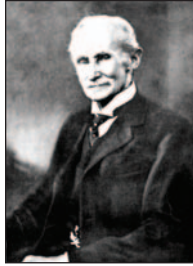


ANNUAL REPORT 2006

Past and Present
Chairmen of
Our Company



1906 - 2006

SVEND AAGE WESTENHOLZ ESQ
Chairman and Founder of United Plantations Ltd
1906 - 1935



COMMANDER WILLIAM LENNART GRUT ESQ
Chairman of United Plantations Ltd
1935-1949



NIELS BENZON ESQ
Chairman of United Plantations Ltd
1949-1963



WILLIAM OLOF GRUT ESQ
Chairman of United Plantations Ltd
1963 - 1978



TAN SRI DATO' SERI B. BEK-NIELSEN
Chairman of United Plantations Berhad
1978 - 1982



TAN SRI DATO' HAJI BASIR BIN ISMAIL
Chairman of United Plantations Berhad
July 1982 - March 2002



TAN SRI DATUK DR. JOHARI BIN MAT
Chairman of United Plantations Berhad
March 2002 -

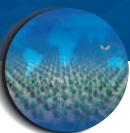


UNITED PLANTATIONS BERHAD

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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Past and Present Chairmen of Our Company



1906 - 2006

SVEND AAGE WESTENHOLTZ ESQ
Chairman and Founder of United Plantations Ltd
1906 - 1952



COMMANDER WILLIAM LENNART GRUT ESQ
Chairman of United Plantations Ltd
1955-1949



NIELS BENZON ESQ
Chairman of United Plantations Ltd
1949-1962



WILLIAM OLOF GRUT ESQ
Chairman of United Plantations Ltd
1962 - 1978



TAN SRI DATU SERI B. BEK-NIELSEN
Chairman of United Plantations Berhad
1978 - 1982



TAN SRI DATU HAJI BASIR BIN ISMAIL
Chairman of United Plantations Berhad
July 1982 - March 2002



TAN SRI DATUK DR. JOHARI BIN MAT
Chairman of United Plantations Berhad
March 2002

*Past and Present
Chairmen of
Our Company*

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 (Chief Executive Officer) Mr. G. Peter Selvarajah (Independent, Non-Executive) Mr. Carl Bek-Nielsen (Executive) Encik Ahmad Riza Basir (Independent, Non-Executive) Mr. Jeremy Derek Campbell Diamond (Independent, Non-Executive) Mr. Martin Bek-Nielsen (Executive) Encik Mohamad Nasir bin Ab. Latif (Non-Independent, Non-Executive) Mr. Brian Bech Nielsen (Non-Independent, Non-Executive)
Secretary	Mr. R. Nadarajan
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	Malaysia HSBC Bank Malaysia Berhad Maybank Berhad Standard Chartered Bank Malaysia Berhad Denmark Danske Bank A/S
Stock Exchange Listings	Malaysia Bursa Malaysia Securities Berhad (Bursa Malaysia) Website : www.bursamalaysia.com Denmark Copenhagen Stock Exchange Website : www.cse.dk

Executive Committee And Senior Management

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

Senior Executive Staff

Finance

<p>R. Nadarajan Company Secretary & Sr Group Manager (Finance)</p>		
<p>A. Ganapathy Group Financial Controller/ Company Secretary, Unitata Berhad</p>	<p>Ng Eng Ho Group Internal Auditor / Financial Controller, Unitata Berhad</p>	<p>Azero bin Mohamed Anuar Senior Accountant</p>

Plantations

<p>Loh Hang Pai, A.M.P. Estates Director</p>	<p>C.V. Rajah Padman, A.M.P. President Director, PT Surya Sawit Sejati Indonesia</p>	<p>Cheriachangel Mathews Sr Manager, Jendarata / Group Manager Human Resources</p>
<p>Edward Rajkumar Daniels Sr Manager, Ulu Basir Estate</p>	<p>N. Sundian Sr Manager, Sungei Bernam Estate</p>	<p>Geoffrey Cooper Sr Manager, Estate 2, UIEM</p>
<p>Abd. Rashid bin Sahibjan Manager, Ulu Bernam Estate</p>	<p>Kamarudin bin Umar Manager, Kuala Bernam Estate</p>	<p>Naslah bin Jajuli Manager, Lima Blas Estate</p>
<p>Mohd. Ramli bin Yeop Abdul Aziz Manager, Changkat Mentri Estate</p>	<p>Nek Wahid bin Nek Harun Manager, Sungei Erong Estate</p>	<p>Abdul Rahman bin Abdul Majid General Manager, PT Surya Sawit Sejati Indonesia</p>
<p>C. Mohan Das Manager, Sungei Chawang Estate</p>	<p>Tan Lay Guan Manager, Seri Pelangi Estate</p>	<p>Muhammad Ratha bin Abdullah Manager, Estate 1, UIEM</p>

Research

<p>Dr. Gurmit Singh, J.S.M. Director of Research</p>		
<p>Dr. Xavier Arulandoo Research Controller</p>	<p>Ho Shui Hing Deputy Research Controller</p>	<p>Dr. Mukesh Sharma Senior Research Manager</p>

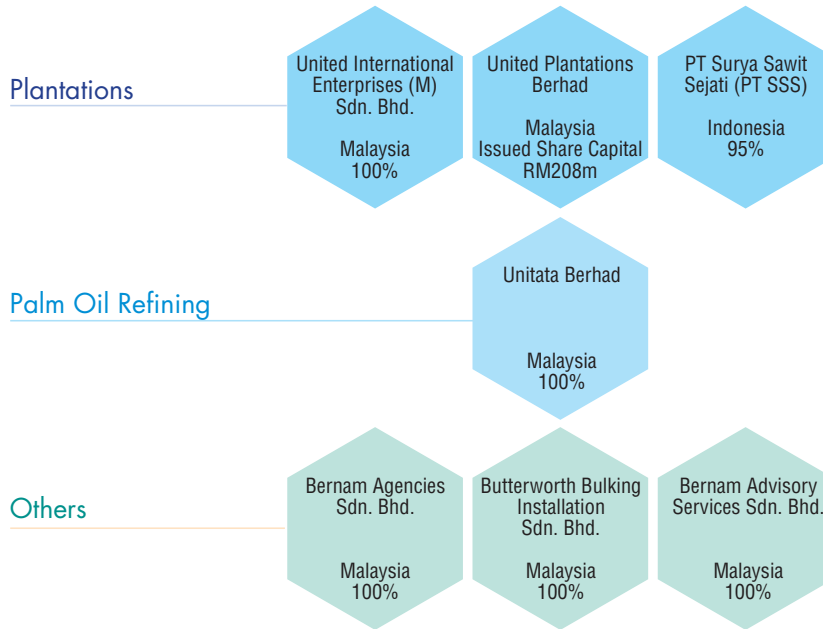
Engineering

<p>Ir S. Selvaratnam Chief Engineer, (Ulu Bernam)</p>	<p>Ir Telochan Singh Group Engineer, UIEM</p>	<p>Vincent Williams Group Engineer (Jendarata)</p>
<p>P. Seker Sr Resident Engineer, Ulu Basir Palm Oil Mill</p>	<p>K.T. Somasegaran Sr Resident Engineer, Ulu Bernam Palm Oil Mill</p>	<p>Ir V. Renganathan Sr Resident Engineer, UIEM</p>
<p>Lim Chin Yen Sr Resident Engineer, Lima Blas Palm Oil Mill/ Seri Pelangi Palm Oil Mill</p>	<p>P. Rajasegaran Sr Resident Engineer, Jendarata Palm Oil Mill</p>	

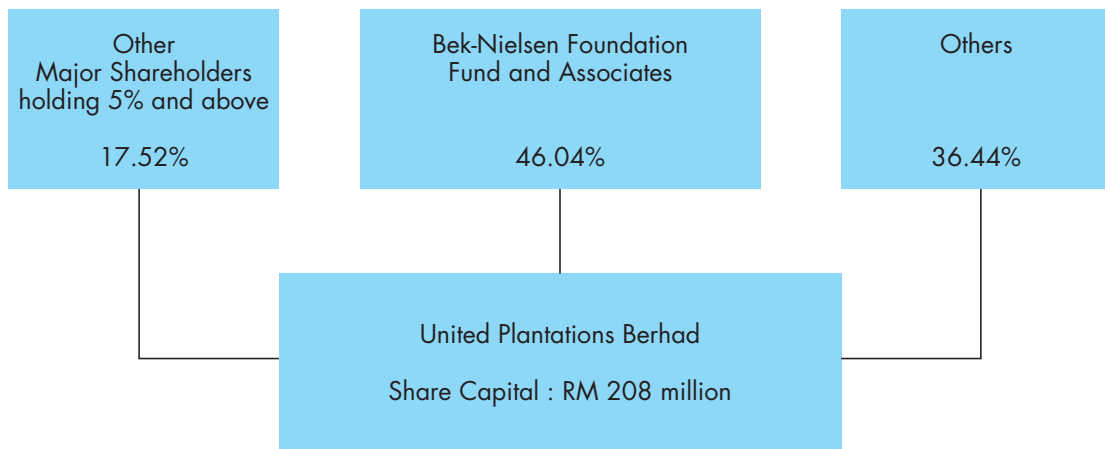
Palm Oil Refining and Others

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

Group as at 18 April 2007



General Shareholding Structure as at 18 April 2007

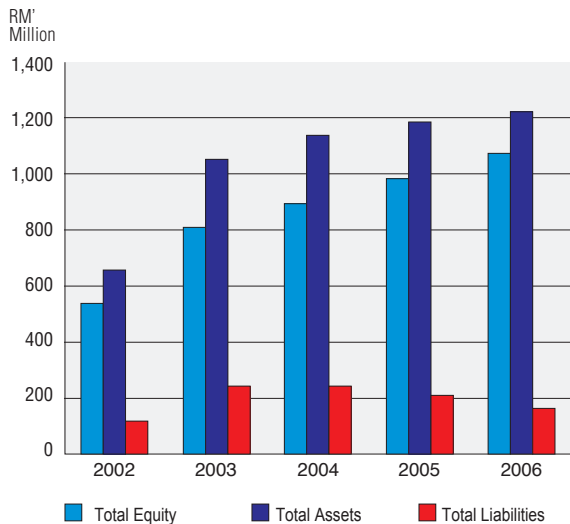


Financial Highlights

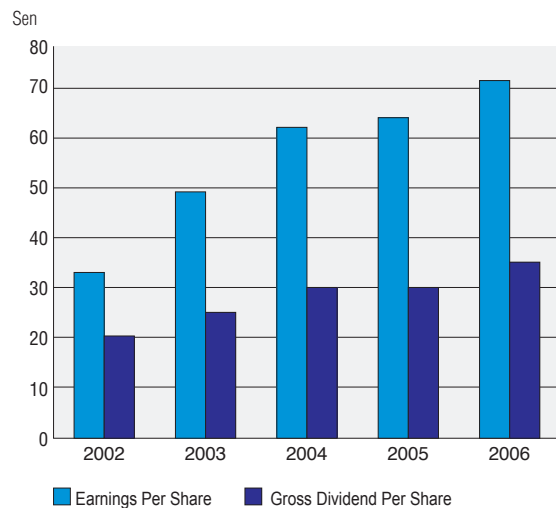
	2006	2005	2004	2003	2002
Profit After Tax (RM' Million)	150	133	129	94	51
Earnings Per Share (Sen)	72	64	62	49	33
Gross Dividend Per Share (Sen) *	35	30	30	25	20
Total Equity (RM' Million)	1,072	978	890	806	536
Minority Interest (RM' Million)	0.30	-	-	-	-
Total Assets (RM' Million)	1,223	1,181	1,131	1,048	653
Total Liabilities (RM' Million)	151	203	241	242	117
Year-End Closing Share Price (RM)	9.75	7.05	5.10	4.78	4.24

* Including proposed Final Dividend

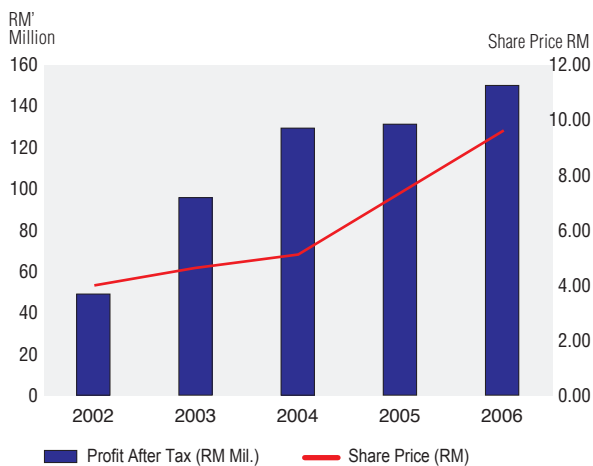
Total Equity, Total Assets and Total Liabilities



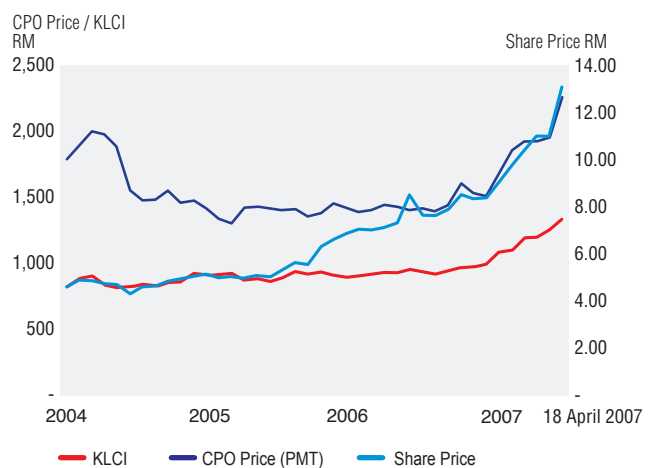
Earnings Per Share and Gross Dividend Per Share



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 86th Ordinary Annual General Meeting of the Company will be held at Jendarata Estate, 36009 Teluk Intan, Perak Darul Ridzuan, Malaysia on 23 June 2007 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 2006 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 15% gross per share less 27% Malaysian Income Tax for the year ended 31 December 2006.	2
3. To approve Directors' fees for 2006.	3
4. To re-elect as Director Tan Sri Datuk Dr. Johari bin Mat who retires by rotation pursuant to Article 92 of the Company's Articles of Association.	4
5. To re-elect as Director Mr. G. Peter Selvarajah who retires by rotation pursuant to Article 92 of the Company's Articles of Association.	5
6. To re-elect as Director Mr. Martin Bek-Nielsen who retires by rotation pursuant to Article 92 of the Company's Articles of Association.	6
7. To re-appoint Messrs. Ernst & Young as auditors of the Company for the year 2007 and to authorise 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, B and C of the Circular to Shareholders as at 15 May 2007:

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 15 May 2007 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 2008 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 RM636,164,000 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 2006 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 2008 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.)

	Special Resolution
10. Proposed Amendments to Articles of Association of the Company.	10

“THAT the amendments to the Articles of Association of the Company as set out in the Annexure Part C of the Company’s Circular to Shareholders dated 15 May 2007 be and are hereby adopted.”

11. To transact such other business as may be properly transacted at an Ordinary Annual General Meeting.

Notice Of Closure Of Books

The Share Transfer Books on the Copenhagen Branch Register and the Register of Members will be closed from 3 July 2007 to 5 July 2007, both days inclusive to determine shareholders’ entitlement to the dividend payment. The final dividend if approved will be paid on 24 July 2007 to the shareholders whose names appear in the Register of Members, Branch Register and Record of Depositors on 2 July 2007.

Duly completed Branch Register transfers (scrip-based) received by the Company’s Registrar in Copenhagen up to 3.00 p.m. on 2 July 2007 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 28 June 2007 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 2 July 2007 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

R. Nadarajan
Secretary

Jendarata Estate,
36009 Teluk Intan,
Perak Darul Ridzuan,
Malaysia
15 May 2007

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 & 10 – please refer to explanatory information in the Circular to Shareholders dated 15 May 2007.

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 : Tan Sri Datuk Dr. Johari bin Mat
 (ii) Age : 63 years
 (iii) Nationality : Malaysian
 (iv) Qualification : B.A (Hons.) University of Malaya, PhD University of Southern California, USA, Advanced Management Program from Harvard University and a Chartered Member of the Malaysian Institute of Planners
 (v) Director's Status : Chairman, Independent, Non-Executive Director

- (b) Working Experience and Occupation:

Tan Sri 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 and in various other positions in several national and international organisations such as UNESCO, UNCRD, APDC, SEAMEO, ASCOE and Commonwealth of Learning based in Vancouver, Canada.

- (c) Directorship in public companies: Nil

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

	Direct	%
Company	140,000	0.07
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 (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 : G. Peter Selvarajah
(ii) Age : 65 years
(iii) Nationality : Malaysian
(iv) Qualification : Fellow of the Australian Society of Certified Public Accountants. Member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.
(v) Director's Status : Independent, Non-Executive Director

- (b) Working Experience and Occupation:

Mr. Peter Selvarajah started his career in United Plantations Berhad in 1975 as Financial Controller. He was promoted to the positions of Company Secretary and Group Financial Controller in 1980 and appointed Executive Director (Finance) in 1995. He retired in 2000. From 1971-1975 he held positions of Accountant and Manager, Securities Marketing Department in Malaysian Industrial Development Finance Berhad (MIDF). From 1968-1971 he served as Internal Auditor/Accountant of Eastern Mining & Metals Co. Sdn. Bhd.

- (c) Directorship in public companies: Nil

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

	Direct	%
Company	60,120	0.03
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 (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 : Martin Bek-Nielsen
(ii) Age : 32 years
(iii) Nationality : Danish
(iv) Qualification : B.Sc in Agricultural Economics Royal Danish Agricultural University of Copenhagen.
(v) Director's Status : Executive Director, Non-Independent

- (b) Working Experience and Occupation:

Mr. Martin Bek-Nielsen started his career as a Cadet Planter in United Plantations Berhad (1994-1995). After his graduation in 1999, he underwent training in various aspects of the Group's business operations as a Corporate Officer, and in 2001 was promoted to the position of Executive Director. In February 2003 he was appointed to the position of Executive Director (Finance and Marketing). From 2004 he also held the position of Commercial Director of Unitata Berhad, a subsidiary of United Plantations Berhad.

- (c) Directorship in public companies:

He is a Director of United International Enterprises Limited (UIEL) listed on the Copenhagen Stock Exchange and AarhusKarlshamn AB (AAK), listed on the Stockholm Stock Exchange.

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

	Direct	%	Indirect	%
Company	416,287	0.20	94,646,505	45.47
Subsidiaries	-	-	-	-

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

He is the brother of Mr. Carl Bek-Nielsen, Vice Chairman and Executive Director (Corporate Affairs) and cousin of Brian Bech Nielsen. He has interest in the shares of the Company registered in the name of his late father Tan Sri Dato' Seri B. Bek-Nielsen and major shareholders, United International Enterprises Limited and Maximum Vista Sdn. Bhd.

- (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 organisations, 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 PJS Environmental Services Sdn. Bhd., In-Fusion Education Sdn. Bhd., Airbus Sdn. Bhd. and Cyberjaya University College of Medical Sciences. He is not on the Board of any other public listed company.

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 six (6) Board Meetings held during the year.

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/Inspector General, Estates and CEO of the Company.

