Highest	14.80	9.75	7.05	5.15	4.86	4.44	3.68	4.26	4.72	4.80
Lowest	9.00	7.00	4.90	4.30	4.00	3.58	2.89	3.12	3.40	2.80
<b>Production*</b>										
Palm Oil - own - Tonnes	176,272	192,204	188,171	177,670	150,962	102,551	98,673	109,060	110,066	98,413
Palm Kernel - own - Tonnes	47,753	53,567	49,935	48,140	43,580	29,322	28,611	33,293	32,150	29,115
Coconuts - Nuts ('000)	87,049	74,035	81,749	76,978	76,129	63,838	60,590	43,480	31,747	34,286
FFBYield per hectare - Tonnes	25.46	27.83	26.54	26.30	26.23	25.59	23.92	27.59	26.70	25.00
CPOYield per hectare - Tonnes	5.45	5.90	5.65	5.52	5.30	5.29	4.98	5.59	5.50	5.04
Palm Oil extraction rate - %	21.41	21.21	21.30	20.99	20.20	20.68	20.81	20.28	20.59	20.18
Palm Kernel extraction rate - %	5.80	5.91	5.65	5.69	5.83	5.91	6.03	6.19	6.02	5.97
Coconuts Yield per hectare - Nuts	25,962	22,070	24,028	22,632	22,652	22,698	20,932	16,655	14,237	16,846
<b>Cost Of Production**</b>										
Palm Oil - Per Tonne	554	506	536	534	520	522	537	526	502	565
Palm Kernel - Per Tonne	130	110	115	115	119	135	133	122	125	163
Coconuts (in sen) - Per Nut	8	9	9	8	7	7	7	8	9	9
<b>Average Sales Price</b>										
Palm Oil - Per Tonne	1,840	1,468	1,420	1,512	1,477	1,351	976	948	1,481	1,869
Palm Kernel - Per Tonne	1,121	906	1,020	893	722	666	456	681	1,052	1,072
Coconuts (in sen) - Per Nut	32	34	29	25	22	22	16	20	30	24

Note: \* Production and cost of production inclusive of UIEM since acquisition.

\*\* Cost of production figures do not include depreciation.





*Harvesting and collection in progress at a mature clonal oil palm field. These clonal plantings have yielded an average of 35 tons FFB/ha/yr and have produced an average CPO yield of 8.75 ton/ha/yr (OER = 25%).*



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





*A panoramic view of the Ulu Basir Estate and its Housing Complex fully intergrated with social amenities such as a Community Hall with three badminton courts, crèche, clinic, water treatment plant, shop houses, mosque and a temple.*







## Developments in Pangkalan Bun, Central Kalimantan, Indonesia



*The EXCO, UP's partner Suryadi as well as management from PTSSSI in discussion with the team performing a HCVF study of our land areas in Indonesia.*



*A small security point at the entrance to the new development at Runtu under the leadership of Mr. Edward Daniels, Senior General Manager.*



*Grassland makes up a vast area of the landbank acquired. The picture is taken at Runtu shortly before land preparation and field planting took place.*



*The upcoming Director's Bungalow amongst well established oil palms in Lada Estate.*



*Our two Indonesian Officers, Mr. Afrizal, Assistant Manager, Runtu, and Mr. Suseno, Senior Manager, Runtu, at one of the Nursery sites.*



*An overview of the developed areas in Lada. Todate the planted hectarage in Indonesia has reached approximately 5,500 Ha.*



The Senior Executive Director, inspecting road construction works taking place in Lada.



The Senior Executive Director and Executive Director (Corporate Affairs) together with Mr. P. Seker, Senior General Manager (Engineering) and Mr. P. Mohan, Factory Maintenance Manager inspecting land preparation works taking place at the mill site.



The completed temporary office building fully furnished and ready to be occupied.



The reservoir with its large bund is situated beside the mill site. The total water retention capacity is 1.5 million m<sup>3</sup>.



In the foreground the mill site is being prepared, with a large water reservoir in the background which will ensure sufficient water supply to the future Palm Oil Mill at Lada.



