



COMPANY ANNOUNCEMENT

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To:

Copenhagen Stock Exchange
Company Announcement no. 14/2007
No. of Pages: 4
Date: 27th April 2007

United Plantations Berhad

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Proposed investment in Indonesian plantation companies

1.0 Introduction

On 25 April 2006, United Plantations announced that it had entered into a conditional Master Agreement (“Original MA”) with the existing shareholders of PT. Surya Sawit Sejati (“PTSSS1”) and PT. Mirza Pratama Putra (“PT MPP”) in relation to the proposed acquisition of equity interests in PTSSS1 and PT MPP. The acquisition of the 95% equity interest in PTSSS1 was completed on 21 March 2007.

On behalf of the Board of Directors of United Plantations, AmInvestment Bank Berhad (formerly known as AmMerchant Bank Berhad), a member of AmInvestment Bank Group, wishes to announce that the parties to the Original MA had on 27 April 2007 entered into a Termination Agreement (“Termination Agreement”) to terminate the Original MA as of the aforesaid date.

In conjunction with the execution of the Termination Agreement, United Plantations had on 27 April 2007 entered into a new conditional Master Agreement (“New MA”) with the other shareholders of PT SSS1 and the existing shareholders of PT Sawit Seberang Seberang (“PT SSS2”) in relation to the merger of PTSSS1 and PTSSS2 whereby PTSSS1 shall be the surviving company (“Merged Company”) (“Proposed Merger”).

2.0 Details of the Proposed Merger

2.1 Information on PT SSS1

PT SSS1 is a limited liability company duly established under the laws of the Republic of Indonesia and having its principal office at Jl. Jend. Sudirman No. 08, Pangkalan Bun, Kalimantan Tengah, Indonesia.

The authorized share capital of PT SSS1 is IDR 60,000,000,000 divided into 60,000 Shares, each having a nominal value of IDR 1,000,000 of which 39,600 Shares have been issued and have valid voting rights.

The principal activity of PT SSS1 is the cultivation of oil palm in Indonesia. PT SSS1 has been issued with Location Permit, Plantation Permit and Certificate of Right to Cultivate (“SHGU”) from the relevant local authorities for 2,508 hectares of land in Central Kalimantan, Indonesia of which approximately 2,200 hectares have been planted with oil palms. PT SSS1 has also obtained the Location Permit and Plantation Permit for another 13,000 hectares of land.

In addition PT SSS1 is in the process of obtaining the Location Permit for approximately 5,500 hectares of land located near the same area as the above mentioned land in Central Kalimantan.

The total Land area of PT SSS 1 is therefore approximately 21,000 hectares.

(the land owned by PT SSS1 are collectively referred to as “SSS1 Lands”)

2.2 Information on PT SSS2

PT SSS2 is a limited liability company duly established under the laws of the Republic of Indonesia having its principal office at Jl. Jend. Sudirman No. 08 RT. 11, Kelurahan Sidorejo, Kecamatan Arut Selatan, Kotawaringin Barat.

The authorized share capital of PT SSS2 is IDR 1,000,000,000 divided into 2,000 Shares, each having a nominal value of IDR 500,000 of which 500 Shares have been issued and have valid voting rights.

The principal activity of PT SSS2 is cultivation of oil palm in Indonesia. PT SSS2 has obtained the Location Permit for 19,000 hectares of land in Central Kalimantan ("SSS2 Lands"). The SSS2 Lands is located in the same region as the SSS1 Lands.

2.3 Salient Conditions

The Proposed Merger are conditional on the fulfillment of various conditions as set out in the New MA which include the approval of the Indonesian Investment Coordinating Board and Bank Negara Malaysia.

After the Proposed Merger, United Plantations will have 93% equity interest in the Merged Company.

In consideration for the Proposed Merger, United Plantations will be responsible for providing the funds to obtain the relevant permits, documentation and the SHGU for the SSS1 Lands and SSS2 Lands up to the amount of approximately USD 13.6 million (of which USD 5.87 million had been paid by United Plantations under the Original MA).

3.0 Effects of the Proposed Merger

The Proposed Merger will not have any effect on the share capital and shareholding structure of United Plantations. In addition, the Proposed Merger will not have any material effect on the net assets per share, gearing or earnings per share of the Company in the current financial year ending 31 December 2007.

The Proposed Merger is expected to contribute positively to the future earnings of the United Plantations group of companies ("United Plantations Group" or "Group") in the medium to long term.

4.0 Rationale for the Proposed Merger

The Proposed Merger will enable the United Plantations Group to further expand their operations of oil palm plantations under one company in Indonesia and thereby achieve a simplified group structure which will reduce the managerial aspects of operating more than one company.

In addition the expansion will provide greater economies of scale, which will ensure the future growth for the overall Group.

Upon completion of the Proposed Merger, the Group will have access to approximately 40,000 hectares of plantation land in Indonesia (of which 2,200 ha is planted).

This will increase the Group's total land in Indonesia by approximately 10,400 hectares compared with the land bank of 29,600 hectares which had been secured and announced on 25 April 2006.

5.0 Risk factors

As the Group is already principally involved in the oil palm plantation business, the risks associated with the Proposed Merger are generally similar to the existing risks that the Group is exposed to, which includes fluctuations in crude palm oil and palm kernel prices, unfavourable local and global weather patterns and diseases or crop pests.

Nonetheless, in addition to the risks generally associated with the oil palm plantation business, the additional risk factors associated with the Proposed Merger are mainly pertaining to the investment in a foreign country such as changes in political, regulatory and/or economic conditions in Indonesia as well as foreign exchange risks.

6.0 Director's and substantial shareholders' interests

None of the Directors and substantial shareholders of United Plantations and/or any person connected with them has any interest, direct or indirect, in the Proposed Merger.

7.0 Tentative timing

Barring unforeseen circumstances, the Proposed Merger is expected to be completed within 12 months from the date of the New MA.

Yours faithfully,
United Plantations Berhad