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. (UIEM) and Maximum Vista Sdn. Bhd. (MVSB). 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 six (6) Board Meetings held during the year.

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 six (6) Board Meetings held during the year.

Profile Of Directors (Contd.)

Carl Bek-Nielsen

*Vice Chairman, Executive Director,
Non-Independent*



Mr. Carl Bek-Nielsen, Vice Chairman, born in 1973, is a Danish citizen. 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 (UIEM). 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. Mr. Carl Bek-Nielsen is the Chairman of United International Enterprises Limited (UIEL), a public listed company on the Copenhagen Stock Exchange and the Vice Chairman of Aarhus Karlshavn AB (AAK), a public listed company on the Stockholm Stock Exchange.

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.

A 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. (MVSB). No conflict of interest other than the interest disclosed in the Circular to Shareholders dated 15 May 2007 annexed to this Annual Report.

He attended all six (6) Board Meetings held during the year.

Profile Of Directors (Contd.)

Ahmad Riza Basir

*Independent,
Non-Executive Director*



Encik 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). Encik 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.

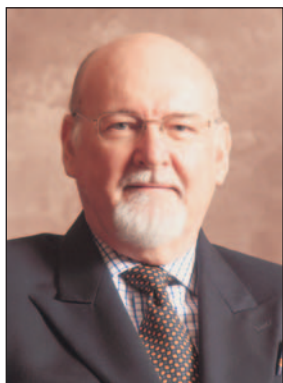
Does not have any family relationship with any director and/or major shareholder of the Company. No conflict of interest other than as disclosed in the Circular to Shareholders dated 15 May 2007 annexed to this Annual Report.

He attended all six (6) Board Meetings held during the year.

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 this 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 all six (6) Board Meetings held during the year.

Profile Of Directors (Contd.)

Martin Bek-Nielsen

*Executive Director,
Non-Independent*



Mr. Martin Bek-Nielsen, born in 1975, is a Danish citizen. 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 a Director of United International Enterprises Limited (UIEL), a public listed company on the Copenhagen Stock Exchange and AarhusKarlshamn AB (AAK), a public listed company on the Stockholm Stock Exchange.

Currently he is the Vice Chairman of the Malaysian Palm Oil Association (MPOA) Working Committee-Marketing and Promotion. He is also a member of the Marketing and Promotion Committee of the Malaysian Palm Oil Council (MPOC) of East Asia, as well as a member of the Commercial and Technical Committee of the Palm Oil Refiners Association of Malaysia (PORAM).

Brother of Mr. 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. (MVSB). No conflict of interest other than as disclosed in the Circular to Shareholders dated 15 May 2007 annexed to this Annual Report.

He attended all six (6) Board Meetings held during the year.

Profile Of Directors (Contd.)

Encik Mohamad Nasir bin Ab. Latif

*Non-Independent,
Non-Executive Director*



Encik 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.

Encik 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 subsidiary companies.

Attended all six (6) Board Meetings held during the year.

Profile Of Directors (Contd.)

Mr. 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.

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. 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.

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, 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 Copenhagen Stock Exchange. He is a cousin of Mr. 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. (MVSB). He has no conflict of interest other than as disclosed in the Circular to Shareholders dated 15 May 2007 annexed to this Annual Report.

He attended five (5) out of six (6) Board Meetings held during the year.

United Plantations Berhad Centennial Celebration 15 September 2006



His Royal Highness Sultan Azlan Shah, Sultan of Perak Darul Ridzuan, being welcomed by the Vice Chairman, Mr. Carl Bek-Nielsen and his brother Mr. Martin Bek-Nielsen upon His Royal Highness' arrival in Teluk Intan prior to attending the Centennial Dinner in Jendarata Estate.



The Vice Chairman, Mr. Carl Bek-Nielsen welcoming Her Royal Highness Princess Benedikte of Denmark and introducing Her Royal Highness to the Chairman's wife, Puan Sri Datin Zarina binti Fazle Hussein. Her Royal Highness officially inaugurated the Bek-Nielsen Library cum Auditorium situated at the UPRD Research Complex.



UNITED PLANTATIONS BERHAD

(240-A)

100 Years of Progress



1906 - 2006

Founded on Malaysian and Danish expertise and resources, diversified in Malaysia over 100 years.

The Founder

During the year 1885, upon his graduation as a civil engineer, the founder of United Plantations, Mr. Svend Aage Westenholz left the shores of Denmark for the Kingdom of Siam. His enterprising drive coupled with his charismatic and disciplined nature resulted in Mr. Westenholz being appointed as Manager of the Bangkok Tramways Company where he played an instrumental role in its modernization. Amongst his many contributions was the introduction and the electrification of the tramway system in Bangkok 10 years before this was done in Copenhagen. In this process he made a fortune.

The Jendarata Rubber Company

In 1906, funded by the capital he made in Siam, Mr. Westenholz realized a plan close to his heart when he purchased 1,804 acres of flat alluvial land near Teluk Anson and established the Jendarata Rubber Company. This made him one of the very first plantation entrepreneurs to appreciate the attractions of Lower Perak.

Commander William Lennart Grut

In 1910 Mr. Westenholz's brother in-law, Commander William Lennart Grut arrived and ventured into the plantation business initially focusing on rubber and coconuts. It was these two men, united in kinship and vision, who provided the driving forces behind the initial plantation activities and areas that eventually were merged into United Plantations Limited. Mr. Westenholz retired in 1922 and was succeeded by Commander Grut. He was a dynamic personality, characterized by his enthusiastic passion for excellent standards, who likewise elected to spend his working life in the East in preference to a naval career in Baltic Waters.

The Introduction of Oil Palm

Mr. Westenholz, nevertheless, remained a very active Chairman and both he and Commander Grut formed a remarkable partnership driving the Company forward, which lasted till Mr. Westenholz passed away in 1935.

Amongst the many resolute decisions agreed upon, one in particular stood out historically, namely that concerning the oil palm. In 1918 under the directive of both Mr. Westenholz and Commander Grut, 20 acres of oil palms were planted at Sungei Bernam Estate as a means of seeking alternative investments to offset the unreliability of rubber and coconut profits. These plantings did exceedingly well and lead Commander Grut on a voyage 60 km up the crocodile infested Bernam River where he secured 6,000 acres of flat land and founded Bernam Oil Palms Limited. In 1926, due to his faith in the crop, Commander Grut undertook what was to become one of the very first commercial plantings of oil palm in Malaya financed by United Plantations Limited.

Both the companies were amalgamated into United Plantations Berhad (UP) with effect from 15 April 1966.

Tan Sri Dato' Seri B. Bek-Nielsen and Tan Sri Dato' Haji Basir bin Ismail

The Late Tan Sri Dato' Seri B. Bek-Nielsen arrived in Malaysia in 1951 after being offered the position of Assistant Engineer with United Plantations. Through his determination, integrity, hardwork, sacrifice and courage he rose from Assistant Engineer to Senior Executive Director in 1971, within a span of 20 years. Like his predecessors he was a believer of leadership by example and continuously strove for improvement and excellence in all aspects of Palm Oil Production. That, coupled with a genuine sense of caring for the well being of all his employees have been his hallmark. Together, Tan Sri Dato' Seri B. Bek-Nielsen and The Late Tan Sri Dato' Haji Basir bin Ismail who was appointed chairman of United Plantations in 1982, had a flair for business and an eager eye for new Crops and Technologies, forged an excellent working partnership which produced fresh and great developments in the Group's growth, products and markets.



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.

Past and Present Chairmen of Our Company



SVEND AAGE WESTENHOLZ ESQ
Chairman and Founder of United Plantations Ltd
1906 - 1935



COMMANDER WILLIAM LENNART GRUT ESQ
Chairman of United Plantations Ltd
1935-1949



NIELS BENZON ESQ
Chairman of United Plantations Ltd
1949-1963



WILLIAM OLOF GRUT ESQ
Chairman of United Plantations Ltd
1963 - 1978



TAN SRI DATO' SERI B. BEK-NIELSEN
Chairman of United Plantations Berhad
1978 - 1982



TAN SRI DATO' HAJI BASIR BIN ISMAIL
Chairman of United Plantations Berhad
July 1982 - March 2002



TAN SRI DATUK DR. JOHARI BIN MAT
Chairman of United Plantations Berhad
March 2002 -

United Plantations Berhad today

With an overriding commitment and passion towards standards *par excellence* set by the past and current leaders and the men and women selected under them, United Plantations, from a humble beginning, has grown in size and structure now spreading over 101,000 acres of oil palm and coconuts in Malaysia, as well as approximately 100,000 acres of land in Indonesia, which is poised to become the next wave of expansion for the Group.

Productivity

After a 100 years of total dedication, sacrifice and hard work and pushing the frontiers of knowledge through amongst others, its reputable Research and Development Centre, United Plantations has become a plantation group which is duly recognized internationally for its high agricultural yields and efficiencies which are second to none in the Malaysian Plantation industry. This has been achieved by maximizing the productivity of its land bank resources as the results indicate below:

Average per hectare	United Plantations Berhad (2006)	Malaysia
Crude Palm Oil yield in MT	5.90	3.90
Coconut Production	22,000 nuts	3,000 nuts

Social Welfare

United Plantations is also known to be a company - beginning with the founder, Mr. Westenholz - for setting the highest possible welfare standards for the workforce within the conventions of the day. United Plantations has two group Estate Hospitals, clinics, free medical care, bakery, modern housing facilities with free water and electricity, places of worship and an old folks home amongst others which are offered to the Company's more than 6,500 employees.

Sustainability

In this connection, the company has for decades focused on maintaining an environmental awareness and responsibility, initiated by our Company's second Chairman Commander Grut. He demanded that efforts be taken to the best of one's abilities to maintain a rational balance between economy and ecology within the frameworks of the Company's operations. Preservation of jungle reserves, wild life sanctuaries and riparian reserves therefore commenced in the 1930s, values of which were passed on and remains intact till today. The above commitment has helped this Malaysian Company United Plantations, in being recognized as a global leader in promoting and practicing sustainable agricultural practices.

Future

United Plantations has been experiencing a significant growth in the last few years which is poised to not only enhance the company's earnings profile in the coming years but also ensuring that it will remain and continue in terms of its leadership and commitment towards excellence. The Board of Directors at United Plantations and its management with strong support from the controlling shareholders are intent on going forward and making their mark on the history of United Plantations, however, not forgetting the footprints and core values of the past leaders which brought the Company to where it is today.

ACKNOWLEDGEMENT & THANK YOU

The Company wishes to express its profound gratitude and appreciation to all its employees, business associates in Malaysia and abroad, regulatory bodies, various ministries, shareholders, ex-employees and Board members for their continuous support and co-operation extended to the Company over the last 100 years. This commitment and loyalty has ensured the growth and development of the Group which has resulted in the United Plantations as it is today.

www.unitedplantations.com





Chairman's Statement

On behalf of the Board of Directors, it is my duty and pleasure to present the results of our Group's Operations as reflected in the Audited Financial Statements for the year ended 31 December 2006.

Financial Review Of Operations

- The Group's profit before tax increased from RM181,637,000 in 2005 to RM199,569,000 in 2006 corresponding to an improvement of 9.9%.
- The Group's profit after tax for the year was higher by RM16.98 million or 12.8% thus setting a new record of RM150,008,000 vis-à-vis RM133,028,000 in 2005.
- The Group's Revenue during 2006, however, was only marginally better reaching RM597,463,000 compared to RM594,321,000 recorded for 2005.
- Crude Palm Oil (CPO) and Palm Kernel (PK) output increased by 2.1% and 7.3% respectively despite seeing the mature hectareage under oil palms declining by 1.26% compared to the year before last.

	2006	2005	± (%)
Crude Palm Oil in metric tonnes	192,204	188,170	+2.14%
Palm Kernel in metric tonnes	53,567	49,935	+7.3%
Mature Hectarage under oil palms in hectares	32,512	32,929	-1.26%

As can be noted in the table below, average CPO yields per hectare thus rose by 4.4% to an all time high of 5.9MT. FFB yields per hectare also increased by 4.8%, year on year, to reach a Group average of 27.83MT per hectare for 2006.



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

Chairman's Statement (Contd.)

	2004	2005	2006
Group Average CPO yield in metric tonnes per hectare	5.52	5.65	5.90
Group Average FFB yield in metric tonnes per hectare	26.30	26.54	27.83
Group Average Oil Extraction Rates (OER) in %	20.99%	21.30%	21.21%
Group Average Kernel Extraction Rates (KER) in %	5.69%	5.65%	5.91%

This was fundamentally a result of management's increased attention towards maximizing the Group's average Fresh Fruit Bunch (FFB) yields per hectare combined with better ripeness standards as well as more efficient milling disciplines, resulting in lower losses throughout the various levels of our operations.

In this connection, I wish to report that such salutary results would not have been possible had

it not been for the sterling contributions made by, particularly, our field employees who, despite facing great difficulties with unprecedented high rainfall in October and November 2006, managed to salvage our harvest with minimal crop losses.

- Costs consciousness remains a vital pillar of United Plantations' core performance indicators where I am also pleased to report that respectable improvements were made during 2006 as reflected in the cost of production declining by 5.7% to RM506 per tonne of CPO (excluding overheads, depreciation and amortisation). Concerted attempts to maintain this beneficial cost structure shall continue during the forthcoming years, however, without compromising on the social compassion towards our employees and their well-being, which remains very much a hallmark of our Group's core values.

Chairman's Statement (Contd.)

- Average selling prices for Crude Palm Oil achieved during the year increased from RM1,420/MT in 2005 to RM1,468/MT.
- Average selling prices for Palm Kernel declined slightly to RM906/MT during the year compared to RM1,020/MT recorded during 2005. This was primarily attributed to the downward pressure on World Lauric Oil prices. Nevertheless this was partially counter-balanced by the higher output of Palm Kernels which during 2006 reached 53,567MT, up by 3,632 tonnes compared to 2005. This was the favourable result of improved milling efficiencies and the higher FFB yields.
- Average Coconut yields declined by 8.1% to 22,070 nuts per hectare in 2006 compared to 24,028 nuts per hectare recorded during 2005. This was essentially a consequence of the cyclical resting period which the palms entered into following the gratifying outputs experienced during 2005. In addition to this, coconut harvesting declined during the first 6-8 weeks of 2006 as a result of the accelerated harvest which was carried out towards the tail end of 2005 in order to meet the surge in demand for our high quality coconuts. Production is however expected to improve during 2007.
- Our Refinery, Unitata Bhd, continued to come under pressure during 2006 which saw revenues fall by 8.4% compared to 2005. Refining margins of bulk products, in general, were further squeezed as a result of the stiff competition caused by the over-capacity currently plaguing the Malaysian Refining Sector. Nevertheless, profits after tax improved by 4.8% to RM5.35 million due mainly to improved cost structures, increases in productivity and enhanced commercial activities, which are key to the future well-being of this beautiful inland Refinery Complex known for its uncompromising high quality.

Centennial Celebrations

2006 was in many ways a year of milestones and phenomenal activities for United Plantations Berhad.



His Royal Highness Sultan Azlan Shah, Sultan of Perak Darul Ridzuan exchanging greetings with Her Royal Highness Princess Benedikte of Denmark during the Centennial Dinner Celebrations.

UPB officers awaiting the arrival of Her Royal Highness Princess Benedikte of Denmark at UPRD prior to the launching of new R & D technologies.



Chairman's Statement (Contd.)

Historically, this year marked our 100th year of operations in Malaysia since our founder, a Danish Artillery Officer and Civil Engineer, Mr Aage Westenholz made the epoch-making decision in 1906 to purchase 1,804 acres of land and establish the Jendarata Rubber Company.

Today, 100 years later, we can confidently state that our Company is known not just in Malaysia but throughout many parts of the world for its fine standards and high efficiencies which continue to push the frontiers of agriculture in the tropics.

To grace this auspicious occasion we were privileged and honoured by the presence of His Royal Highness Sultan Azlan Shah, the Ruler

and Sultan of Perak and Her Royal Highness Princess Benedikte of Denmark who on the 15 of September 2006, together with 1,400 other Dignitaries and Guests from around the world, celebrated with us our colourful history and toasted with us to our Company's future. This was done in a most sanguine and symbolic setting on the very plot of land at Jendarata Estate where our humble beginnings came to life 100 years ago.

Preparation for this memorable day had long been underway involving an extraordinary amount of work by all Officers, Staff and General Employees who did an outstanding job in organising this task to enable the commemoration to be celebrated in a grand and elegant manner.



A state of the art outdoor tent facility specially erected at Jendarata Estate to hold the Centennial Dinner Celebrations where more than 1,400 guests were invited.

Chairman's Statement (Contd.)

Replanting Policy

A total of 790 hectares of oil palms were replanted during the year under review with Elite D x P crosses and clonal planting materials (non-genetically modified organisms) which today occupy about 8.4% of the Group's total area under oil palm plantings.

In this context, I wish to state that all our Company's replantings during 2006 complied with the environmentally friendly zero burn replanting policy, which is in total conformity with the regulations stipulated by the Department of Environment. The valuable biomass continued to be recycled back on our land thereby maintaining the crucial carbon cycle which is so essential towards optimizing the growing conditions and improving the overall soil fertility in the tropics, which will benefit the next generation of oil palms. In this regard, special attention is furthermore being directed towards enhanced practices which will reduce the risks of the fungal basal stem rot

disease called Ganoderma which continues to be a scourge of oil palm plantings on the coastal plains of Malaysia and Indonesia.

I am also very pleased to report on the appreciable contributions which continue to be made at our Company's Research and Development Centre within the science of Plant Breeding, Tissue Culture and Agronomy, the results of which are absolutely instrumental towards maintaining our position as 'second to none' within the industry in respect of high oil yields per hectare, coupled with low costs of production.

In recognition of the efforts of our Company's past and current achievements, it was particularly pleasing to have the honour of the Prime Minister of Malaysia, Yang Amat Berhormat Dato' Seri Abdullah bin Haji Ahmad Badawi, who inaugurated the new seed production facility at the United Plantations' Research and Development Centre on 18 May 2006. This unit has now commenced the world's first commercial



A well maintained oil palm nursery in Ulu Bernam Estate. The Company has a large requirement of Elite D x P seedlings for its yearly replanting programme determined in accordance with the Board's Replanting Policy.



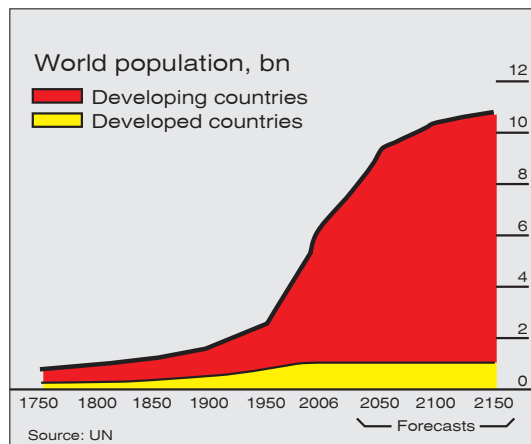
An aerial view of a newly replanted oil palm field at Jendarata Estate, with lush covercrop establishment which till today remains a company policy.

Chairman’s Statement (Contd.)

production of high yielding Bi-Clonal seeds under the Perdana Series as well as superior Elite D x P crosses which are capable of yields in excess of 35MT FFB/Ha coupled with OERs of minimum 23-24% at the mill.