A long fleet of trucks at a fuel station queuing for fuel requirements, a feature showing the difficulties of getting fuel supplies during certain periods of the year.



Sports



*Visit to Unitata Refinery Complex by the Danish Gymnastic Team touring Malaysia.*

## 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.

Ho Dua Tiam  
Senior Executive Director  
9 January 2008



*Employees of United Plantations Berhad.*



## 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.

*Tan Sri Dato' Seri B. Bek-Nielsen  
Senior Executive Director  
September 2000*



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



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

## 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 equipments 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.

*Ho Dua Tiam*  
*Senior Executive Director*  
 1 July 2007



*Our Executives briefing spray operators on Safety aspects of pesticide spraying.*



## 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.

*Tan Sri Dato' Seri B. Bek-Nielsen*  
*Senior Executive Director*  
*September 2000*



*Participation at an Expo in China promoting Unitata's Products.*

## 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.

*Ho Dua Tiam*  
*Senior Executive Director*  
*October 2007*



*Female employees of United Plantations Berhad.*

## Gender Committee

In keeping with United Plantation's Sexual Harassment Policy, Gender Committees were instituted in the three Business Units during the course of 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.



*Members of the Downriver Business Unit Gender Committee.*



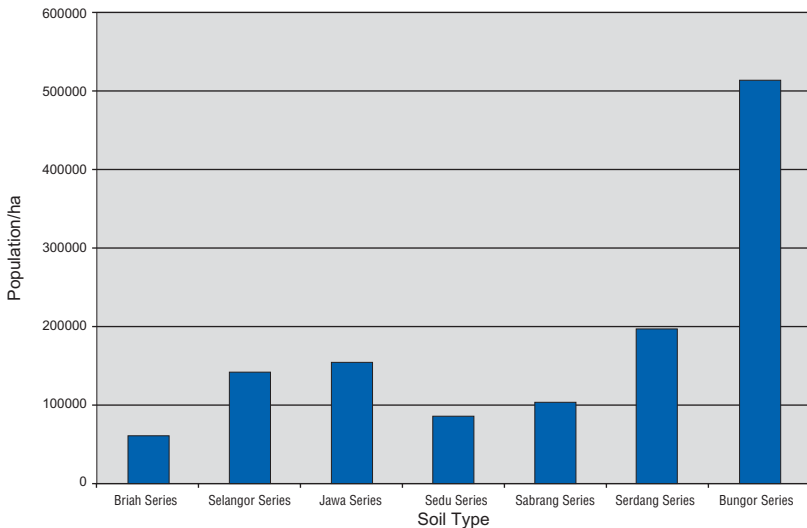
### Earthworms - Soil Health Indicators

Earthworms are nature’s cultivators of soil. They feed on organic matter breaking it down in the digestive system and excreting the undigested residue as fertile casts on the soil surface. Their burrowing activity helps improve soil structure, aeration and drainage. Their numbers in the plantation varies within the nature of the soil.

They are absent on peat soil, moderately abundant on the coastal alluvial soils and abundant on the more friable inland soils. Within a field, they are generally present all over but the population is often higher under the oil palm frond heaps and in the non-harvesting avenues.



*Abundant earthworm activity seen in the soils of United Plantations Berhad  
Inset : Earthworm Eggs*