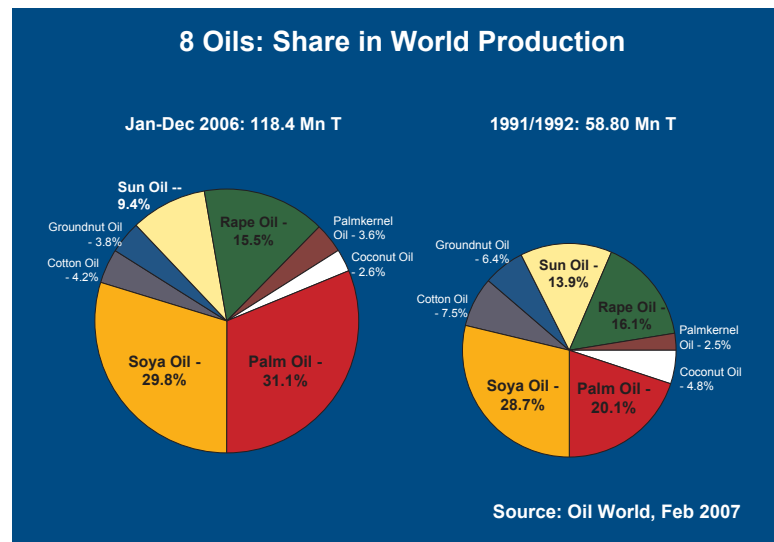
Focusing on Growth

The growth in world population continues at an extraordinary pace, now exceeding 6.54 billion people of which 60% reside in Asia. By 2020, world population is expected to increase by an additional 1.1 billion human beings corresponding to a net gain of 215,000 residents everyday over the next 14 years.



I have no doubt that the consequences of such rapid growth shall translate into a significant

rise in the demand for not just raw materials, household appliances, cars but above all food, which is essential to every human being’s existence. It has been estimated by the Food and Agricultural Organisation (FAO) that world food production alone would have to increase by well over 65% over the next 23 years in order to meet the growing demands of a world population expected to reach 8.3 billion by year 2030.



In this connection, I wish to take the liberty to clearly reiterate the significant role, which oil crops and their derivatives are destined to play in the future.

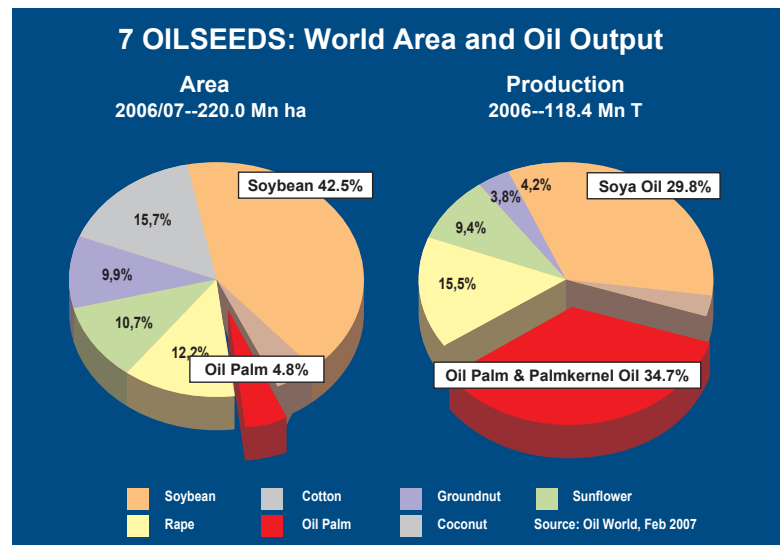


Chairman’s Statement (Contd.)

Herein, it is important to note that since the 1970s just one in five calories added to food consumption in the developing world came from this group of products. However, according to FAO this trend is poised to intensify in the years ahead as 45 out of every 100 additional calories added to food consumption in the period up to 2030 may very well come from oil crops or their products.

The oil palm is no exception and has ever since its commercial cultivation remained unrivalled in terms of its formidable ability of capturing sunlight and converting carbon dioxide and water into vegetable oil.

In fact, during 2006 world total palm oil production reached 36.8 million MT, of which Malaysia produced about 43%, but by only occupying less than 13% of her total landbank under oil palm plantings.



In conjunction with this, it is worthy to note that total world palm oil production last year would in fact have been able to satisfy the annual calorific requirement of more than 1.3 billion people if only 30% of the daily intake of calories were in the



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.

Chairman's Statement (Contd.)

form of oils and fats. The growing importance of palm oil as a healthy and versatile vegetable oil (free of cholesterol as well as trans-fatty acids) can herefore not be discounted, particularly in the developing world where oils and fats still represent the cheapest source of calorie intake for the working man.

Over the last 5-6 years our Company has been investigating a number of opportunities on how to expand our landbank and grow our business in a sustainable manner.

In this context, I am pleased to report that the Board of Directors on 25 April 2006 announced its intentions with regards to the Company's new investments into Kalimantan where the plan is to develop a total landbank of approximately 40,000 hectares under oil palm plantings. This has now become our bridgehead into Indonesia where it shall be our duty and mission to build on our strengths and



Grass and shrub land makes up a vast area of the land bank acquired for the purpose of oil palm development in Indonesia.



The arrival of YAB Dato' Seri Abdullah bin Haji Ahmad Badawi, the Prime Minister of Malaysia, at the Jendarata Air-strip on 18 May 2006.

Chairman's Statement (Contd.)

values attained over the last 100 years by establishing a world class plantation setup, which will be of mutual benefit to our employees and shareholders in the years to come. It goes without saying that management shall devote its chief energies to this important task.

The Environment and Corporate Social Responsibilities

Of the many global issues concerning the Global Environment during 2006, two topics in particular stood out, which I feel compelled to mention as the repercussions inevitably will cascade down to the industry in which we operate.

The first of such issues related to the World Wide Fund for Nature's (WWF) Living Planet Report 2006 which in its conclusion stated that human beings today are devastating nature at an unprecedented rate now requiring the natural resources equivalent to that of two planets by 2050. Indeed, according to WWF the 'environmental footprint' (the demand of man on the natural world) was in 2003, 25% greater than the annual capacity of the planet to provide food, energy and to recycle all the waste generated.

The second aspect which caught the Global Media's attention was that pertaining to global warming and the consequences of Green House



YAB Dato' Seri Abdullah bin Haji Ahmad Badawi, the Prime Minister of Malaysia, discussing Agricultural productivity during the official inauguration of the new Seed Production Facility at the UPRD and the launching of the Sawit Perdana Series of bi-clonal D x P oil palm seeds.

Chairman's Statement (Contd.)

Gas Emissions which was eloquently described in the Stern Review.

Indeed, one can safely state that the effect of man-made climatic change arising from the burning of fossil fuels now is beyond reasonable contradiction. Levels of carbon dioxide (CO₂) in the atmosphere have increased from 280 parts per million (ppm) before the Industrial Revolution to the present 380ppm. However, according to scientists from the Inter-governmental Panel for Climate Change, allowing CO₂ concentrations to rise from the present level to just 550ppm would incur a high probability of raising Global Temperatures by more than 2°C, regarded as the outer limit of safety for the climate.

The above statements are particularly intriguing when put into perspective with world population growth mentioned earlier but more so when bridging this with the impacts which continued world economic growth will have on the emerging economies.

Indeed, given the sheer size of the emerging economies today accounting for well over 80% of world population, their use of raw materials is still considered to be very modest. However, all this will change in tune with their growing affluence which will fuel their demand for raw materials and enlarge their footprint on the environment in terms of energy requirements and with that, Green House Gas Emissions.

It is therefore the responsibility of all Green House Gas Emitters, including those operating within the agricultural sector to seriously pursue means of reducing the emissions of these heat trapping gasses, such as CO₂ and methane (CH₄).

Herein, I am pleased to report that our Company had the privilege during our Centennial Celebrations of having Her Royal Highness Princess Benedikte of Denmark inaugurating the world's first fully integrated plantation based

Biomass Boiler and Biogas Plant, both certified as Clean Development Mechanism Projects in accordance with the Kyoto Protocol whose objective is to reduce Green House Gas Emissions in industrialized countries by at least 5% below the 1990 levels in the commitment period 2008-2012.

In fact, the above-mentioned projects are today performing well and have helped mitigate emissions of CO₂ and CH₄ by a minimum 65% and 80% respectively to which the Royal Danish Embassy has willingly purchased all the Certified Emissions Reductions (CERs) generated during the contractual period.

Our Group's commitment towards managing resources resourcefully and implementing newer environmentally sound technologies therefore remains a core priority, which is constantly reviewed, nurtured and improved upon. This spirit shall continue to be fostered in the years to come.

Claims and allegations made by NGOs linking palm oil cultivations as the primary root cause towards deforestation in Malaysia and Indonesia have over the last 3-4 years often made the headlines in Europe and the USA.

Here it must be clear that United Plantations Berhad. welcomes environmental awareness which it views as absolutely necessary.

However in this regard, it must be clear that the most durable kind of progress is mostly made through dialogue accompanied with facts and not through confrontation combined with emotions which regrettably often has been and is the case with some of the NGOs. In this regard, it is important to get the facts right, namely that

*Quality control of D x P
Germinated Oil Palm seeds at the
Seed Production Facility in the
UPRD Research Complex.*



Chairman's Statement (Contd.)

Benevolent payments made in the period 2001-2006

	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000	2005 RM'000	2006 RM'000	Total RM'000
Retirement gratuity	218	220	246	216	240	224	1,364
Bus subsidies for school transport	191	211	200	166	211	218	1,197
Other payments for College and University education, Hospitalization bills, etc.	146	137	113	83	75	56	610
Total	555	568	559	465	526	498	3171

the rate of oil palm expansion is disproportional to deforestation vis-à-vis that caused by the logger's axe and especially that within the illegal logging trade.

At United Plantations Berhad, we shall continue to pro-actively engage ourselves with this debate and continue to fully support the essentials of sustainable palm oil production through the Round Table for Sustainable Palm Oil.

A detailed report of our environment quality and management including our vision and policy on the environment is presented in a separate section of the report on pages 136 to 149.



MPOA Security Service Sdn. Bhd.'s Area Security Advisor for Lower and Central Perak Tuan Ismail bin Hussin with an Auxillary Police at Jendarata Estate main entrance guard post.

Human Resources

Group's Employees - Year 2002 to Current

	31 Dec 2002	31 Dec 2003	31 Dec 2004	28 Feb 2005	28 Feb 2006	28 Feb 2007
UP Bhd	3,818	3,990	4,405	4,402	4,357	4,481
Unitata Bhd	470	488	477	486	461	472
UIE (M) Sdn Bhd	911	1,074	1,001	1,063	1,020	1,226
Bernam Agencies Sdn Bhd	5	5	5	4	3	3
Butterworth Bulking Installation Sdn Bhd	16	17	16	16	16	15
PT SSS, Indonesia	-	-	-	-	-	503
Total	5,220	5,574	5,904	5,971	5,857	6,700

Vacancies / Shortages in the Group's Plantations As Per Job Categories, as at 28 February 2007

Job Categories	Existing Workforce			Vacancies/ Shortage	Total No. of Workers Required
	Local	Foreign	Total		
Oil Palm					
Harvesters	165	1,436	1,601	+32	1,569
Coconut					
Huskers	38	110	148	+08	140
Field Workers	460	740	1,200	-06	1,206
General Workers	649	511	1,160	-13	1,173
Skilled Workers	98	14	112	-14	126
	1,410	2,811	4,221	+07	4,214

Chairman's Statement (Contd.)

A high degree of dedication and devotion continues to be directed towards the social welfare and compassion of our employees, which today often is referred to as corporate social responsibility.

In this connection, I am pleased to mention that annual benevolent payments during 2006 made from the Company's Benevolent Fund to retiring workers, as well as other subsidies and educational payments, as a symbol of appreciation for their devoted service to United Plantations Berhad amounted to RM498,000.

Premium housing amenities, 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 as well as an Old Folks Home to care for the aged and the homeless continue to be provided as a part of our cultural heritage.

I am also pleased to inform that our Company continues as the only plantation company in

Malaysia to operate two (2) well equipped estate Group Hospitals with trained resident Hospital Assistants supervised by a Medical Doctor on a daily basis. Periodic inspections of the workers housing is made by a Health Care Team to ensure that proper sanitation and drainage standards are maintained.

Chemical Health Risk Assessment (CHRA) and medical surveillance programmes are carried out for our 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 compounds are regularly conducted.

Audiometric tests and fire drills are conducted on a regular basis. These are kept up to mark by the periodic workplace inspections carried out by the Company's Safety and Health Officer, which includes holding Safety Committee Meetings in accordance with the DOSH regulations of Malaysia.



Participation of UPB officers on the field day held in Jendarata Estate on 31 March 2007.

Chairman’s Statement (Contd.)

From seed production



..... to fruit production.

Further developments also took place in terms of upgrading some of the general workers’ houses on Jendarata Estate during 2006. In this regard, 16 new distinguished houses for our general employees were completed at Taman Benedikte. Each house comes with a porch, 3 bedrooms, 2 bathrooms, hall and a well-equipped kitchen with a stainless steel sink cum cabinet, all of which are fully tiled. A garden including a mango tree, chiku tree and a coconut palm is also included. This is to be followed by an additional 28 houses which will reach completion before the end of 2007, once again cementing our total commitment towards setting the highest possible welfare and social standards for our employees within the convention of today’s plantation fraternity.

Prospects & Outlook

World Production of the 17 Oils & Fats during calendar year 2006 reached 149.5 million MT up 8.8 million MT or 6.25% compared to 2005. The annual growth in demand of the 17 Oils and Fats however increased at a rate which caused a draw-down in stocks which impacted global vegetable oil prices favourably during 2006.

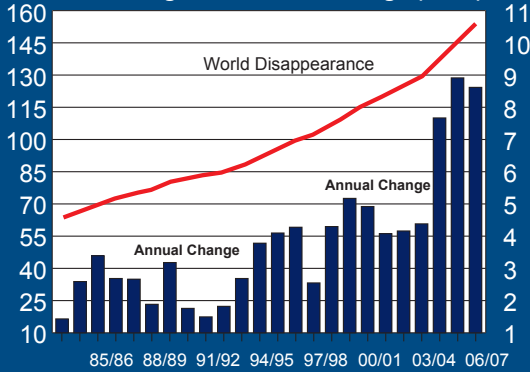
	2005	2006	2007
World Products of the 17 Oils & Fats (in million)	140.7	149.5	154.8

However, it is clear that the main engine driving up the global demand for vegetable oils today remains that arising from the biofuel sector, which over the last three seasons had caused the annual growth in demand of the 17 Oils and Fats to more than double vis-à-vis that seen over the last 20 years. In fact, for the season October 2006/September 2007, the growth in demand of the 17 Oils & Fats is expected to be 8.2 million MT of which biofuels are poised to take up 40-45% of that growth. This is unprecedented and has been the main reason for the appreciation of world vegetable oil prices, including palm oil, seen over the last 10-12 months.

In this connection, it is also my duty to briefly reflect on the developments within the biofuel

Chairman’s Statement (Contd.)

17 Oils & Fats : World Disappearance
Total Usage and Annual Change (Mn T)



Source: Oil World Feb 2007

Caput Use of 17 Oils & Fats (kilos)

(Including usage for biofuels, feeds and technical purposes)

	2006/07	1996/97	1986/87
EU-27	60.8	41.6	37.8
USA	55.6	45.8	39.2
China	21.6	11.8	6.7
India	12.5	9.7	7.2
Indonesia	21.3	15.8	9.1
WORLD	22.1	17.1	14.1

Source: Oil World, Feb 2007

Prospects & Outlook (Contd.)

sector following, especially, the ambitious plans announced by the European Parliament on 9 March 2007 concerning the desire to further reduce their Green House Gas emissions to 20% below the 1990 levels by 2020. Herein, it was also stated that a minimum of 10% of biofuels was to be used in transportation within the European Union by 2020. In addition to this, one must also not fail to appreciate the pronounced impact which the recent US Administration’s policy will have calling for a mandated renewable fuel production of 35 billion gallons (130 million MT) a year by 2017. The consequences of such policy have encouraged

farmers to plant corn at the expense of soybeans, the early indications of which appear to have reduced soybean plantings by 11% in the USA compared to last season.

Whilst the before mentioned policies appear to be bullish for vegetable oil producers, who are expected to benefit from the anticipated growth in demand arising from the biofuel’s sector, our Group nevertheless chooses to remain cautiously optimistic and has decided not to enter this non-edible market but to continue producing palm oil and coconuts in the most sustainable and profitable manner.

2006 has in many ways been a year in which our Group achieved gratifying results, particularly, in respect of the high palm oil and palm kernel yields.

However, we now have good reason to believe that the oil palms may be entering into a pronounced resting period during the first half of 2007 which is likely to result in a marginal reduction in the overall output of CPO and PK vis-à-vis 2006.

Nevertheless, in view of the favourable hike in world palm oil and palm kernel oil prices the Board of Directors have every reason to expect another satisfactory year for 2007.

Acknowledgement

I would like to take this opportunity to place on record my appreciation of the commitment, understanding, diligence 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 the 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

5 April 2007

Statement on Corporate Social Responsibility

Over the last two decades the ability to disseminate information has greatly enhanced the transparency of companies in general and their operations as well as conduct. Industries such as plantations have steadily come under increasing pressure from environmentalists' claiming that their operations are the main reason for deforestation which has raised the question of the sustainability of our agricultural practices. Corporations here and elsewhere in the world 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 made it onerous for 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 Company's Social Responsibility (CSR) and the objectives as well as the values of Society. There are a number of challenges facing mankind today such as – war, famine, malnutrition, earthquakes, education, communicable disease, global warming, clean water, deforestation etc. We want to make the world a better place but given the constraints on our resources we would 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



A front view of the Old Folks Home in Jendarata Estate equipped with the best possible facilities for our retired and aged workers. A full time caretaker is employed to ensure that they get the best possible care and attention at all times.

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

Environment

During 2006, we completed the commissioning of the Biomass Reciprocating Boiler and Biogas plants which would further 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 mitigating the release of carbon dioxide and methane gases into the atmosphere but also reducing our reliance on fossil fuels. Climate change and global warming has become a worldwide concern today due to the uncontrolled emissions of greenhouse gases. We had 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 143 under the Company's Environmental Policy.

We have for decades focused on maintaining environmental awareness and striving to the best of our abilities in creating 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.

Our commitment towards the Round Table of Sustainable Palm Oil found on Page 145 is yet another example of our focus and dedication towards a clean environment.

Employee Health and Safety

The Company operates two (2) well equipped estate group hospitals which are the only two (2) remaining registered private estate hospitals in the country

Statement on Corporate Social Responsibility (Contd.)

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 Department of Occupational Safety and Health (DOSH) regulations.

Safety operating Procedures and System checks for all processes and equipment are in place and product quality standards are stringently maintained in a responsible manner. Our palm oil refinery received certification of the highly recognized Hazard Analysis Critical Control Points (HACCP) which is a recognition of the Company's commitment towards product quality and process controls.

Contributions to Society and the Local Community

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

We have made aggregate payments of RM 9.5 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 homes caring for the intellectually challenged children and the underprivileged, like Bethany Home and Montfort Boys Home. We offer donations from

time to time by way of money and food to needy and charitable organizations and purposes like Mercy Malaysia and the National Disaster Fund, to name a few.

Sporting Activities

As co-sponsors the Company had invested in the UPB Football Club (UPBFC) which participated in the Premier League of Malaysia from 2004 to 2006. After a number of impressive years as one of the top teams in Malaysia it was decided to pass on the UPB Team to the famous "My Team" resulting in the formation of UPB-My Team FC which is now managed and sponsored by the My Team management and partners in Kuala Lumpur. Our involvement in sporting activities goes beyond football. We also co-sponsored sporting events like the Annual Estates Sports Gala organized by the Malaysian Palm Oil Association which is held at the district level annually, as well as provide sporting facilities in the form of badminton and tennis courts to our employees.

This statement is made in accordance with the Resolution of the Board of Directors dated 5 April 2007.

Tan Sri Datuk Dr. Johari bin Mat
Chairman



The entrance to the Jendarata Group Hospital, one of the only two registered estate hospitals in the country today under the care of trained Hospital Assistants, supervised by a Medical Doctor. The hospital is equipped with minor surgical, X-ray, ECG, ward and ambulance facilities.

Statement Of Corporate Governance

The Malaysian Code of Corporate Governance (the Code) was formalised in 2001 for adoption by all public listed companies. It was a combined effort by the public and private sectors to introduce reforms in order to raise standards in corporate governance to measure up to international practices on this subject. 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, etc.

As part of its commitment, the Board has complied with the Code. 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 principles set out in Part 1 and the extent to which it has complied with the best practices set out in Part II and where it has not complied with them it has stated the reasons for the non-compliance.

Board Of Directors

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

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

Your Board consists of nine (9) directors, 3 of whom



The UPRD Complex after the expansion of the Seed Production Facility and the Auditorium.

UPRD hosting a reception for the former Executive Director (Planting), Mr. Peter Cowling who paid a courtesy visit to UP on 30 January 2007.



Statement On Corporate Governance (Contd.)

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 composition 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 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 judgement 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 an 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. 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.

Dr. Xavier, Research Controller briefing the participants on the importance of NPK fertilizers at the Field Day held in Jendarata Estate on 31 March 2007.





The Company's first Head Office in Jendarata Estate which was built in 1913.

Statement On Corporate Governance (Contd.)

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;
- 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

The directors are supplied with all information within the Company and the Group as a full Board. 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/Committee Meetings.



The Company's current registered office in Jendarata Estate.

Statement On Corporate Governance (Contd.)

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. In this connection they attended the following Company's briefings which they considered useful for the discharge of their duties.

1. In conjunction with the Prime Minister's visit to the Company, all directors attended a presentation by the Company on "Activities and Accomplishments" held at the UPRD Auditorium on 16 May 2006.
2. All Board members attended a detailed briefing on the Company's new IT System held at the UP Conference Room on 24 June 2006.

The Company Secretary facilitates program registration for interested directors and would maintain such records and their attendance thereat.



Statement On Corporate Governance (Contd.)

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
2. 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 six (6) 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	6	6
Mr. Carl Bek-Nielsen	6	6
Mr. Ho Dua Tiam	6	6
Mr. G. Peter Selvarajah	6	6
Mr. Ahmad Riza Basir	6	6
Mr. Jeremy Derek Campbell Diamond	6	6
Mr. Martin Bek-Nielsen	6	6
Mr. Mohamad Nasir bin Ab. Latif	6	6
Mr. Brian Bech Nielsen	5	6

Nomination Committee

The Principal Board function of making recommendations for new appointments to the Board is delegated to the Nomination Committee. The Committee consists entirely of non-executive directors who are also independent. The Committee has access to the services of the Company Secretary who would record and maintain minutes of meetings and obtain information from directors 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)

The Committee held one meeting in respect of year ended 31 December 2006. A meeting was held on 20 March 2007 for the purpose of making an assessment of the directors and for considering directors who are due to retire on rotation at the next 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 independent non-executive. The Terms

Statement On Corporate Governance (Contd.)

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 includes 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 confirmed minutes thereof are included in the Board files for information and further action 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 and to their level of attendance.

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	-	-	-	78,000	413,000
Executive Directors	150,000	289,394	2,288,808	433,590	27,000	3,188,792
Total	485,000	289,394	2,288,808	433,590	105,000	3,601,792

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.



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

Statement On Corporate Governance (Contd.)

Remuneration Range	Executive Directors	Non-Executive Directors
RM 0 - RM 50,000		
RM 50,001 - RM 100,000		6
RM 600,001 - RM 650,000		
RM 850,001 - RM 900,000	1	
RM 900,001 - RM 950,000	1	
RM 1,200,001 - RM 1,250,000	1	
Total	3	6

Shareholders

Communications and Investor Relations

The Board acknowledges the need for an effective communication policy with shareholders 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. In today's world of globalization current information technology has enhanced communications with shareholders and in this regard we have our websites www.unitedplantations.com, www.bursamalaysia.com, www.cse.dk, where shareholders can access corporate information, Company's announcements, corporate proposals, quarterly and annual reports, etc.

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

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

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

opportunity to vote on all matters considered at the A.G.M. 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 who are on the Register of Members at a date which is not less than six (6) market days before the notice date of the A.G.M. However for the purposes of voting the Company's Registrar would request Bursa Malaysia Depository for a Record of Depositors (R.O.D) at a date which is not less than six (6) market days before the actual date of the A.G.M. to enable the depository to process the request and deliver the R.O.D. to the Registrar at least three (3) days before the A.G.M. 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 would explain the voting procedure before the commencement of the A.G.M. 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 paragraph 15.27(a)

Statement On Corporate Governance (Contd.)

of Bursa Malaysia's Listing Rules would issue a Statement explaining its responsibility for preparing the annual audited financial statements. In the preparation of the financial statements the directors will consider compliance with all applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the provisions of the Companies Act, 1965.

The Board is required by law to prepare financial statements for each financial year which will give a true and fair view of the financial position of the Group and of the Company at the end of the financial year in a manner which is balanced and understandable.

Internal Control

The Board recognizes its responsibility for the Group's system of internal controls. In this connection the Audit Committee conducts an annual review of the adequacy and effectiveness of the system of internal controls and renders a statement to the shareholders to this effect. The external auditors are appointed by the Board to review this Statement of Internal Control and to report the weaknesses thereof.

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.

This statement is made in accordance with the Resolution of the Board of Directors dated 5 April 2007.

Tan Sri Datuk Dr. Johari bin Mat
Chairman



Kindergarten school children taking part in the Centennial Sports Day Celebrations in Division 2A, Jendarata Estate on 10 September 2006.

Statement On Directors' Responsibility As At 31 December 2006

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 2006 the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgement and estimates. The Directors also consider that all applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities 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 enables 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.

5 April 2007



Economic Outlook 2007 GDP Growth

Malaysia's Gross Domestic Product (GDP) growth in 2006 expanded by 5.90% against 5.30% in 2005. GDP is forecast to grow in 2007 at 6.0% supported by sustained global growth and resilient domestic demand. In 2007, the private sector will remain as the main driver, however the public sector is expected to play a more significant role as public investment projects under the 9MP are implemented.

Real GDP Growth – Regional Countries

Country	2007 Forecast (%)	2006 (%)
Malaysia	6.0	5.9
Indonesia	5.7-6.3	5.5
Philippines	6.1-6.7	5.4
Thailand	4.0-5.0	5.0
Singapore	4.5-6.5	7.9
Chinese Taipei	4.3	4.6
Hong Kong SAR	4.5-5.5	6.8
Korea	4.4	5.0
PR China	9.8	10.7

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

UP Share Prices

Year	2006	2005	2004	2003	2002
Highest Price Per Share (RM)	9.75	7.05	5.15	4.86	4.44
Lowest Price Per Share (RM)	7.00	4.90	4.30	4.00	3.58

The price of United Plantations Berhad shares on Bursa Malaysia Securities Berhad reached a high of RM9.75 and recorded a low of RM7.00 per share for the year ended 31 December 2006. Compared with the corresponding prices achieved in 2002, this represented an increase of 120% and 96% respectively.

Statement Of 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. 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 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

Statement Of Internal Control (Contd.)

risks, assesses the effectiveness and adequacy of the system of internal control and where necessary, recommends possible improvements; and

- The Audit Committee, on behalf of the Board, receives reports from both the internal and external auditors and regularly reviews and holds discussions with management on the action taken on identified internal control issues. The role of the Audit Committee is further elaborated in the Audit Committee Report on pages 53 to 55.

No major internal control weaknesses 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 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.

Statement made in accordance with the resolution of the Board of Directors dated 5 April 2007.

Tan Sri Datuk Dr. Johari bin Mat
Chairman



Palm Oil Mills

Palm Oil Extraction Rates

There are more than 395 palm oil mills in operation in Malaysia. The average oil extraction rate in Peninsular Malaysia for 2006 was 19.22%, compared with that of United Plantations Berhad which was 21.21%.

CPO Production

In 2006 Malaysia produced 15.88 million MT of Crude Palm Oil which is 6.1% higher than the year before (14.96 million MT). The main reason for the increase was the rise in mature oil palm hectareage of 2% compared with the year before coupled with a year on year increase in FFB yields per hectare of 3.8%.

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)

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

Secretary – Mr. R. Nadarajan

1) Objectives

The primary objectives of the Committee are :

- a) To assist in discharging the Board's responsibilities as they relate to the Group's management including risk management, internal controls, accounting policies and financial reporting;
- b) To provide, by way of regular meetings, a line of communication between the Board and the external and internal auditors;
- c) To oversee and review the quality of the audits conducted by the external and internal auditors; and
- d) To enhance the perceptions held by interested parties, such as shareholders, regulators, creditors and employees, of the credibility and objectivity of the financial reports.

2) Terms of Reference

a) Composition

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

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

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

b) Authority

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

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

c) Scope and Function

The scope and functions of the Committee shall be to :

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

Audit Committee Report (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 2006 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
Encik Ahmad Riza Basir	4	5

4) Activities

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

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

b) Reviewed all related party transactions;

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

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

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

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

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

g) Considered the appointment of external auditors for the Group for the year 2007 and recommended to the Board for its approval.



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

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 Berhad 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 2006

Consumer Prices

The Malaysian annual inflation rate as measured by the CPI increased from 3% in 2005 to 3.6% in 2006. The increase in prices of retail petroleum products and utilities in the first half had contributed to this increase in the average inflation rate. The appreciation of the Malaysian Ringgit exchange rate had however mitigated some inflationary pressure.

Economic Outlook 2006 - 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 from 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

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.



The new Musuem cum Clubhouse officially opened by Her Royal Highness Princess Benedikte of Denmark on the 15 September 2006. In the foreground is a pre-war portable boiler used in the plantation operations in the early days.

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.

Compliance, Monitoring and Reporting

Compliance with the above ethics is an essential element in our business success. The UP Board is responsible for ensuring these ethics are communicated to, and understood and observed by, all employees.

Day-to-day responsibility is delegated to the senior management of the operating companies. They are responsible for implementing these ethics, if necessary through more detailed guidance tailored to local needs.

Assurance of compliance is given and monitored each year. Compliance with the Code is subject to review by the Board supported by the Audit Committee.

The Board expects and encourages employees to bring to their attention, or to that of senior management, any breach or suspected breach of these ethics.

Additional Disclosures

Pursuant to the listing requirements of Bursa Malaysia Securities Berhad, additional disclosures by the Group for the year ended 31 December 2006 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 the Company and Subsidiary Companies external auditors for the financial year were as follows :-

	RM
Tax services	232,898
Others	34,714

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

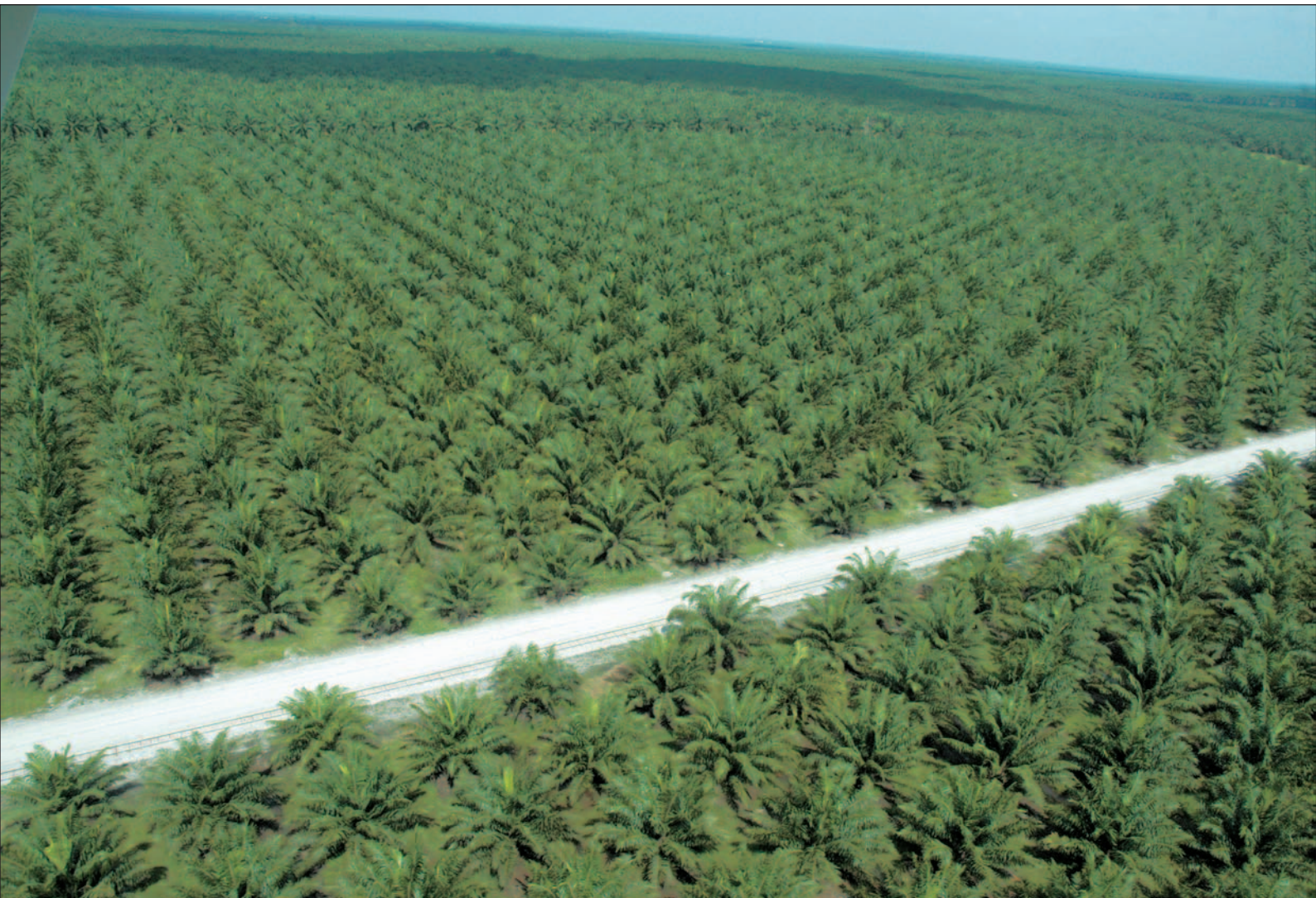
The Group had not issued any profit estimate, forecast or projections during the financial year. There was no variation in the results from the unaudited results for the financial year previously announced.

8) Profit Guarantee

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



The Senior Executive Director, Mr. Ho Dua Tiam inspecting a zero burn replanting in Ulu Bernam Estate with the Estates Director, Mr. Loh Hang Pai.



An aerial view of oil palms at Jendarata Estate which were declared mature at 30 months.

United Plantations Berhad's Hybrid Coconuts

United Plantations Berhad (UPB) has a long history of coconut cultivation dating back to 1912. It is today the largest producer of coconuts in the country, producing up to 82 million nuts a year, equivalent to 19 percent of the country's production. Upon reaching full maturity, it should be able to produce around 100 million nuts a year, at which time the national production is projected to decline to 330 million nuts. This means that UPB alone, in the not too distant future, will account for 30 percent of the country's production.

UPB is the pioneer in the production of the MAWA and MATAG hybrids, which can yield from 25,000 to 30,000 nuts per hectare per year. Besides the above two varieties, we have also developed several other high yielding hybrids including CAMMA, MATA and MACA dwarf hybrids which can yield up to 37,000 nuts per hectare per year for the tender drinking nut market.



CAMMA



MATA



MACA



PANDAN



MATAG



MAWA



CAMMA



MACA



MATA



UNITED PLANTATIONS BERHAD
(Company No. 240-A)

Financial Statements
For the year ended 31 December 2006

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Report Of The Directors For The Year Ended 31 December 2006

The Directors have pleasure in submitting for your consideration their 86th annual report together with the audited financial statements of the Company and of the Group for the year ended 31 December 2006.

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 and processing of palm oil.
- (b) Processing 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.

The associated company was engaged in the manufacturing and sale of bread, biscuits and pastries. In 2006, the operating assets of the associated company were acquired by the Company. Consequently, the associated company ceased its principal activities.

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	150,008	144,492

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:

UIE estates	10,363 hectares
Jendarata	6,380 hectares
Kuala Bernam	830 hectares
Sungei Bernam	2,294 hectares
Ulu Bernam	3,257 hectares
Changkat Mentri	2,534 hectares
Ulu Basir	3,857 hectares
Sungei Erong	3,690 hectares
Sungei Chawang	3,298 hectares
Seri Pelangi	1,422 hectares
Lima Blas	2,892 hectares
PT Surya Sawit Sejati	2,508 hectares
	43,325 hectares

Report Of The Directors For The Year Ended 31 December 2006 (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 2006 were as follows:

790 hectares of oil palm replanted with oil palm
58 hectares of coconut replanted with coconut
1,048 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 28% tax amounting to RM22,478,501 in respect of the previous financial year was paid on 6 February 2006.
- b) A final dividend of 15% less 28% tax amounting to RM22,478,501 in respect of the previous financial year was paid on 26 July 2006.
- c) A Centenary Special dividend of 5% tax exempt amounting to RM10,406,713 in respect of the current financial year was paid on 6 December 2006.
- d) An interim dividend of 15% less 27% tax amounting to RM22,790,702 in respect of the current financial year was paid on 5 February 2007.

At the forthcoming Annual General Meeting, a final dividend in respect of the year ended 31 December 2006, of 15% less 27% 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 2007.

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

Mr. Carl Bek-Nielsen

Encik Ahmad Riza Basir

Mr. Jeremy Derek Campbell Diamond

Mr. Martin Bek-Nielsen

Encik Mohamad Nasir bin Ab. Latif

Mr. Brian Bech Nielsen

Report Of The Directors For The Year Ended 31 December 2006 (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 2006	Bought	Sold	31 December 2006	
Ybhg. Tan Sri Datuk Dr. Johari bin Mat					
- held directly	140,000	-	-	140,000	0.07
Mr. Ho Dua Tiam					
- held directly	957,400	-	-	957,400	0.46
- deemed interested	110,892	-	-	110,892	0.05
Mr. G. Peter Selvarajah					
- held directly	60,120	-	-	60,120	0.03
Mr. Carl Bek-Nielsen					
- held directly	319,309	452,102	-	771,411	0.37
- deemed interested	91,855,169	3,315,540	904,204	94,266,505*	45.29
Encik Ahmad Riza Basir					
- held directly	112,500	-	-	112,500	0.05
- deemed interested	2,422,440	313,500	-	2,735,940	1.31
Mr. Jeremy Derek Campbell Diamond					
- held directly	14,000	-	-	14,000	0.01
- deemed interested	224,000	-	-	224,000	0.11
Mr. Martin Bek-Nielsen					
- held directly	164,685	452,102	200,500	416,287	0.20
- deemed interested	91,855,169	3,315,540	904,204	94,266,505*	45.29
Mr. Brian Bech Nielsen					
- deemed interested	5,000	-	-	5,000	-

Report Of The Directors For The Year Ended 31 December 2006 (Contd.)