*Earthworm population in the various soils of United Plantations Berhad*



*Earthworm castings around a palm circle indicating active earthworm activity*

## 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.

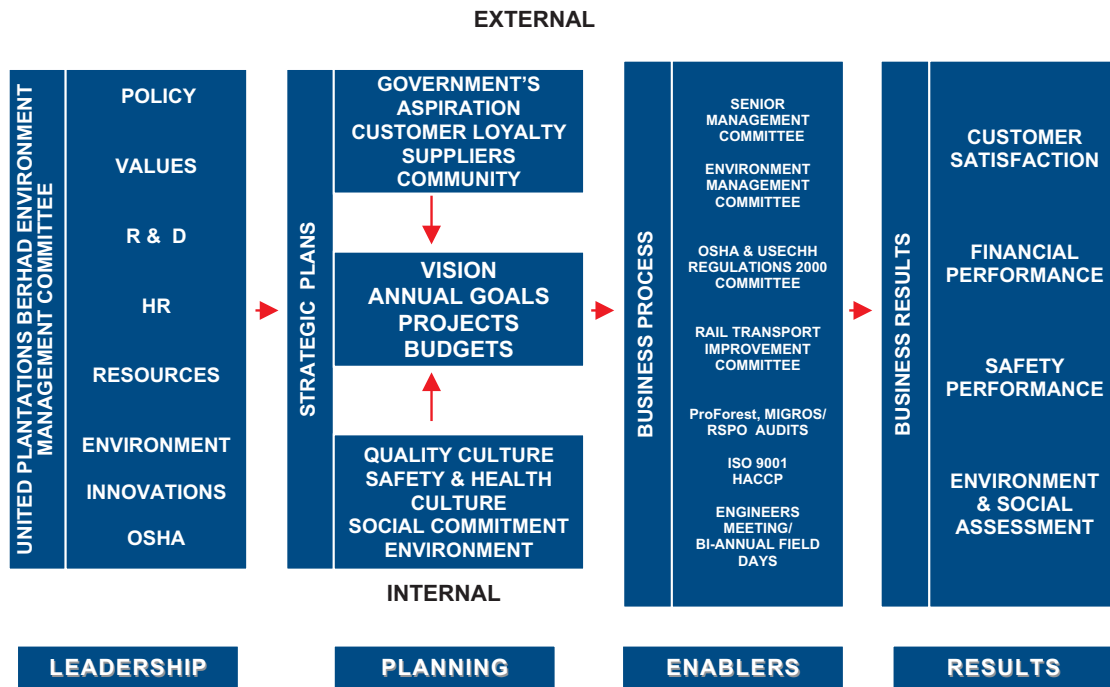
Leadership of the Environment Management Committee is at the highest level of the company and is spearheaded by the Vice Chairman cum Executive Director (Corporate Affairs). This committee provides policy directions on environment and sustainable development, occupational safety and health, allocation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

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

## United Plantations Berhad's Operations and Environment Management System



### Role of Environment Management Committee (EMC)

The EMC is responsible for the stewardship of the Company's Environment Policy. It identifies the important environment issues and projects that need to be implemented.

### Role of Environment Working Groups (EWG)

The EWG (Estate Working Groups, Mill Working Groups and Refinery Working Group) is responsible for executing the environment projects identified by the EMC and reporting on their progress.



*Estate Director's Bungalow with a beautiful landscape.*



## Global Warming & Green House Gasses

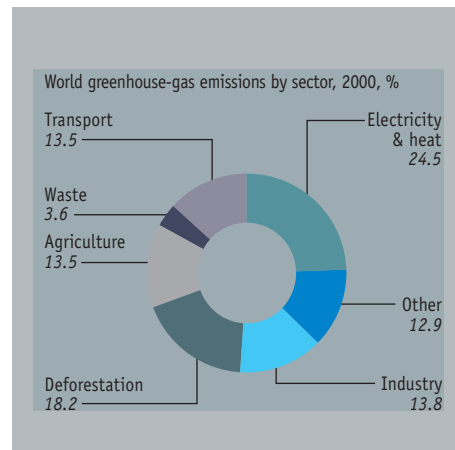
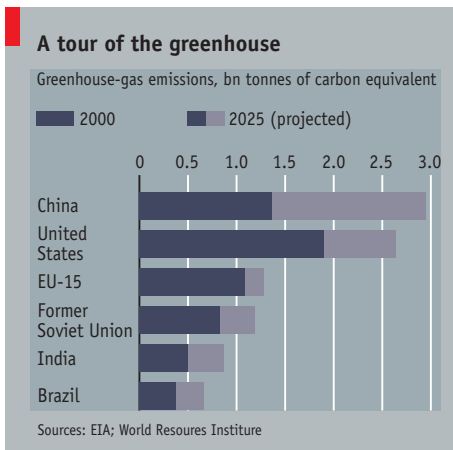
The debate concerning the adverse effects of Global Warming continues to intensify on the global arena with a firm objective of finding ways of reducing Green House Gas (GHG) emissions worldwide.