Directors (Contd.)

* Note:

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

1,084,950 shares	-	Deemed interested in the shares registered in the name of their late father Tan Sri Dato' Seri Borge Bek-Nielsen
10,618,500 shares	-	Deemed interested in the shares registered in the name of United International Enterprises Limited
82,547,515 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
94,266,505 shares		

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

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than a benefit included in

the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest except as disclosed in Note 26 to the financial statements.

Report Of The Directors For The Year Ended 31 December 2006 (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 no provision for doubtful debts was necessary; 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 to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; 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 2006 (Contd.)

Significant Event During The Year

On 25 April 2006, the Group entered into a Conditional Master Agreement with the existing shareholders of two (2) Indonesian plantation companies, namely PT Surya Sawit Sejati ("PT SSS") and PT Mirza Pratama Putra ("PT MPP") to acquire 95% of the issued and paid up capital of each company (collectively referred to as the Proposed Acquisitions).

On 9 June 2006, the acquisition of 95% equity in PT SSS was completed. As the 1,500 hectares of oil palms planted as at the balance sheet date are still immature, there is no revenue contribution from PT SSS.

The Conditional Sale and Purchase Agreement in respect of the Proposed Acquisition of PT MPP will be executed by the Group and or its designated party in due course pending the completion of a satisfactory due diligence by the Group on PT MPP and the issuance of the location permit by the local authority for the land held by PT MPP. The Proposed Acquisition is subject to the approvals of the Indonesian Investment Coordinating Board and Bank Negara Malaysia. As at the date of this report, the conditions in respect of the proposed acquisition of PT MPP have not been met.

Upon completion of the Proposed Acquisitions, the Group will have access to approximately 29,600 hectares of land in Indonesia. The Proposed Acquisitions are expected to contribute positively to the future earnings of the Group in the medium to long term.

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 5 April 2007.

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 2006

	Note	Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Revenue	4	597,463	594,321	382,236	374,994
Other operating income		8,273	10,280	6,500	6,690
		605,736	604,601	388,736	381,684
Changes in finished goods		(4,336)	561	6,170	(4,195)
Raw materials and consumables used		(212,765)	(213,926)	(34,311)	(31,221)
Amortisation of biological assets		(19,493)	(19,704)	(19,493)	(19,704)
Depreciation of property, plant and equipment		(21,078)	(18,972)	(16,615)	(14,742)
Staff costs	5	(90,525)	(88,114)	(79,998)	(78,160)
Other operating expenses		(62,787)	(84,258)	(56,236)	(60,488)
Profit from operations	5	194,752	180,188	188,253	173,174
Finance costs	6	(287)	(1,300)	(173)	(25,012)
Reversal of / (provision for) diminution in value of investments		813	(1,536)	813	(1,536)
Reversal of provision for diminution in value of investment in an associated company		-	-	-	50
Gain on liquidation of an associated company		-	18	-	18
Investment and interest income	7	4,291	4,267	9,099	26,090
Profit before taxation		199,569	181,637	197,992	172,784
Taxation	8	(49,561)	(48,609)	(53,500)	(49,142)
Net profit for the year		150,008	133,028	144,492	123,642
Earnings per share (sen)	9	72	64		

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

Balance Sheets

As At 31 December 2006

	Note	Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Assets					
Non-Current Assets					
Biological assets	10(a)	184,723	182,644	180,183	186,960
Property, plant and equipment	10(b)	728,201	685,550	663,351	641,641
Subsidiary companies	11	-	-	87,172	480,004
Associated company	12	-	-	50	50
Amount due from associated company	12	11	149	11	149
Available for sale financial assets	13	3,247	4,182	3,268	4,202
		916,182	872,525	934,035	1,313,006
Current Assets					
Inventories	14	84,011	85,321	27,584	20,355
Trade receivables	15	45,843	27,685	6,832	118
Other receivables, deposits and prepayments	16	13,668	10,004	9,026	5,404
Amounts due from subsidiary companies	11	-	-	63,714	47,237
Tax recoverable		482	49	-	-
Financial assets at fair value	13	5,921	5,308	5,921	5,308
Deposits with licensed banks	17	150,097	176,966	118,200	144,279
Cash and bank balances		6,776	2,832	3,820	1,141
		306,798	308,165	235,097	223,842
Total Assets		1,222,980	1,180,690	1,169,132	1,536,848
Equity and Liabilities					
Equity attributable to equity holders of the Company					
Share capital	18	208,134	208,134	208,134	208,134
Reserves	19	863,967	770,169	837,805	748,989
		1,072,101	978,303	1,045,939	957,123
Minority interest		304	-	-	-
Total Equity		1,072,405	978,303	1,045,939	957,123
Non-Current Liabilities					
Deferred taxation	20	64,626	66,728	55,291	54,391
Retirement benefit obligations	21	3,323	2,567	1,814	1,245
		67,949	69,295	57,105	55,636
Current Liabilities					
Trade payables		13,694	7,624	2,286	1,915
Other payables and accruals		32,934	29,380	27,239	27,900
Amounts due to subsidiary companies	11	-	-	712	420,421
Taxation		12,810	16,662	12,810	14,604
Dividends payable		22,791	22,479	22,791	22,479
Bank borrowings	22	16	20,646	-	634
Retirement benefit obligations	21	381	384	250	219
Promissory note	23	-	35,917	-	35,917
		82,626	133,092	66,088	524,089
Total Liabilities		150,575	202,387	123,193	579,725
Total Equity and Liabilities		1,222,980	1,180,690	1,169,132	1,536,848

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

Consolidated Statement Of Changes In Equity

For The Year Ended 31 December 2006

Group	Note	Share capital	Retained profits	Reserve on consolidation	Share premium	Capital reserve	Foreign currency translation reserve	Total	Minority Interest	Total Equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2005		208,134	242,160	220	181,920	257,798	-	890,232	-	890,232
Net profit for the year		-	133,028	-	-	-	-	133,028	-	133,028
Dividends	24	-	(44,957)	-	-	-	-	(44,957)	-	(44,957)
At 31 December 2005		208,134	330,231	220	181,920	257,798	-	978,303	-	978,303
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	24	-	(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

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

Statement Of Changes In Equity
For The Year Ended 31 December 2006

Company

	Note	Share capital RM'000	Retained profits RM'000	Revaluation reserve RM'000	Share premium RM'000	Total RM'000
At 1 January 2005		208,134	468,663	19,721	181,920	878,438
Net profit for the year		-	123,642	-	-	123,642
Dividends	24	-	(44,957)	-	-	(44,957)
At 31 December 2005		208,134	547,348	19,721	181,920	957,123
At 1 January 2006		208,134	547,348	19,721	181,920	957,123
Net profit for the year		-	144,492	-	-	144,492
Dividends	24	-	(55,676)	-	-	(55,676)
At 31 December 2006		208,134	636,164	19,721	181,920	1,045,939

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

Cash Flow Statements

For The Year Ended 31 December 2006

	Note	Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Cash Flows From Operating Activities					
Receipts from customers		579,305	597,282	375,522	378,075
Payments to suppliers		(209,297)	(213,365)	(36,542)	(31,091)
Payments of operating expenses		(152,752)	(173,516)	(137,567)	(140,846)
Payments of taxes		(55,948)	(51,830)	(54,394)	(43,577)
Other receipts		7,181	9,693	5,408	5,918
Net cash generated from operating activities		168,489	168,264	152,427	168,479
Cash Flows From Investing Activities					
Proceeds from sale of property, plant and equipment		1,092	692	1,092	678
Interest income		3,784	2,895	3,740	2,757
Dividend income		507	1,372	5,359	17,153
Pre-cropping expenditure incurred		(17,329)	(10,728)	(12,716)	(10,728)
Purchase of property, plant and equipment	(a)	(56,158)	(18,442)	(39,133)	(15,900)
Capital repaid on an investment		1,136	-	1,136	-
Subscription of preference shares issued by a subsidiary company	11(a)	-	-	(23,000)	-
Acquisition of interest in a subsidiary company	11(a)	-	-	(594)	-
Acquisition of a subsidiary company	(b)	(12,385)	-	-	-
Proceeds from liquidation of an associated company		-	18	-	18
Net cash used in investing activities		(79,353)	(24,193)	(64,116)	(6,022)
Cash Flows From Financing Activities					
Interest paid		(287)	(1,300)	(173)	(25,012)
Dividends paid		(55,365)	(44,957)	(55,365)	(44,957)
Redemption of promissory note		(35,917)	(35,917)	(35,917)	(35,917)
Bank borrowing		(20,000)	5,200	-	-
Inter-company balances		-	-	(19,760)	11,363
Associated company balances		138	(64)	138	166
Net cash used in financing activities		(111,431)	(77,038)	(111,077)	(94,357)

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

Cash Flow Statements

For The Year Ended 31 December 2006 (Contd.)

	Note	Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Net (Decrease) / Increase In Cash And Cash Equivalents		(22,295)	67,033	(22,766)	68,100
Cash And Cash Equivalents At The Beginning Of Year		179,152	112,119	144,786	76,686
Cash And Cash Equivalents At The End Of Year	(c)	156,857	179,152	122,020	144,786

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

(b) During the current year under review, the Group acquired 95% of the equity interest in PT Surya Sawit Sejati ("PT SSS"). The fair values of assets acquired and liabilities assumed were as follows:

	RM'000
Cash	3
Inventories	97
Biological assets	4,243
Property, plant and equipment	8,379
Accounts payable	(1)
Minority interest	(333)
Total purchase consideration	12,388
Less: Cash of PT SSS at date of acquisition	(3)
Net cash flow on acquisition	12,385

(c) Analysis of cash and cash equivalents:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Cash and bank balances	6,776	2,832	3,820	1,141
Deposits with licensed banks	150,097	176,966	118,200	144,279
Bank overdrafts	(16)	(646)	-	(634)
	156,857	179,152	122,020	144,786

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 Copenhagen Stock Exchange. 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 2006 for the Group was 6,471 (2005: 6,094) and for the Company was 5,588 (2005: 5,628).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 5 April 2007.

2. Significant Accounting Policies

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities. At the beginning of the current financial year, the Group and the Company have adopted new and revised Financial Reporting Standards ("FRSs") which are mandatory for financial periods beginning on or after 1 January 2006 as described fully in Note 2.3.

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.

Notes To The Financial Statements (Contd.)

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.

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

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

Notes To The Financial Statements (Contd.)

2.2 Summary of Significant Accounting Policies (Contd.)

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

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.

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

Notes To The Financial Statements (Contd.)

2.2 Summary of Significant Accounting Policies (Contd.)

(b) Associated Companies (Contd.)

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:

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

(ii) Property, Plant and Equipment and Depreciation

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

Notes To The Financial Statements (Contd.)

2.2 Summary of Significant Accounting Policies (Contd.)

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

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. The net book value of leasehold land is amortised over the remaining life of the lease. The remaining lease period of the leasehold land ranges from 27 to 97 years. 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	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.)

(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 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.

Notes To The Financial Statements (Contd.)

2.2 Summary of Significant Accounting Policies (Contd.)

(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 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.

Notes To The Financial Statements (Contd.)

2.2 Summary of Significant Accounting Policies (Contd.)

(f) Foreign Currencies (Contd.)

(ii) Foreign Currency Transactions (Contd.)

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:

	2006	2005
	RM	RM
1 United States Dollar	3.53	3.80
100 Danish Kroner	62.25	62.43
100 Indonesian Rupiah	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.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date.

Notes To The Financial Statements (Contd.)

2.2 Summary of Significant Accounting Policies (Contd.)

(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.

(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.

Notes To The Financial Statements (Contd.)

2.2 Summary of Significant Accounting Policies (Contd.)

(h) Employee Benefits (Contd.)

(ii) *Defined contribution plans (Contd.)*

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 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*

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, including foreign exchange forward and commodity futures contracts, to hedge its exposure to foreign exchange and commodity price fluctuation arising from operational and financing activities. These instruments are not recognised in the financial statements on inception but are recognised at fair value.

Derivative financial instruments used for hedging purposes are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions.

Notes To The Financial Statements (Contd.)

2.2 Summary of Significant Accounting Policies (Contd.)

(k) Financial Instruments (Contd.)

(vi) Derivative Financial Instruments (Contd.)

Derivatives that are no longer designated as hedges are accounted for as trading instruments and marked to market at balance sheet date. Any profit or loss is recognised in the income statement.

(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

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 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

On 1 January 2006, the Group and the Company adopted the following FRSs mandatory for financial periods beginning on or after 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The Group has not early adopted FRS 117 - Leases, FRS 124 - Related Party Disclosures, the deferred FRS 139 - Financial Instruments : Recognition and Measurement and the following FRSs and amendment that are mandatory for financial periods beginning on or after 1 January 2007:

- (i) FRS 6 : Exploration for and Evaluation of Mineral Resources
FRS 6 is not relevant to the Group's operations.
- (ii) Amendment to FRS 119 2004 : Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures.

This amendment introduces the option of an alternative recognition approach for actuarial gains and losses arising from post-employment defined benefit plans. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements.

As the Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment will only impact the format and disclosures presented in the financial statements. The Group will apply this amendment from financial periods beginning 1 January 2007.

Notes To The Financial Statements (Contd.)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Contd.)

The adoption of FRS 2, 102, 108, 110, 116, 121, 127, 128, 131, 132, 133, 136, 138 and 140 does not result in significant changes in accounting policies of the Group. The principal changes in accounting policies and their effects resulting from the adoption of the other new and revised FRSs are discussed below:

(a) FRS 3 : Business Combinations

Under FRS 3, any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as 'negative goodwill'), after reassessment, is now recognised immediately in the profit or loss. Prior to 1 January 2006, negative goodwill was carried in the equity. In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1 January 2006 of RM220,000 was derecognised with a corresponding increase in retained profits.

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2005 or prior periods. This change has no impact on the Company's financial statements.

(b) FRS 5 : Non-current Assets Held for Sale and Discontinued Operations

Prior to 1 January 2006, non-current assets held for sale were neither classified nor presented as current assets. There were no differences in the measurement of non-current assets held for sale. Upon the adoption of FRS 5, non-current assets held for sale are classified as current assets and are stated at the lower of carrying amount and fair value less costs to sell.

The following amounts as at 31 December 2005 have been reclassified as a result of the adoption of FRS 5:

	Previously Stated RM'000	Reclassification RM'000	Restated RM'000
Group			
Other investments	9,490	(9,490)	-
Available for sale financial assets			
- Non-current assets	-	4,182	4,182
Financial assets at fair value			
- Current assets	-	5,308	5,308

Notes To The Financial Statements (Contd.)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Contd.)

(b) FRS 5 : Non-current Assets Held for Sale and Discontinued Operations (Contd.)

	Previously Stated RM'000	Reclassification RM'000	Restated RM'000
Company			
Other investments	9,510	(9,510)	-
Available for sale financial assets			
- Non-current assets	-	4,202	4,202
Financial assets at fair value			
- Current assets	-	5,308	5,308

(c) FRS 101 : Presentation of Financial Statements

Upon the adoption of the revised FRS 101, pre-cropping expenditure which was previously classified under property, plant and equipment is now disclosed separately in the balance sheet as biological assets.

The current year's presentation of the financial statements is based on the revised requirements of FRS 101, with comparatives restated to conform with the current year's presentation.

The following amounts as at 31 December 2005 have been reclassified as a result of the adoption of FRS 101:

	Previously Stated RM'000	Reclassification RM'000	Restated RM'000
Group			
Biological assets	-	182,644	182,644
Property, plant and equipment	868,194	(182,644)	685,550
Company			
Biological assets	-	186,960	186,960
Property, plant and equipment	828,601	(186,960)	641,641

Notes To The Financial Statements (Contd.)

2.4 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 property, plant and equipment 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 pre-tax gross contribution had been lower by 10%, the property, plant and equipment would be further impaired by RM800,000.

3. Group Structure

The subsidiary companies are as follows:

Company	Country of incorporation	Percentage of equity held by the Group		Activity (see below)
		2006 %	2005 %	
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	-	(f)
Berta Services Sdn. Bhd.	Malaysia	100	100	Dormant
Kapal Bernam Sdn. Bhd.	Malaysia	100	100	Dormant
Scanlook Sdn. Bhd.	Malaysia	100	100	Dormant

Notes To The Financial Statements (Contd.)

3. Group Structure (Contd.)

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) Processing 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 and processing of palm oil.

Acquisition of a subsidiary company

On 9 June 2006, the Group acquired 95% equity interest in PT Surya Sawit Sejati ("PT SSS"), an unlisted company incorporated in Indonesia and is involved in the business of oil palm cultivation and processing in Indonesia.

As the 1,500 hectares of oil palms planted as at the balance sheet date are still immature, there is no revenue contribution from PT SSS during the year.

The fair values of assets acquired and liabilities assumed were as follows:

	RM'000
Biological assets	4,243
Property, plant and equipment	8,379
Inventories	97
Cash	3
Accounts payable	(1)
	12,721
Minority interest	(333)
	12,388
Total cash outflow on acquisition is as follows:	
Purchase consideration satisfied by cash	12,388
Cash of PT SSS at date of acquisition	(3)
	12,385

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	
		2006 %	2005 %
Bernam Bakery Sdn. Bhd.	Malaysia	30	30

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

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	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Revenue consists of the following and excludes, in respect of the Group, intragroup transactions:				
Net sales proceeds of produce stocks	348,247	322,206	382,236	374,994
Net sales proceeds of finished goods	248,715	271,631	-	-
Engineering and other fees and commission	501	484	-	-
	597,463	594,321	382,236	374,994

Notes To The Financial Statements (Contd.)

5. Profit from Operations

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Profit from operations is arrived at, after charging:				
Directors' remuneration				
- fees	594	615	485	483
- emoluments	3,012	3,484	3,012	3,484
- others	105	77	105	77
Auditors' remuneration				
- current year	241	233	155	155
- prior year	-	(2)	-	23
Provision for obsolete stocks	50	714	50	714
Rental of premises	1,265	472	29	29
Rental of equipment	52	39	35	20
Provision for doubtful debts	-	635	-	4
Loss on disposal of property, plant and equipment	585	-	585	-
and crediting:				
Gain on disposal of property, plant and equipment	-	587	-	573
Rental income	86	48	86	48
Realised foreign exchange gain	84	877	42	23
Net unrealised foreign exchange gain	497	185	-	-

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

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Wages and salaries	75,813	73,223	67,180	64,991
Social security cost	437	422	334	327
Pension costs				
- defined contribution plans	4,780	4,829	4,065	3,965
- defined benefit plans (Note 21)	1,396	402	842	191
Other staff related expenses	8,099	9,238	7,577	8,686
	90,525	88,114	79,998	78,160

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 RM3,012,000 (2005: RM3,484,000).