Eco-labeling determining the impact of not only a country's "carbon footprint"(CFP) but also various products. CFP is therefore of growing concern particularly in the developed world where consumers wish to have a say in what they buy and from whom they choose to buy.

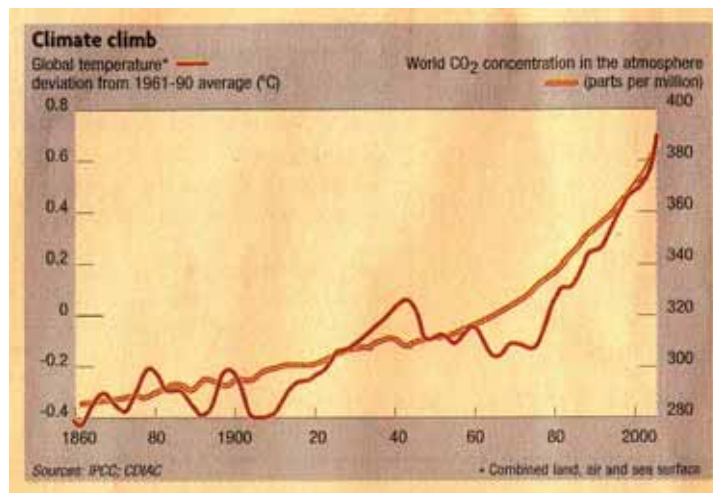
Stronger voices are also being heard by Legislators in the European Union who now have proposed

that biofuels substituting mineral fuels must show a net saving in GHG emissions if these are to qualify for subsidies.

In this connection, United Plantations has embarked on a complete Life Cycle Assessment (LCA) study for its entire palm oil production chain – right from "cradle to grave". The purpose with such an independent study, carried out in strict compliance with the International ISO 14040 and ISO 14044 standards is, amongst others, to assist management in identifying weak links within our value chain which can be improved upon hereby further mitigating the company's "GHG footprint".



The largest emitter of Green House Gases (GHG) remains the USA and the biggest contributor of Green House Gases remains fossil fuels such as oil, coal and gas which today account for about 80% of world GHG emissions. Coal primarily used for electricity and heat generation is by far the most polluting energy source. Today, coal produces 50% of America's electricity, 70% of India's and 80% of China's.



The rise in World CO<sub>2</sub> concentrations and global temperatures from 1860-2007.

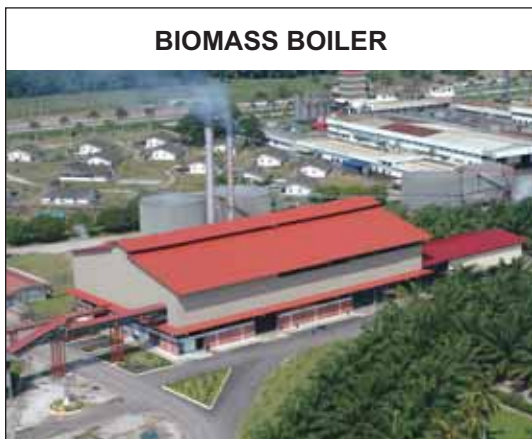


## Global Warming & Green House Gasses (Contd.)

Since the Industrial Revolution CO<sub>2</sub> levels have risen from 280ppm to 380ppm in the atmosphere. Global temperatures have also increased during that period.

Herein, it is pleasing to note that the two Clean

Development Mechanisms commissioned during 2006 continue to perform satisfactorily generating several thousands of certified emission reductions (CERs) per year which are sold to the Danish Ministry of Climate & Energy.