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	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Finance costs consist of interest expenses on:				
- bank overdraft / bankers acceptances	121	419	7	6
- promissory note	166	881	166	881
- advances from a subsidiary company	-	-	-	24,125
	287	1,300	173	25,012

7. Investment and Interest Income

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Gross dividends received from shares in quoted corporations	106	423	106	423
Gross dividends received from shares in unquoted corporations	401	919	401	919
Gross dividends received from subsidiary companies	-	-	4,852	21,960
Interest received from subsidiary companies	-	-	1,029	784
Other interest income	3,784	2,895	2,711	1,974
Gain on disposal of investments	-	30	-	30
	4,291	4,267	9,099	26,090

Notes To The Financial Statements (Contd.)

8. Taxation

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Current tax for the year	51,736	53,817	52,600	52,800
Deferred tax, relating to origination and reversal of temporary differences (Note 20)	(2,102)	(4,012)	900	(2,400)
Over provided in prior years	(73)	(1,196)	-	(1,258)
	49,561	48,609	53,500	49,142

Domestic current income tax is calculated at the statutory rate of 28% (2005 : 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 27% from the current year's rate of 28%, effective year of assessment 2007 and to 26% effective year of assessment 2008. The computation of deferred tax as at 31 December 2006 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	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Profit before taxation	199,569	181,637	197,992	172,784
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	55,879	50,858	55,438	48,380
Income not subject to tax	(154)	(379)	(154)	(379)
Expenses not deductible for tax purposes	5,148	2,907	4,304	2,875
Utilisation of current year reinvestment allowance and double deduction for research	(4,188)	(476)	(4,188)	(476)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(1,751)	(1,505)	-	-
Over provided in prior years	(73)	(1,196)	-	(1,258)
Effect of taxation on temporary differences excluded on initial recognition	(3,000)	(1,600)	-	-
Effect of change in deferred tax rate from 28% to 27%	(2,300)	-	(1,900)	-
Tax expense for the year	49,561	48,609	53,500	49,142

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 RM150,008,000 (2005: RM133,028,000) and on the weighted number of ordinary shares of 208,134,266 (2005: 208,134,266) in issue during the year.

10. (a) Biological Assets

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Pre-cropping expenditure				
Cost				
At 1 January	370,513	359,785	380,359	369,631
Additions	17,329	10,728	12,716	10,728
Acquisition of a subsidiary company	4,243	-	-	-
At 31 December	392,085	370,513	393,075	380,359
Accumulated Amortisation				
At 1 January	187,869	168,165	193,399	173,695
Amortisation for the year	19,493	19,704	19,493	19,704
At 31 December	207,362	187,869	212,892	193,399
Net Book Value				
At 31 December	184,723	182,644	180,183	186,960

Notes To The Financial Statements (Contd.)

10. (b) Property, Plant and Equipment

Group

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Capital work-in- progress RM'000	Total RM'000
Cost/Deemed cost						
At 1 January 2006	203,368	403,873	138,648	300,312	5,870	1,052,071
Additions	112	10,723	6,230	32,696	6,397	56,158
Disposals	-	-	-	(2,797)	-	(2,797)
Acquisition of a subsidiary company	-	7,734	75	570	-	8,379
Reclassification	-	-	4,198	5,459	(9,657)	-
At 31 December 2006	203,480	422,330	149,151	336,240	2,610	1,113,811
Accumulated Depreciation and Impairment Losses						
At 1 January 2006:						
Accumulated depreciation	-	36,788	92,309	225,938	-	355,035
Accumulated impairment losses	-	-	-	11,486	-	11,486
	-	36,788	92,309	237,424	-	366,521
Depreciation for the year	-	4,108	5,312	11,658	-	21,078
Disposals	-	-	-	(1,989)	-	(1,989)
Reclassification	-	-	(626)	626	-	-
At 31 December 2006	-	40,896	96,995	247,719	-	385,610
Analysed as:						
Accumulated depreciation	-	40,896	96,995	236,233	-	374,124
Accumulated impairment losses	-	-	-	11,486	-	11,486
	-	40,896	96,995	247,719	-	385,610
Net Book Value						
At 31 December 2006						
At cost/deemed cost	203,480	381,434	52,156	88,521	2,610	728,201

Notes To The Financial Statements (Contd.)

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

Group

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Capital work-in- progress RM'000	Total RM'000
Cost/Deemed cost						
At 1 January 2005	203,368	403,873	133,934	290,131	5,158	1,036,464
Additions	-	-	4,149	8,250	6,043	18,442
Disposals	-	-	(168)	(2,667)	-	(2,835)
Reclassification	-	-	733	4,598	(5,331)	-
At 31 December 2005	203,368	403,873	138,648	300,312	5,870	1,052,071
Accumulated Depreciation and Impairment Losses						
At 1 January 2005:						
Accumulated depreciation	-	32,274	87,587	218,932	-	338,793
Accumulated impairment losses	-	-	-	11,486	-	11,486
	-	32,274	87,587	230,418	-	350,279
Depreciation for the year	-	4,514	4,890	9,568	-	18,972
Disposals	-	-	(168)	(2,562)	-	(2,730)
At 31 December 2005	-	36,788	92,309	237,424	-	366,521
Analysed as:						
Accumulated depreciation	-	36,788	92,309	225,938	-	355,035
Accumulated impairment losses	-	-	-	11,486	-	11,486
	-	36,788	92,309	237,424	-	366,521
Net Book Value						
At 31 December 2005						
At cost/deemed cost	203,368	367,085	46,339	62,888	5,870	685,550

Notes To The Financial Statements (Contd.)

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

Company	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Capital work-in- progress RM'000	Total RM'000
Cost/Deemed cost						
At 1 January 2006	202,803	377,316	119,951	194,510	5,606	900,186
Additions	112	3,067	6,088	29,866	-	39,133
Disposals	-	-	-	(2,797)	-	(2,797)
Reclassification	-	-	(1,360)	1,360	-	-
Transfers	-	-	3,065	2,541	(5,606)	-
At 31 December 2006	202,915	380,383	127,744	225,480	-	936,522
Accumulated Depreciation						
At 1 January 2006	-	17,305	83,269	157,971	-	258,545
Depreciation for the year	-	4,108	4,908	7,599	-	16,615
Disposals	-	-	-	(1,989)	-	(1,989)
Reclassification	-	-	(626)	626	-	-
At 31 December 2006	-	21,413	87,551	164,207	-	273,171
Net Book Value						
At 31 December 2006	202,915	358,970	40,193	61,273	-	663,351
Cost/Deemed cost						
At 1 January 2005	202,803	377,316	116,058	190,853	-	887,030
Additions	-	-	4,061	6,233	5,606	15,900
Disposals	-	-	(168)	(2,576)	-	(2,744)
At 31 December 2005	202,803	377,316	119,951	194,510	5,606	900,186
Accumulated Depreciation						
At 1 January 2005	-	12,791	78,943	154,708	-	246,442
Depreciation for the year	-	4,514	4,494	5,734	-	14,742
Disposals	-	-	(168)	(2,471)	-	(2,639)
At 31 December 2005	-	17,305	83,269	157,971	-	258,545
Net Book Value						
At 31 December 2005	202,803	360,011	36,682	36,539	5,606	641,641

Notes To The Financial Statements (Contd.)

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

Leasehold land comprises the following:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
At net book value				
- Long leasehold land	357,152	353,549	347,529	343,927
- Short leasehold land	24,282	13,536	11,441	16,084
	381,434	367,085	358,970	360,011

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	
	2006 RM'000	2005 RM'000
(a) Investment in subsidiary companies		
Unquoted shares		
- at cost	66,914	459,746
- at Directors' valuation	23,250	23,250
	90,164	482,996
Provision for diminution in value of investment	(2,992)	(2,992)
	87,172	480,004

During the year, the Company subscribed to 23,000,000 Redeemable Cumulative Convertible Preference Shares ("RCCPS") issued by a subsidiary company, Bernam Advisory Services Sdn. Bhd.. These funds in turn were used to acquire the 95% equity interest in PT SSS and to provide a loan to PT SSS.

During the year, the Company also acquired 100% equity interest in Berta Services Sdn. Bhd. from another wholly owned subsidiary company, Unitata Berhad.

Notes To The Financial Statements (Contd.)

11. Subsidiary Companies (Contd.)

	Company	
	2006 RM'000	2005 RM'000
(b) Amounts due from subsidiary companies		
At 31 December	70,747	54,270
Less: Provision for doubtful debts	(7,033)	(7,033)
	63,714	47,237
Amount receivable within next 12 months	63,714	47,237
Amount receivable after next 12 months	-	-

The amounts due from subsidiary companies are unsecured. Overdue trade debts from a subsidiary company bear interest at range of 3.05% to 3.60% per annum. All other amounts are non-interest bearing.

(c) Amounts due to subsidiary companies

Included in the amounts due to subsidiary companies in 2005 was RM402,084,423 arising from the inter-group sale/transfer of biological assets and property, plant and equipment from United International Enterprises (M) Sdn. Bhd. ("UIEM"). This amount bore interest at 6% per annum and was unsecured and payable within seven months from the balance sheet date. This amount was settled in January 2006 through a capital reduction of RM365,634,000 and dividends of RM36,450,423 credited as paid.

The amounts due to subsidiary companies in 2006 are interest free, unsecured and have no fixed terms of repayment.

Notes To The Financial Statements (Contd.)

12. Associated Company

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Investment in an associated company				
Unquoted shares, at cost	101	101	101	101
- Share of post acquisition loss and reserves (see Note (i) below)	(101)	(101)	-	-
- Provision for diminution in value of investment	-	-	(51)	(51)
	-	-	50	50

Represented by :
Share of net assets

	-	-
--	---	---

	Group	
	2006 RM'000	2005 RM'000
Note (i):		
Share of post acquisition loss 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.)

13. Other Investments

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Available for sale financial assets - Non-current				
Unquoted shares at cost	4,534	5,668	10,018	11,152
Provision for diminution in value of investment	(1,287)	(1,486)	(6,750)	(6,950)
	3,247	4,182	3,268	4,202
Financial Assets At Fair Value - Current				
Quoted shares in Malaysia at cost	7,886	7,886	7,886	7,886
Provision for diminution in value of investment	(1,965)	(2,578)	(1,965)	(2,578)
	5,921	5,308	5,921	5,308
Market value of quoted shares	5,921	5,308	5,921	5,308

14. Inventories

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
At net realisable value				
Produce stocks	9,678	3,508	9,678	3,508
At cost				
Estate stores (Note (a))	17,906	16,847	17,906	16,847
Raw materials	376	700	-	-
Work-in-progress	547	341	-	-
Finished goods	50,921	61,427	-	-
Consumables (Note (b))	4,583	2,498	-	-
	84,011	85,321	27,584	20,355
Note (a):				
Estate stores	17,974	17,578	17,974	17,578
Provision for obsolete stocks	(68)	(731)	(68)	(731)
	17,906	16,847	17,906	16,847
Note (b):				
Consumables	6,283	4,198	-	-
Provision for obsolete stocks	(1,700)	(1,700)	-	-
	4,583	2,498	-	-

Notes To The Financial Statements (Contd.)

14. Inventories (Contd.)

Included in produce stocks of the Group and of the Company are unrealised profit amounting to RM6,113,000 (2005: Group and Company RM2,136,000) arising from valuation of the inventories at net realisable value. As at 31 January 2007, all the produce stocks as at 31 December 2006 had been delivered to customers.

15. Trade Receivables

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Balance as at 31 December	45,935	27,777	6,832	118
Less: Provision for doubtful debts	(92)	(92)	-	-
	45,843	27,685	6,832	118

Included in trade receivables of the Group is an amount of RM8,458,000 (2005: RM3,312,000) being trade debts due from companies in which certain Directors have interest.

16. Other Receivables, Deposits and Prepayments

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Other receivables	13,033	10,385	8,471	5,309
Deposits	130	153	73	100
Prepayments	584	176	561	74
Less: Provision for doubtful debts	(79)	(710)	(79)	(79)
	13,668	10,004	9,026	5,404

17. Deposits with Licensed Banks

The weighted average interest rates during the financial year and the average maturity period of deposits as at 31 December 2006 are as follows:

	Weighted Average Interest Rates		Average Maturity Period	
	2006	2005	2006	2005
	%	%	Days	Days
Deposits with licensed banks	3.2	2.5	30	30

Notes To The Financial Statements (Contd.)

18. Share Capital

	Number of Ordinary Shares of RM1 each		Amount	
	2006 Unit'000	2005 Unit'000	2006 RM'000	2005 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

19. Reserves

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Distributable				
Retained profits	660,783	330,231	636,164	547,348
Non-distributable				
Reserve on consolidation	-	220	-	-
Share premium	181,920	181,920	181,920	181,920
Revaluation reserve	-	-	19,721	19,721
Capital reserve	21,798	257,798	-	-
Foreign currency translation reserve	(534)	-	-	-
	203,184	439,938	201,641	201,641
Total	863,967	770,169	837,805	748,989

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

(a) Revaluation Reserve

The revaluation reserve is used to record increases in the fair value of property, plant and equipment and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

(b) 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.)

19. Reserves (Contd.)

(c) Foreign Currency Translation Reserve

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

The balances in the Section 108 credit and exempt profits accounts as at 31 December 2006 are sufficient to frank approximately RM623,794,000 and RM38,748,000 (2005: RM494,220,000 and RM29,805,000) respectively out of the distributable reserves of the Company as dividends without incurring additional tax liability. Any additional distribution of dividends in excess of the above mentioned amounts will attract tax charge at the prevailing tax rate of 27% on the gross amount of dividends distributed.

20. Deferred Taxation

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
At 1 January	66,728	70,740	54,391	56,791
Recognised in the income statement (Note 8)	(2,102)	(4,012)	900	(2,400)
At 31 December	64,626	66,728	55,291	54,391
Presented after appropriate offsetting as follows:				
Deferred tax assets	(733)	(885)	(718)	(870)
Deferred tax liabilities	65,359	67,613	56,009	55,261
	64,626	66,728	55,291	54,391

Notes To The Financial Statements (Contd.)

20. 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 2005	71,444
Recognised in the income statement	(3,831)
<hr/>	
At 31 December 2005	67,613
<hr/>	
At 1 January 2006	67,613
Recognised in the income statement	(2,254)
<hr/>	
At 31 December 2006	65,359

Deferred Tax Assets of the Group:

	Provision for Retirement		Total RM'000
	Benefits RM'000	Others RM'000	
At 1 January 2005	(423)	(281)	(704)
Recognised in the income statement	(2)	(179)	(181)
<hr/>			
At 31 December 2005	(425)	(460)	(885)
<hr/>			
At 1 January 2006	(425)	(460)	(885)
Recognised in the income statement	(146)	298	152
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At 31 December 2006	(571)	(162)	(733)

Notes To The Financial Statements (Contd.)

20. Deferred Taxation (Contd.)

Deferred Tax Liabilities of the Company:

	Accelerated Capital Allowances RM'000
At 1 January 2005	57,490
Recognised in the income statement	(2,229)
At 31 December 2005	55,261
At 1 January 2006	55,261
Recognised in the income statement	748
At 31 December 2006	56,009

Deferred Tax Assets of the Company:

	Provision for Retirement Benefits RM'000	Others RM'000	Total RM'000
At 1 January 2005	(418)	(281)	(699)
Recognised in the income statement	8	(179)	(171)
At 31 December 2005	(410)	(460)	(870)
At 1 January 2006	(410)	(460)	(870)
Recognised in the income statement	(146)	298	152
At 31 December 2006	(556)	(162)	(718)

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

	Group	
	2006 RM'000	2005 RM'000
Unused tax losses	159	2,235
Unabsorbed capital allowances	-	851
Unutilised reinvestment allowances	8,496	8,074
	8,655	11,160

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. Deferred tax assets have not been recognised in respect of these items 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.

Notes To The Financial Statements (Contd.)

21. 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:

	2006 %	2005 %
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	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Present value of unfunded defined benefit obligations	3,704	2,951	2,064	1,464
At 1 January	2,951	2,942	1,464	1,493
Provision during the year	1,396	402	842	191
Paid during the year	(643)	(393)	(242)	(220)
At 31 December	3,704	2,951	2,064	1,464
Analysed as:				
Current	381	384	250	219
Non-current:				
Later than 1 year but not later than 2 years	583	541	388	259
Later than 2 years but not later than 5 years	807	652	451	307
Later than 5 years	1,933	1,374	975	679
	3,323	2,567	1,814	1,245
	3,704	2,951	2,064	1,464

Notes To The Financial Statements (Contd.)

22. Bank Borrowings

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Bank overdraft - unsecured	16	646	-	634
Bankers acceptances - unsecured	-	20,000	-	-
	16	20,646	-	634

The interest rates applicable to the bank borrowings for the year were 6.8% to 7.5% (2005: 3.05% to 7.5%) per annum.

23. Promissory Note

	Group/Company	
	2006 RM'000	2005 RM'000
Promissory note	107,751	107,751
Amount redeemed	(107,751)	(71,834)
	-	35,917
Payable within 12 months	-	35,917
Payable after 12 months	-	-

The promissory note represents deferred portion of the consideration paid for the acquisition of UIEM from Maximum Vista Sdn. Bhd. ("MVSB"). It bore interest at the rate of 2% per annum and was repayable in 3 equal annual installments together with the interest payable in arrears. The final installment was repaid during the year.

Notes To The Financial Statements (Contd.)

24. Dividends

	Amount		Group/Company Net Dividends per Share	
	2006 RM'000	2005 RM'000	2006 Sen	2005 Sen
Final dividend paid in respect of previous financial year: - 15% less 28% tax (2005: 15% less 28% tax)	22,478	22,478	10.8	10.8
Centenary Special dividend in respect of the current financial year: - 5% tax exempt (2005 : Nil)	10,407	-	5.0	-
Interim dividend in respect of the current financial year: - 15% less 27% tax (2005: 15% less 28% tax)	22,791	22,479	11.0	10.8
	55,676	44,957	26.8	21.6

At the forthcoming Annual General Meeting, a final dividend in respect of the year ended 31 December 2006 of 15% less 27% 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 2007.

25. Significant Inter-Company Transactions

	Company	
	2006 RM'000	2005 RM'000
Sale of raw materials to a subsidiary company	33,989	52,789
Net interest charged to a subsidiary company	1,029	784
Net interest paid to a subsidiary company	-	24,125

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

Notes To The Financial Statements (Contd.)

26. Significant Related Party Transactions

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 Mr. 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 Mr. 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 Encik 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 Encik Ahmad Riza Basir in both JIB and the Group.

Notes To The Financial Statements (Contd.)

26. Significant Related Party Transactions (Contd.)

The following summary shows the related party transactions not otherwise disclosed in the financial statements.