Above one can note the pioneering steps taken by United Plantations, in embracing cleaner and more environmentally friendly technologies. Left: A Biomass Reciprocating Boiler capable of combusting solid fuel waste (fibre, shells and empty fruit bunches) more efficiently producing excess energy which can be converted to organic electricity and exported. To the right, a Biogas Plant at Jendarata Estate treating the Palm Oil Mill Effluent.

In the process of reducing the Biochemical Oxygen Demand by 99% biogas is produced by methane bacteria and subsequently used as a source of green energy. Both above projects are Clean Development Mechanisms under the Kyoto Protocol and significantly help mitigating CO<sub>2</sub> and CH<sub>4</sub> gases into the atmosphere by 65% and 80% respectively.

### 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<sub>2</sub> 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 produces Green House Gas emissions (GHG) such as CO<sub>2</sub> and Methane. With the opportunity to sell the emission reductions or carbon credits to an international buyer the project receives an extra incentive.

## Our Commitment towards Sustainable Palm Oil Production

The Company is committed 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 5.5MT during 2007 compared with the national average of 3.8MT of CPO/ha.

Secondly, the Company 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

frameworks of the plantation ecosystem. Preservation of jungle reserves and wild life sanctuaries as well as promoting green corridors are examples of this.

Finally, the Company 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 Company's more than 6,500 employees and their families.

### Proforest (UK) Follow-up Audit

United Plantations was the first certified producer and processor of sustainably produced

Palm Oil in the world according to the Migros criteria.



*Safety inspection at Jendarata Palm Oil Mill by the Control Union Certifications audit team.*

## R S P O

### Roundtable on Sustainable Palm Oil



The Roundtable for Sustainable Palm Oil (RSPO) is a new global multi-stakeholder initiative which was formally established under Article 60 of the Swiss Civil Code on 8 April 2004. The primary objective of the RSPO is the promotion of the production and use of sustainable palm oil

through co-operation within the supply chain and open dialogue with its stakeholders. To date the RSPO has a membership of 220 ordinary members and 87 affiliates. Further information can be found on [www.sustainable-palmoil.org](http://www.sustainable-palmoil.org)

The Company's role regarding the Roundtable for Sustainable Palm Oil (RSPO) remains one of being active and in this connection we are proud to state that United Plantations is the very first oil palm plantation signatory to the RSPO. Since the establishment of the RSPO much emphasis has been given to developing the criteria to define sustainable palm oil.

In this respect we are pleased to report that following the 5th Roundtable meeting in Kuala Lumpur where the Principles and Criteria were further fine tuned, United Plantations arranged for a pre-assessment compliance audit for sustainable palm oil which was executed by

Control Union Certifications, The Netherlands on 4 April 2008 on JENDARATA BUSINESS UNIT.

In this connection, we are pleased to quote the findings from the team of professional and independent auditors who concluded:

*Quote:*

*"Had this been a full RSPO audit, then the lead auditor would have no hesitation in recommending to the certifier that the Plantation Oil Mill (and associated suppliers) be certified as operating in accordance with the RSPO Principles and Criteria."*



*Briefing by the audit team leader from Control Union Certifications.*

		Score	Out of	Current Performance
Average		0.00	5	Corrective Action Required
Principle 1	Commitment to transparency	5.00	5	Outstanding Achievement
Principle 2	Compliance with applicable laws and regulations	3.00	5	Areas of Concern
Principle 3	Commitment to long - term economic and financial viability	5.00	5	Outstanding Achievement
Principle 4	Use of appropriate best practices by growers and millers	4.00	5	Commendable Performance
Principle 5	Environmental responsibility and conservation of natural resources and biodiversity	4.00	5	Commendable Performance
Principle 6	Responsible consideration of employees and of individuals and communities by growers and mills	5.00	5	Outstanding Achievement
Principle 7	Responsible development of new plantings	N/A		Not Applicable
Principle 8	Commitment to continuous improvement in key areas of activity	5.00	5	Outstanding Achievement

*Unquote*

Barring any changes to the Malaysia National Interpretation on the RSPO Principle and Criteria, it is planned to carry out Certification Assessment by Control Union Certifications on the various business units of United Plantations Berhad’s plantations and oil mills in Peninsular Malaysia by the 3rd week of May 2008.

**Players in the Sustainable Palm Oil Supply Chain**





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

Input	Per tonne oil basis					
	Oil Palm*			Soybean**	Sunflower**	Rapeseed**
	2005	2006	2007			
Fertiliser nutrients						
Nitrogen (N-kg)	23	21	21	315	96	99
Phosphate (P <sub>2</sub> O <sub>5</sub> -kg)	13	12	9	77	72	42
Potash (K <sub>2</sub> O-kg)	50	45	46	NA	NA	NA
Magnesium (MgO-kg)	7	7	4	NA	NA	NA
Pesticides/Herbicides (kg)	0.47	0.40	0.53	29	28	11
Energy (GJ)	0.59	0.55	0.38	2.9	0.2	0.7

\* includes palm oil + palm kernel oil (United Plantations Berhad, 2005-2007)

\*\* 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. The higher rate of pesticides reported in 2007 was in part due to lower crop production.

## Production and Level of Utilisation of Oil Palm Biomass Residues in United Plantations Berhad in Year 2007 (Dry Matter Basis)

Biomass	Quantity Produced (tonnes)	Quantity Utilised (tonnes)	% Utilisation	Method of Utilisation
Pruned fronds	330,324	330,324	100	Mulch
Trunks and fronds at replanting	129,778	129,778	100	Mulch
Spent male flowers	31,762	31,762	100	Organic matter recycled on land
Fibre	70,530	70,530	100	Fuel & mulch in nursery
Shell	38,313	38,313	100	Fuel and mulch for polybag seedlings
POME	28,619	26,486	93	Nutrient source and organic fertiliser
EFB	66,833	63,491	95	Mulch and Fuel
Total	696,159	690,684	-	-
Level of utilisation = 99%				

In 2007, a total of 696,159 tonnes of biomass residues were generated through the field and mill operations of the company. Of these, 690,684

tonnes or 99% of the total, were effectively utilised with most of the residues recycled as organic matter back to the land.

### Fertiliser Equivalent and Monetary Value of Oil Palm Biomass Residues Recycled on Land in United Plantations Berhad in 2007

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	129,778	1,622	545	2,087	995
Pruned fronds	Mulch	330,324	7,447	2,422	6,298	4,123
Spent male flowers	Organic matter	31,762	1,022	677	1,879	975
EFB	Mulch	52,071	906	382	2,517	579
Digested POME	Irrigation	26,486	921	583	1,448	1,059
Total (tonnes)		570,422	11,918	4,608	14,229	7,731
Monetary value (RM)			11,500,552	1,451,665	11,098,994	2,899,178
Total monetary value RM26,950,388						

A cornerstone of sustainable crop production is the maintenance of long term soil health through the recycling of field and mill biomass residues back to the oil palm land. Besides enhancing the soil physical, chemical and biological properties, their application also has a favorable impact on oil palm yield. In 2007, the total organic matter recycled on land in United Plantations amounted to 570,422 tonnes, with a carbon content of 228,169 tonnes.

This is equivalent to recycling 17 tonnes of organic matter or 6.9 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 38,487 tonnes of NPKMg fertiliser with a monetary value RM26.95 million.

### Practices for Sustainable Agriculture



*Evenly distributed cut fronds replenish the soil with over 10 tonnes of dry organic matter per hectare each year*



*Palm oil mill effluent returned to the field through cascading flatbeds*



*Immature oil palms circle mulched with empty fruit bunches – good agriculture practice to recycle biomass residue and to enhance soil fertility*

### 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 2007 by certified assessors, and the results are tabulated below. The average dust concentration

in the flue gases of all six palm oil mills in United Plantations were within the Department of Environment's allowable limit of 0.4 g/Nm<sup>3</sup> as per the Environment Quality Act, 1978.