Nature of transactions	Amount Billed Group		Amount Billed Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Sale of cocoa butter substitute to AAK	160,825	185,011	-	-
Storage and handling charges paid to FPS	68	152	-	-
Insurance premium paid to JIB	434	336	427	331
Service fees paid to IPS	74	39	74	39
Commodity brokerage fees paid to FFSB	2,256	880	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	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Amount outstanding at 31 December:				
Due (to)/from AAK	(48)	3,343	34	76
Due to JIB	(8)	-	(8)	-
Due to FPS	-	(15)	-	-
Due from IPS	43	70	43	70
Due from FFSB	8,612	108	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. 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	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Revenue And Expenses										
Revenue										
External sales	348,247	322,205	248,715	271,631	501	485	-	-	597,463	594,321
Inter-segment sales	33,989	52,789	-	-	1,296	1,199	(35,285)	(53,988)	-	-
	382,236	374,994	248,715	271,631	1,797	1,684	(35,285)	(53,988)	597,463	594,321
Results										
Segment results/operating profit	188,253	173,174	6,394	6,509	105	505	-	-	194,752	180,188
Reversal of / (provision for) diminution in value of investments	-	-	-	-	813	(1,536)	-	-	813	(1,536)
Investment income	-	-	-	-	507	1,372	-	-	507	1,372
Interest income	2,711	1,973	57	62	1,016	860	-	-	3,784	2,895
Gain on liquidation of an associated company	-	-	-	-	-	18	-	-	-	18
Interest expense	(173)	(887)	(114)	(413)	-	-	-	-	(287)	(1,300)
Income taxes	(49,131)	(48,148)	73	(73)	(503)	(388)	-	-	(49,561)	(48,609)
Net profit for the year									150,008	133,028

Notes To The Financial Statements (Contd.)

27. Segmental Information (Contd.)

	Plantations		Palm Oil Refining		Other Segments		Elimination		Consolidated	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Assets And Liabilities										
Segment assets	1,065,994	1,028,355	142,462	136,686	5,345	6,010	-	-	1,213,801	1,171,051
Investment in an associated company	-	-	-	-	11	149	-	-	11	149
Other investments	-	-	-	-	9,168	9,490	-	-	9,168	9,490
Consolidated total assets									1,222,980	1,180,690
Segment liabilities	132,958	173,597	17,308	28,437	309	353	-	-	150,575	202,387
Consolidated total liabilities									150,575	202,387
Other Information										
Capital expenditure*	77,895	26,628	8,076	2,335	138	207	-	-	86,109	29,170
Non-cash expenses other than depreciation	50	718	-	-	-	-	-	-	50	718

(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	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Revenue	406,768	377,050	-	-	101,138	124,380	58,909	72,991	30,648	19,900	597,463	594,321
Segment assets	1,188,949	1,171,955	21,712	-	1,875	3,507	6,281	4,512	4,163	716	1,222,980	1,180,690
Capital expenditure*	72,685	29,170	13,424	-	-	-	-	-	-	-	86,109	29,170

* Includes biological assets and property, plant and equipment.

Notes To The Financial Statements (Contd.)

28. Capital Commitments

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Capital expenditure approved by the Directors but not contracted	39,918	33,318	39,097	27,874
Capital expenditure contracted but not provided for	2,996	8,028	2,996	8,028
	42,914	41,346	42,093	35,902

29. Financial Instruments

(a) Financial Risk Management Objectives and Policies

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

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

(b) Interest Rate Risk

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

The Group's bank borrowings are insignificant to hedge. The effective interest rate is disclosed in Note 22 to the financial statements.

Notes To The Financial Statements (Contd.)

29. Financial Instruments (Contd.)

(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.

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	
As at 31 December 2006:				
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
As at 31 December 2005:				
Forwards used to hedge anticipated sales	USD	59,262	7,436	66,698
Forwards used to hedge trade receivables	USD	8,736	-	8,736
		67,998	7,436	75,434

The net recognised gains as at 31 December 2006 on forward exchange contracts used to hedge anticipated sales which are expected to occur subsequent to financial year ended 31 December 2006 amounted to RM997,000 (31 December 2005 : RM185,000).

Notes To The Financial Statements (Contd.)

29. 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.)

29. Financial Instruments (Contd.)

(f) Fair Values (Contd.)

Derivative financial instruments

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

	Contracted amount RM'000	Fair value RM'000
At 31 December 2006 :		
Commodity futures contracts		
Sales	462,926	(98,053)
Purchases	449,899	110,319
Net fair values		12,266
At 31 December 2005:		
Commodity futures contracts		
Sales	495,511	3,194
Purchases	489,042	26
Net fair values		3,220

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.

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

	2006 RM'000	2005 RM'000
Amount of credit risk, measured in terms of cost to replace the profitable contracts	12,266	3,220

Notes To The Financial Statements (Contd.)

29. Financial Instruments (Contd.)

(f) Fair Values (Contd.)

Credit Risk (Contd.)

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 2006:		
Forward foreign exchange contracts		
Sales	24,443	997
At 31 December 2005:		
Forward foreign exchange contracts		
Sales	66,698	185

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 spot rate as at the balance sheet date.

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 2006				
Non-current unquoted shares	3,247	(a)	3,268	(a)
At 31 December 2005				
Non-current unquoted shares	4,182	(a)	4,202	(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.

Notes To The Financial Statements (Contd.)

29. Financial Instruments (Contd.)

(f) Fair Values (Contd.)

Financial instruments recognised in the balance sheets (Contd.)

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
- (iv) the book value of the promissory note 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.

30. Significant Event During The Year

On 25 April 2006, the Group entered into a Conditional Master Agreement with the existing shareholders of two (2) Indonesian plantation companies, namely PT Surya Sawit Sejati ("PT SSS") and PT Mirza Pratama Putra ("PT MPP") to acquire 95% of the issued and paid up capital of each company (collectively referred to as the Proposed Acquisitions).

On 9 June 2006, the acquisition of 95% equity in PT SSS was completed. As the 1,500 hectares of oil palms planted as at the balance sheet date are still immature, there is no revenue contribution from PT SSS.

The Conditional Sale and Purchase Agreement in respect of the Proposed Acquisition of PT MPP will be executed by the Group and or its designated party in due course pending the completion of a satisfactory due diligence by the Group on PT MPP and the issuance of the location permit by the local authority for the land held by PT MPP. The Proposed Acquisition is subject to the approvals of the Indonesian Investment Coordinating Board and Bank Negara Malaysia. As at the date of this report, the conditions in respect of the proposed acquisition of PT MPP have not been met.

Upon completion of the Proposed Acquisitions, the Group will have access to approximately 29,600 hectares of land in Indonesia. The Proposed Acquisitions are expected to contribute positively to the future earnings of the Group in the medium to long term.

Statement By Directors

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

We, TAN SRI DATUK DR. JOHARI BIN MAT and HO DUA TIAM, being two of the Directors of UNITED PLANTATIONS BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 70 to 123 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities 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 2006 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 5 April 2007.

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, R. NADARAJAN, the Officer primarily responsible for the financial management of UNITED PLANTATIONS BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 70 to 123 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 R. NADARAJAN at Teluk Intan
in the State of Perak Darul Ridzuan
on 5 April 2007

Before me,

R. NADARAJAN

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 70 to 123. 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 MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities 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 2006 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 material to the consolidated financial statements 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

YAP SENG CHONG
No. 2190/12/07(J)
Partner

Kuala Lumpur, Malaysia
5 April 2007

Shareholders Information As At 18 April 2007

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 2007				
Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Issued Capital
Less than 100 shares	213	3.52	10,532	0.01
100 to 1,000 shares	2,424	40.04	2,166,551	1.04
1,001 to 10,000 shares	2,753	45.47	10,371,402	4.98
10,001 to 100,000 shares	545	9.00	15,638,209	7.51
100,001 to less than 5% of issued shares	115	1.90	51,397,901	24.69
5% and above of issued shares	4	0.07	128,549,671	61.76
Total	6,054	100.00	208,134,266	100.00

Substantial Shareholders As At 18 April 2007				
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)	82,927,515	39.84	-	-
2. United International Enterprises Limited (UIEL)	10,618,500	5.10	82,943,055 ^{*(1)}	39.85
3. Employees Provident Fund Board	23,064,098	11.08	-	-
4. Perbadanan Pembangunan Pertanian Negeri Perak (Perbadanan)	13,065,158	6.28	330,000 ^{*(5)}	0.16
5. United International Holdings Ltd (UIH)	-	-	93,561,555 ^{*(2)}	44.95
6. Bek-Nielsen Foundation (BNF)	-	-	93,561,555 ^{*(3)}	44.95
7. International Plantations Services Limited Ref. 10	10,540	0.01	93,551,015 ^{*(2)}	44.95
8. Mas Holdings Limited	5,000	0.00	93,556,555 ^{*(2)}	44.95
9. Mr. Carl Bek-Nielsen	771,411	0.37	94,646,505 ^{*(4)}	45.47
10. Mr. Martin Bek-Nielsen	416,287	0.20	94,646,505 ^{*(4)}	45.47

*Notes:

- (1) Deemed interest by virtue of substantial shareholding in MVSB, IPS Ltd and Mas Holdings Limited
- (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 shareholding in MVSB, UIEL, IPS Ltd and Mas Holdings Limited and their late father Tan Sri Dato' Seri B. Bek-Nielsen, deceased
- (5) Deemed interest by virtue of shares held by subsidiary company of Perbadanan

Directors' Shareholdings As At 18 April 2007				
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	140,000	0.07	-	-
Mr. Ho Dua Tiam	707,400	0.34	110,892	0.05
Mr. G. Peter Selvarajah	60,120	0.03	-	-
Mr. Carl Bek-Nielsen	771,411	0.37	94,646,505	45.47
Encik Ahmad Riza Basir	92,500	0.04	2,735,940	1.31
Mr. Jeremy Derek Campbell Diamond	14,000	0.01	224,000	0.11
Mr. Martin Bek-Nielsen	416,287	0.20	94,646,505	45.47
Encik Mohamad Nasir bin Ab. Latif	-	-	-	-
Mr. Brian Bech Nielsen	-	-	5,000	0.00

Shareholders Information As At 18 April 2007 (Contd.)

Thirty (30) Largest Shareholders As At 18 April 2007		
Name of Shareholder	No. of Shares	% of Issued Capital
1. Maximum Vista Sdn. Bhd.	82,927,515	39.84
2. Employees Provident Fund Board	21,938,498	10.54
3. Perbadanan Pembangunan Pertanian Negeri Perak	13,065,158	6.28
4. United International Enterprises Ltd	6,956,000	3.34
5. Valuecap Sdn. Bhd.	6,060,100	2.91
6. United International Enterprises Limited	3,662,500	1.76
7. HSBC Nominees (Asing) Sdn. Bhd. Exempt An for BNP Paribas Securities Services (Convert in USD)	3,045,900	1.46
8. Citigroup Nominees (Asing) Sdn. Bhd. Bear Stearns Securities Corp for Third Avenue Global Value Fund LP	2,596,200	1.25
9. BHR Enterprise Sdn. Bhd.	2,422,440	1.16
10. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Non Par 1)	1,446,600	0.69
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. BNY Brussels for TATA Enterprises (Overseas) AG	1,045,108	0.50
13. Jyske Bank obo Olav W. Hansen A/S	1,033,191	0.50
14. HSBC Nominees (Asing) Sdn. Bhd. HSBC-FS for Aberdeen Malaysia Equity Fund	1,010,000	0.49
15. BHLB Trustee Berhad Public Focus Select Fund	951,400	0.46
16. Citigroup Nominees (Tempatan) Sdn. Bhd. Ing Insurance Berhad (INV-IL Par)	845,200	0.41
17. Citigroup Nominees (Asing) Sdn. Bhd. CBNY for DFA Emerging Markets Fund	821,200	0.39
18. KAF Nominees (Tempatan) Sdn. Bhd. Bernam Nominees (Tempatan) Sdn. Bhd. for United Plantations Berhad Education And Welfare Fund	816,000	0.39
19. Jyske Bank obo J.E. Jensen, Alfarvad A/S	754,450	0.36
20. Ho Dua Tiam	707,400	0.34
21. KAF Nominees (Tempatan) Sdn. Bhd. Bernam Nominees (Tempatan) Sdn. Bhd. for Jendarata Bernam Provident Fund	671,121	0.32
22. Citigroup Nominees (Asing) Sdn. Bhd. CBNY for DFA Emerging Markets Small Cap Series	663,600	0.32
23. Mr. E. Thrane	650,000	0.31
24. Scan Services Limited Ref. 50	641,665	0.31
25. Sungei Ream Holdings Sendirian Berhad	626,800	0.30
26. Carl Bek-Nielsen	616,102	0.30
27. Riverview Rubber Estates Berhad	580,000	0.28
28. Tan Sri Dato' Seri B. Bek-Nielsen, deceased	574,350	0.28
29. HSBC Nominees (Asing) Sdn. Bhd. HSBC SG for Selat Pte Ltd	557,568	0.27
30. Mrs. Susanne Husted-Andersen	536,000	0.26
	159,624,966	76.69

Comparative Statistics - 10 Years

Year ended 31 December	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	1997 RM '000's
Balance Sheet Analysis										
Issued Capital	208,134	208,134	208,134	208,134	151,510	151,510	151,510	151,510	151,510	151,510
Reserve	863,967	770,169	682,098	598,148	384,329	395,793	403,222	402,762	329,167	268,698
Minority Interest	304	-	-	-	-	-	-	-	-	-
Funds Employed	1,072,405	978,303	890,232	806,282	535,839	547,303	554,732	554,272	480,677	420,208
Biological Assets										
Property, Plant and Equipment	728,201	685,550	686,185	571,952	209,376	217,301	220,921	221,239	220,126	219,522
Other Non-Current Assets	3,258	4,331	11,111	11,803	22,897	29,829	29,435	27,964	27,138	26,108
Current Assets	306,798	308,165	242,319	269,158	266,591	217,590	231,706	303,647	259,225	162,723
Total Assets	1,222,980	1,180,690	1,131,235	1,047,566	653,465	616,725	628,317	692,034	643,499	541,255
Less: Liabilities	150,575	202,387	241,003	241,284	117,626	69,422	73,585	137,762	162,822	121,047
Net Assets Employed	1,072,405	978,303	890,232	806,282	535,839	547,303	554,732	554,272	480,677	420,208
Other Data										
Profit Before Tax	199,569	181,637	160,661	131,974	71,566	32,039	49,392	117,139	132,443	87,138
Tax	49,561	48,609	31,754	37,563	21,063	8,383	9,306	2,044	40,427	23,670
Net Profit attributable to United Plantations Berhad Shareholders	150,008	133,028	128,907	94,411	50,503	23,656	40,086	115,095	92,016	63,468
Earnings Per Share (in sen)	72.07	63.91	61.93	49.10	33.33	15.61	26.46	75.97	60.73	41.89
Dividend Rate (Ordinary Share)										
- Interim and Final	5% T.E. & 30%	30%	30%	30%	7.5% T.E. & 17.5%	20% T.E.	20% T.E.	25% T.E.	35%	30%
Share Prices On The Bursa Malaysia Securities Berhad										
Highest	9.75	7.05	5.15	4.86	4.44	3.68	4.26	4.72	4.80	6.30
Lowest	7.00	4.90	4.30	4.00	3.58	2.89	3.12	3.40	2.80	3.68
Production*										
Palm Oil - own - Tonnes	192,204	188,171	177,670	150,962	102,551	98,673	109,060	110,066	98,413	106,602
Palm Kernel - own - Tonnes	53,567	49,935	48,140	43,580	29,322	28,611	33,293	32,150	29,115	33,060
Coconuts - Nuts ('000)	74,035	81,749	76,978	76,129	63,838	60,590	43,480	31,747	34,286	30,852
FFBYield per hectare - Tonnes	27.83	26.54	26.30	26.23	25.59	23.92	27.59	26.70	25.00	28.08
CPOYield per hectare - Tonnes	5.90	5.65	5.52	5.30	5.29	4.98	5.59	5.50	5.04	5.74
Palm Oil extraction rate - %	21.21	21.30	20.99	20.20	20.68	20.81	20.28	20.59	20.18	20.46
Palm Kernel extraction rate - %	5.91	5.65	5.69	5.83	5.91	6.03	6.19	6.02	5.97	6.34
Coconuts Yield per hectare - Nuts	22,070	24,028	22,632	22,652	22,698	20,932	16,655	14,237	16,846	14,826
Cost Of Production**										
Palm Oil - Per Tonne	506	536	534	520	522	537	526	502	565	457
Palm Kernel - Per Tonne	110	115	115	119	135	133	122	125	163	110
Coconuts (in sen) - Per Nut	9	9	8	7	7	7	8	9	9	9
Average Sales Price										
Palm Oil - Per Tonne	1,468	1,420	1,512	1,477	1,351	976	948	1,481	1,869	1,292
Palm Kernel - Per Tonne	906	1,020	893	722	666	456	681	1,052	1,072	747
Coconuts (in sen) - Per Nut	34	29	25	22	22	16	20	30	24	20

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

** Cost of production figures do not include depreciation.



An aerial view of the state of the art Biomass Reciprocating Boiler (BRB) at the Jendarata Palm Oil Mill Complex. The project is certified as a Clean Development Mechanism Project in accordance with the Kyoto Protocol with the objective to reduce Green House Gas Emissions. The building to the right of the BRB is Unitata's new warehouse which caters for its finished products. On the top right hand corner, the Unitata Refinery Complex can be seen.



Her Royal Highness Princess Benedikte of Denmark inaugurating the BRB Complex, with Mr. Carl Bek-Nielsen and Mr. Martin Bek-Nielsen.

The well layout and towering BRB during the official inauguration ceremony on 15 September 2006



Land preparations showing the zero-burn replanting policy adopted throughout United Plantations Berhad.



Developments in Pangkalan Bun, Central Kalimantan, Indonesia



Mr. Rajah Padman and Mr. Abdul Rahman greeted upon arrival in Pangkalan Bun, Central Kalimantan.



Dr. Xavier, Mr. Carl Bek-Nielsen and Mr. Ho Dua Tiam looking at maps of the potential landbank in February 2006.



A soil sample for further evaluation.



Mr. Ho Dua Tiam, Tan Sri Datuk Dr. Johari bin Mat, Mr. Suryadi (UPB's Indonesian partner), Mr. Martin Bek-Nielsen, Mr. Soedjai Kastasasmita (UPB's Indonesian partner) and Mr. Carl Bek-Nielsen at the shareholders' signing ceremony on 25 April 2006.



Mr. Abdul Rahman inspecting oil palm seedlings in the main nursery.



Land preparation is taking place prior to field planting.



Grass and shrub land makes up a vast area of the landbank acquired for the purpose of oil palm development in Indonesia.



Soil sampling, a commercial pre-requisite for any agricultural investment.



Mr. Rajah Padman discussing issues at the Kalimantan pre-nursery with Mr. Ho Dua Tiam and Dr. Xavier in the background.



Indonesian workers watering the future generation of palms at the newly established nursery.



Mr. Rajah Padman implementing the UP standards of field planting in Indonesia.

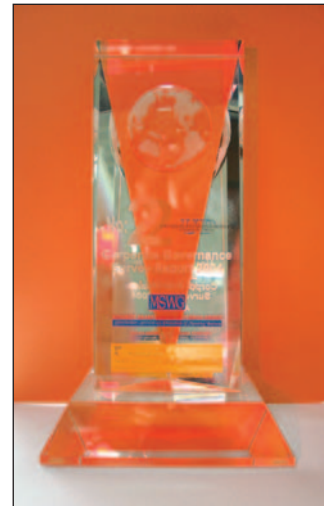


Mr. Carl Bek-Nielsen, Mr. Ho Dua Tiam and Mr. Martin Bek-Nielsen standing in front of a newly planted field. The planted hectareage in Indonesia as of April 2007 is 2,200 ha.

Awards



The Chairman, YBhg. Tan Sri Datuk Dr. Johari bin Mat receiving the award on behalf of the Company for the second prize in the 2004 Corporate Governance Survey from the CEO of the Minority Shareholders Watchdog Group, Encik Abdul Wahab Jaafar Sidek at a presentation ceremony held on 17 May 2006.



YAB Perdana Menteri Dato' Seri Abdullah bin Haji Ahmad Badawi presenting the Certificate of Excellence Award for Occupational Safety and Health in the Agricultural Category to our Chairman, YBhg. Tan Sri Datuk Dr. Johari bin Mat at a presentation ceremony held on 6 February 2007 at the Berjaya Times Square Convention Centre.



The Senior Resident Engineer of Seri Pelangi Palm Oil Mill, Mr. Lim Chin Yen receiving the MPOB award for the highest oil extraction rate in 2005 from the Parliamentary Secretary for Plantation Industries and Commodities, Y.B. Senator Dato' Dr. S. Vijayarajam at a presentation ceremony held on 8 December 2006 at JW Marriott Hotel, Kuala Lumpur.



Sports



Sports Day Carnival and games held in Division 2A, Jendarata Estate, on 10 September 2006 in conjunction with the Company's Centennial Celebrations.

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*



Our unique 85 hectares virgin jungle reserve at Lima Blas Estate. In the foreground, one can observe immature oil palms planted on terraces amidst lush cover crop establishment.

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
September 2004



Safe handling and spraying of pesticides

Quality Policy

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

Our Quality Philosophy Includes:-

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

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

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



Nutrolein Golden Palm Oil, a wholesome oil rich in Carotenoids and Vitamin E.

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
September 2004



Female employees of the Tissue Culture Laboratory at the Research Department, United Plantations Berhad.

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.

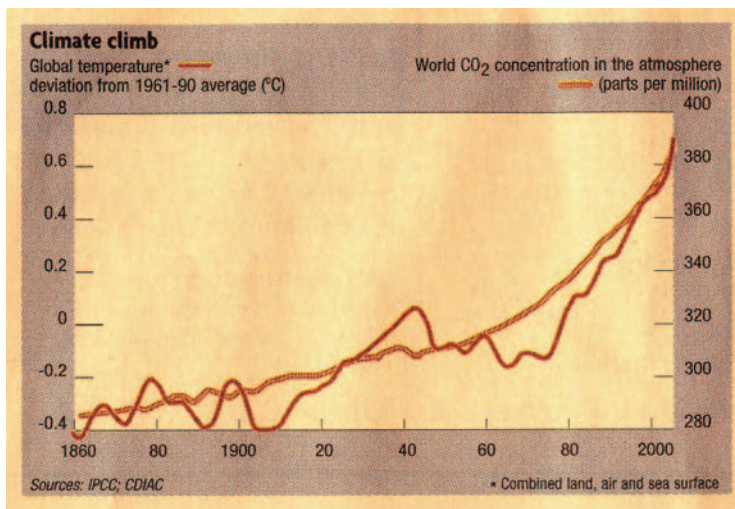


Amidst the tranquil setting of lush greenery is the Manager's bungalow which was built in the late 1920s

Global Warming & Green House Gasses

Over the course of the last 12 months a growing awareness and attention has been directed towards the adverse consequences which Green House Gas emissions has on Global Warming and the environment.

When the sun's energy hits the Earth, most of it bounces back into space. However, carbon dioxide (CO₂) and around 30 other green house gasses (GHG), such as methane (CH₄), help create a layer that traps some of the heat from the sun, thus warming the planet. And because of the burning of fossil fuels, which contain the CO₂ that the original plants breathed in from the atmosphere, levels of CO₂ have increased from around 280 parts per million (ppm) before the industrial revolution to around 380 ppm now.



The rise in Global CO₂ levels and Global temperatures from 1860-2006

However, if emissions continue to be spewed into the atmosphere at their current rate the Intergovernmental Panel on Climate Change (IPCC) predicts that CO₂ concentrations will rise to around 800 ppm by the year 2100 with catastrophic consequences.

It is therefore, the responsibility of all GHG emitters, including those within the agricultural sector, to pursue avenues of reducing emissions. Indeed, there is always room for improvement and the oil palm industry, despite being the lowest contributor of GHG/kg oil produced (under the precondition that plantations have not replaced high conservation forests) is no exception. More emphasis must therefore be directed towards managing resources more resourcefully, ridding complacency and acting more responsibly as well as embracing newer technologies.

In this connection, we at United Plantations during 2003/2004 embarked on exploring ways and means of mitigating our "GHG footprint" by investing in technologies enabling the company to manage its resources more resourcefully. Civil works began in 2005 and were completed in 2006 prior to the Centennial Celebrations.

This led to the official inauguration of the world's first integrated plantation-based Biomass Boiler, Biogas and Organic Fertilizer Complex certified as a Clean Development Mechanism in accordance with the Kyoto Protocol.

The Biomass and Biogas Plants today have helped reduce CO₂ and CH₄ emissions by a minimum of 65% and 80% respectively.

In addition to this, the above Technologies have enabled United Plantations to increase its generation of "Organic Electricity" which is subsequently used to power the Factory Complex, Refinery and Township at Jendarata.

Global Warming & Green House Gasses (Contd.)

All Certified Emission Reductions (CERs) generated during the contractual period have been sold to the Royal Danish Embassy in Kuala Lumpur who

has shown much support, assistance and encouragement during the project's various phases.



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.



Mr. Carl Bek-Nielsen together with the Danish Ambassador, H.E. Borge Petersen at a signing ceremony held at the Royal Danish Embassy in Kuala Lumpur concluding the Sales and Purchase Agreement for the Certified Emissions Reductions generated from the Biomass Plant.

Introduction to CDM

The Kyoto Protocol

- In 1997 Parties to the United National Framework Convention on Climate Change (UNFCCC) adopted the Kyoto Protocol.
- The Kyoto Protocol contains commitments by Developed Countries to reduce their CO₂ 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 CO₂ 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 5.9MT during 2006 compared with the national average of 3.9MT 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.



Unitata Refining Complex which was commissioned in 1974, was the first plantation refinery in Malaysia.

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 169. Further information can be found on www.rspo.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 3rd Roundtable Meeting in Singapore where the test principles criteria were agreed upon United Plantations immediately arranged for a compliance audit of the RSPO principles and criteria for sustainable Palm Oil which was executed by Proforest, Oxford on 25 January 2006.

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

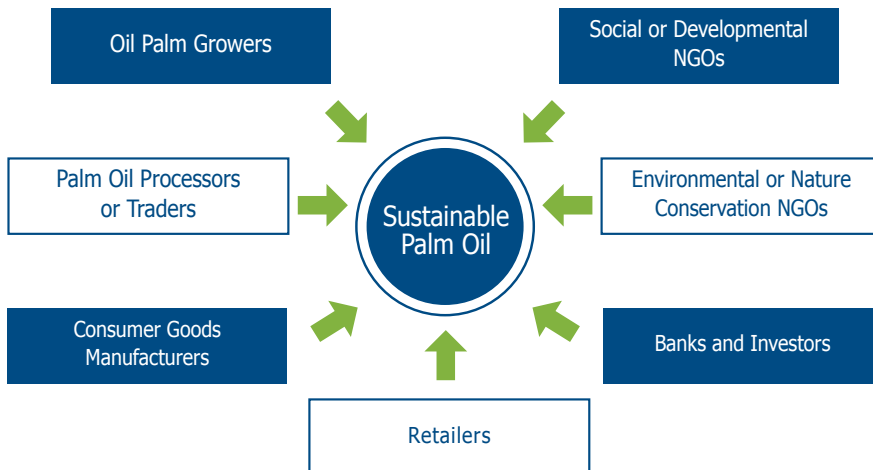
Quote :

United Plantations as a whole is able to demonstrate a high degree of technical competence, and through high yields returns that best management practices are being implemented across all estates. Managers have also made considerable progress in integrating social and environmental objectives into plantation's management. The overall compliance against the 32 applicable RSPO criteria (Principle 7, consisting of 7 criteria, only applies to new plantings) was as follows:

Level of Compliance	Full	Partial	None
Number of criteria	26	6	0

Unquote

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**
	2004	2005	2006			
Fertiliser nutrients						
Nitrogen (N-kg)	25	23	21	315	96	99
Phosphate (P ₂ O ₅ -kg)	14	13	12	77	72	42
Potash (K ₂ O-kg)	57	50	45	NA	NA	NA
Magnesium (MgO-kg)	8	7	7	NA	NA	NA
Pesticides/Herbicides (kg)	0.38	0.47	0.40	29	28	11
Energy (GJ)	0.88	0.59	0.55	2.9	0.2	0.7

* includes palm oil + palm kernel oil (United Plantations Berhad, 2004-2006)

** Data from FAO, 1996

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

soybean, sunflower and rapeseed. The slightly higher use of pesticides in 2006 was due to a widespread outbreak of bagworms in the region - a leaf-eating caterpillar that required insecticide spraying to bring under control.

Production and Level of Utilisation of Oil Palm Biomass Residues in United Plantations Berhad in Year 2006 (Dry Matter Basis)

Biomass	Quantity Produced (tonnes)	Quantity Utilised (tonnes)	% Utilisation	Method of Utilisation
Pruned fronds	336,622	336,622	100	Mulch
Trunks and fronds at replanting	32,315	32,315	100	Mulch
Spent male flowers	35,280	35,280	100	Organic matter recycled on land
Fibre	73,396	73,396	100	Fuel & mulch in nursery
Shell	49,837	49,837	100	Fuel and mulch for polybag seedlings
POME	38,437	36,186	94	Nutrient source and organic fertiliser
EFB	69,771	66,282	95	Mulch and Fuel
Total	635,658	629,918	-	-
Level of utilisation = 99%				

In 2006, a total of 635,658 tonnes of biomass residues were generated in the company, of which 629,918 tonnes, representing 99%, were effectively

utilized, with most of the residues returned to land for recycling as organic matter.

Fertiliser Equivalent and Monetary Value of Oil Palm Biomass Residues Recycled on Land in United Plantations Berhad in 2006

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	32,315	405	116	520	248
Pruned fronds	Mulch	336,622	7,756	2,117	6,419	4,201
Spent male flowers	Organic matter	35,280	1,160	752	2,085	1,083
EFB	Mulch	63,641	1,107	401	3,074	706
Digested POME	Irrigation	36,186	1,259	684	1,979	1,447
Total (tonnes)		504,044	11,687	4,070	14,077	7,685
Monetary value (RM)			11,453,260	1,286,120	11,627,602	2,912,615
Total monetary value RM27,279,597						

The recycling of field and mill biomass residues back to oil palm land is an environment-friendly practice that is consistent with the overall concept of sustainable crop production. Besides improving the soil physical, chemical and biological properties, their application also increases oil palm yield. In 2006, the total organic matter recycled on land in United Plantations Berhad was 504,044 tonnes, with a carbon equivalent of 201,618 tonnes. This

equates to 16 tonnes of organic matter or 6.3 tonnes of carbon per hectare.

On mineralization, the organic residues release large quantities of locked plant nutrients to the soil. The fertiliser equivalent of the material recycled on land amounted to 37,519 tonnes of NPKMg fertiliser with a monetary value of RM27.28 million.

Zero Burn at Replanting



Shredding of former stand



Windrowed Biomass

The zero burn technique of replanting recycles up to 90 tonnes of organic matter per hectare

Isokinetic Monitoring of Gaseous Emissions from the Palm Oil Mills

The concentration of dust particulates in the flue gases emitted from the boiler stacks were monitored during 2006 by a certified assessor, and the results are tabulated below. It was indeed satisfying to note that the average dust

concentration in the flue gases of all the six palm oil mills in United Plantations were within the Department of Environments allowable limit of 0.4 g/Nm³ as per the Environment Quality Act, 1978.

Palm Oil Mill	Average Dust Concentration (g/Nm ³)
Jendarata (Stack 1 - main chimney) (Boiler 1,2, 3 & 4)	0.1221
Ulu Bernam Common chimney (Boiler 2 & 4)	0.3973
Seri Pelangi Boiler 1 Boiler 2	0.294 0.3323
United International Enterprises (M) Common chimney (Boiler 1, 2 & 3)	0.3560
Ulu Basir Main chimney Boiler 1 Boiler 3	0.3477 0.3813
Lima Blas Boiler 1 Boiler 2	0.3847 0.3744

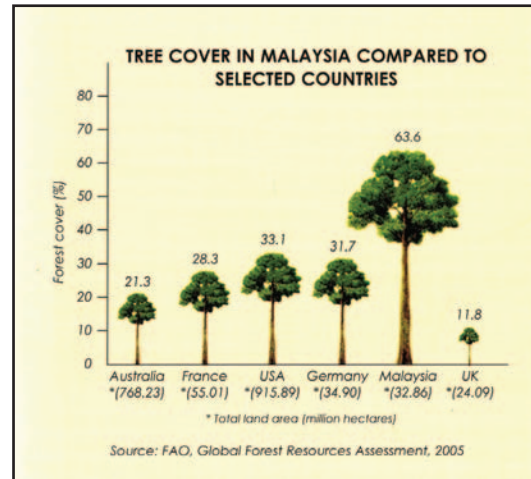


Clean air emissions from the new Biomass Reciprocating Boiler at Jendarata Estate Palm Oil Mill

The Splendour of Flowering Trees

Trees are the “Lungs of the World”. They are vital to the health and well-being of our planet. They sequester large quantities of carbon dioxide during photosynthesis and in the process return life-giving oxygen to the atmosphere. Malaysia, with over 64 percent of its land under forest and another 17 percent under perennial tree crop agriculture, has one of the largest area of permanent tree cover in the world.

We, at United Plantations Berhad, have actively promoted the planting of trees and the establishment of parks, treescapes, riverside reserves, riparian reserves and wildlife sanctuaries, which collectively amounts to 1,500 hectares or 3.68 percent of our land area. On Jendarata Estate, for instance, over 934 flowering and fruiting trees have been planted in recent years, including some



80 endangered trees belonging to 16 different genera. These trees, besides being a thing of beauty, are a habitat for birds and other small animals, adding to the biodiversity in the estates.



Pulai



Sentang



Cassia



Angsana



Flame of the forest



Yellow flame

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	606.16	Registered Office - 1,369 sq.m. Research Station - 1,070 sq.m. Oil Palm & Coconut Estate	42 41	401 2,130 87,943
	07-06-2104	623.77	Palm Oil Mill	72	1,193
	07-06-2104	36.07	Biomass Plant	1	3,570
	31-03-2065	997.06			
	Yr to Yr	33.62			
	Freehold	4,083.32			
Kuala Bernam Estate Batu 18, Jalan Bagan Datoh 36300 Sungai Sumun Perak Darul Ridzuan	Freehold	830.11	Coconut Estate		11,502
Sungei Bernam Estate Sungai Ayer Tawar 45200 Sabak Bernam Selangor Darul Ehsan	Leasehold Expiring on: Yr to Yr 28-03-2056	16.59 1.33	Coconut Estate Copra Kiln - 1,022sq.m.	32	29,888 39
	Freehold	2,275.67			
Ulu Bernam Estate 36500 Ulu Bernam Perak Darul Ridzuan	Leasehold Expiring on: Yr to Yr Freehold	156.01 3,101.49	Oil Palm Estate Palm Oil Mill - 8,193 sq.m.	74	40,592 2,332
Changkat Mentri Estate 36500 Ulu Bernam Perak Darul Ridzuan	Leasehold Expiring on: 31-03-2065 01-10-2081 Freehold	1,526.44 162.94 844.33	Oil Palm Estate		23,844
Ulu Basir Estate 36500 Ulu Bernam Perak Darul Ridzuan	Leasehold Expiring on: 31-03-2065 20-01-2087 Yr to Yr Freehold	11.40 2,468.00 159.00 1,218.62	Oil Palm Estate Palm Oil Mill - 6,352 sq. m.	17	27,651 895
Sungei Erong Estate 36500 Ulu Bernam Perak Darul Ridzuan	Leasehold Expiring on: 02-11-2064 31-03-2065 Freehold	53.90 809.57 2,826.57	Oil Palm Estate		33,070
Sungei Chawang Estate 36500 Ulu Bernam Perak Darul Ridzuan	Freehold Yr to Yr	3,293.00 5.50	Oil Palm Estate		16,311
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.	29	12,720 304
Lima Blas Estate 35800 Slim River Perak Darul Ridzuan	Freehold	2,891.89	Oil Palm Estate Palm Oil Mill - 8,210 sq. m.		118,777 322
UIE(M) Sdn Bhd 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.	15	365,579 3,588
Unitata Berhad 36009 Teluk Intan Perak Darul Ridzuan	Freehold	18.45	Palm Oil Refinery Complex, Soap Plant, Cebes Plant	32	15,116
Bernam Bakery 36009 Teluk Intan Perak Darul Ridzuan	Freehold	0.45	Bakery	22	15
Butterworth Bulking Installation 4536 Deep Water Wharf 12100 Butterworth	Leasehold Expiring on: 31-08-2019	0.84	Bulking & Storage & Rigging Facilities	34	739
PT SSS Pangkalan Bun, Central Kalimantan, Indonesia	Leasehold Expiring on: 24-09-2040	2,508.47	Oil Palm Estate		24,011

Notes:

* Estate Includes Land, Pre-cropping Cost and Buildings

Group's Plantation Properties As At 31 December 2006

	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 SSS Hect.	Total
OIL PALM:													
Mature	5,770			3,024	2,249	2,915	2,991	2,730	1,178	2,319	9,335		32,512
Immature-Planted 2004	90				161	269	158	86	159			131	1,053
Immature-Planted 2005	89			57		497	221	194		222		398	1,678
Immature-Planted 2006	49			83		97	130	238		194		1,048	1,838
Sub-Total	5,998			3,164	2,410	3,778	3,500	3,248	1,337	2,735	9,335	1,576	37,081
COCONUT:													
Mature	40	706	2,228								384		3,358
Immature-Planted 2003		43											43
Immature-Planted 2004		22											22
Immature-Planted 2005													
Immature-Planted 2006		39	19										58
Sub-Total	40	810	2,247								384		3,481
COCOA:													
Monococoa Plot													
OTHER AREAS:													
Other Crops	5												5
Areas felled for buildings, roads, drains, air-strip, nurseries, toddy tapping areas, railway, etc.	337	20	47	93	124	79	190	50	85	157	644	932	2,757
TOTAL	6,380	830	2,294	3,257	2,534	3,857	3,690	3,298	1,422	2,892	10,363	2,508	43,325

Locations of Estates, Factories and Holdings in Peninsular Malaysia



Key

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



Planted Area (Hectares) 31 December 2006

Estate	Oil Palm	Coconut	Other Crops	Total
UIEM	9,335	384	-	9,719
Jendarata	5,998	40	5	6,043
Kuala Bernam	-	810	-	810
Sungei Bernam	-	2,247	-	2,247
Ulu Bernam	3,164	-	-	3,164
Changkat Mentri	2,410	-	-	2,410
Ulu Basir	3,778	-	-	3,778
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 SSS	1,576	-	-	1,576
TOTAL Hectares	37,081	3,481	5	40,567

★ Palm oil mill



Indonesian Land Area (approximate Hectares) April 2007

Estate	Not Planted	Planted	Total
PT SSS	37,800	2,200	40,000



An aerial view of the modern workers houses at Taman Benedikte situated in Jendarata Estate which was officially opened by Her Royal Highness Princess Benedikte of Denmark on 15 September 2006.