Palm Oil Mill	Average Dust Concentration (g/Nm <sup>3</sup> )
Jendarata Stack 5 - (Boiler PK) } Chimney 5 }	0.3578
Ulu Bernam Stack 1 - (Boiler 1,3,4)	0.3954
Seri Pelangi Boiler 1 } Boiler 2 }	0.3131
United International Enterprises (M) Stack 2 - (Boiler 1 & 3) } Stack 2 - (Boiler 1,2,3) }	0.3912
Ulu Basir Stack 3 - (Boiler PMD 3907)	0.3749
Lima Blas Boiler 1 } Boiler 2 }	0.2911



An aerial view of the Biogas Digester at Jendarata Estate which is certified as a Clean Development Mechanism Project enabling the mill to generate biorenewable energy from the Palm Oil Mill effluent.

## All Properties Of The Group

Properties	Tenure	Area In Hectares	Description	Age In Years	Net Tangible Asset Value RM'000	
Jendarata Estate 36009 Teluk Intan Perak Darul Ridzuan	Leasehold Expiring on: 15-01-2062 07-06-2104 07-06-2104 31-03-2067 Yr to Yr Freehold	606.16 623.77 36.07 997.06 33.62 4,083.32	Registered Office - 1,369 sq.m. Research Station - 1,070 sq.m. Oil Palm & Coconut Estate Palm Oil Mill Biomass Plant	43 42 10,032 73 2	459 1,995 90,054 1,139 3,371	
Kuala Bernam Estate Batu 18, Jalan Bagan Datoh 36300 Sungai Sumun Perak Darul Ridzuan	Freehold	830.11	Coconut Estate		11,580	
Sungei Bernam Estate Sungai Ayer Tawar 45200 Sabak Bernam Selangor Darul Ehsan	Leasehold Expiring on: Yr to Yr 28-03-2056 Freehold	16.59 1.33 2,274.11	Coconut Estate Copra Kiln - 1,022 sq.m.	33	29,061 29	
Ulu Bernam Estate 36500 Ulu Bernam Perak Darul Ridzuan	Leasehold Expiring on: Yr to Yr Freehold	95.31 3,098.57	Oil Palm Estate Palm Oil Mill - 8,193 sq.m.	75	40,888 2,256	
Changkat Mentri Estate 36500 Ulu Bernam Perak Darul Ridzuan	Leasehold Expiring on: 26-11-2067 01-10-2081 Freehold	1,538.60 162.94 847.77	Oil Palm Estate		22,808	
Ulu Basir Estate 36500 Ulu Bernam Perak Darul Ridzuan	Leasehold Expiring on: 26-11-2067 20-01-2087 Yr to Yr Freehold	11.40 2,468.00 159.54 1,218.62	Oil Palm Estate Palm Oil Mill - 6,352 sq. m.	18	29,965 666	
Sungei Erong Estate 36500 Ulu Bernam Perak Darul Ridzuan	Leasehold Expiring on: 02-11-2064 31-03-2065 Freehold	53.90 809.39 2,756.53	Oil Palm Estate		31,176	
Sungei Chawang Estate 36500 Ulu Bernam Perak Darul Ridzuan	Freehold Yr to Yr	3,280.69 5.50	Oil Palm Estate		18,486	
Seri Pelangi Estate Batu 11 3/4 Jalan Bidor 36000 Teluk Intan Perak Darul Ridzuan	Leasehold Expiring on: 31-03-2065 Freehold	1,419.02 2.82	Oil Palm Estate Palm Oil Mill - 2,248 sq. m.	30	14,719 229	
Lima Blas Estate 35800 Slim River Perak Darul Ridzuan	Freehold	2,888.89	Oil Palm Estate Palm Oil Mill - 8,210 sq. m.		120,537 409	
UIE(M) Sdn Bhd 34900 Pantai Remis Perak Darul Ridzuan	Leasehold Expiring on: 23-12-2103 Freehold	10,359.26 3.25	Oil Palm and Coconut Estate Palm Oil Mill - 6,148 sq. m.	16	354,768 4,598	
Unitata Berhad 36009 Teluk Intan Perak Darul Ridzuan	Freehold	18.45	Palm Oil Refinery Complex, Soap Plant, Cebes Plant	Buildings	33	15,425
Bernam Bakery 36009 Teluk Intan Perak Darul Ridzuan	Freehold	0.45	Bakery		23	14
Butterworth Bulking Installation 4536 Deep Water Wharf 12100 Butterworth	Leasehold Expiring on: 31-08-2019	0.84	Bulking & Storage & Rigging Facilities		35	619
PT SSS1 Pangkalan Bun, Central Kalimantan, Indonesia	Leasehold Expiring on: 24-09-2040 **	2,508.47 1,083.75	Oil Palm Estate		41,515	

Notes:

\* Estate Includes Land, Pre-cropping Cost and Buildings

\*\* awaiting issue of lease



Group's Plantation Properties As At 31 December 2007

	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(M) Sdn. Bhd. Hect.	PT SSS1 Hect.	Total
<b>OIL PALM:</b>													
Mature	5,682			2,782	2,411	2,772	3,149	2,450	1,337	2,099	9,341		32,023
Immature-Planted 2004												131	131
Immature-Planted 2005	78			57		515	221	194		222		398	1,685
Immature-Planted 2006	49			172		98	130	238		194		1,047	1,928
Immature-Planted 2007	218			144		329		366		220		2,016	3,293
<b>Sub-Total</b>	<b>6,027</b>			<b>3,155</b>	<b>2,411</b>	<b>3,714</b>	<b>3,500</b>	<b>3,248</b>	<b>1,337</b>	<b>2,735</b>	<b>9,341</b>	<b>3,592</b>	<b>39,060</b>
<b>COCONUT:</b>													
Mature	25	711	2,221								384		3,341
Immature-Planted 2004													13
Immature-Planted 2005		13											58
Immature-Planted 2006		39	19										55
Immature-Planted 2007		40	15										
<b>Sub-Total</b>	<b>25</b>	<b>803</b>	<b>2,255</b>								<b>384</b>		<b>3,467</b>
<b>COCOA:</b>													
Monococoa Plot													
<b>OTHER AREAS:</b>													
Other Crops	5												5
Areas felled for buildings, roads, drains, air-strip, nurseries, toddy tapping areas, railway, etc.	323	27	37	39	138	143	120	38	85	154	638		1,742
<b>TOTAL</b>	<b>6,380</b>	<b>830</b>	<b>2,292</b>	<b>3,194</b>	<b>2,549</b>	<b>3,857</b>	<b>3,620</b>	<b>3,286</b>	<b>1,422</b>	<b>2,889</b>	<b>10,363</b>	<b>3,592</b>	<b>44,274</b>

Oil Palm		
(Age in years)	Hectares	% Under crop
4 - 8	5,712	15
9 - 18	17,086	44
19 and above	9,225	23
Mature	32,023	82
Immature	7,037	18
<b>Total</b>	<b>39,060</b>	<b>100</b>

# Locations of Estates, Factories and Holdings in Peninsular Malaysia



**Key**

- Subsidiary Companies
- Factories
- ▲ Oil Palm Estate
- ▲ Coconut Estate



Planted Area (Hectares) 31 December 2007

Estate	Oil Palm	Coconut	Other Crops	Total
UIEM	9,341	384	-	9,725
Jendarata	6,027	25	5	6,057
Kuala Bernam	-	803	-	803
Sungei Bernam	-	2,255	-	2,255
Ulu Bernam	3,155	-	-	3,155
Changkat Mentri	2,411	-	-	2,411
Ulu Basir	3,714	-	-	3,714
Sungei Erong	3,500	-	-	3,500
Sungei Chawang	3,248	-	-	3,248
Seri Pelangi	1,337	-	-	1,337
Lima Blas	2,735	-	-	2,735
PT SSS1	3,592	-	-	3,592
<b>TOTAL Hectares</b>	<b>39,060</b>	<b>3,467</b>	<b>5</b>	<b>42,532</b>

★ Palm oil mill





*A jungle corridor at one of our upriver estate*