

UNITED PLANTATIONS BERHAD
(Company No. 240-A)

Financial Statements
For the year ended 31 December 2010

Contents

Report of the Directors	1 - 6
Income Statements	7
Statements of Comprehensive Income	8
Statements of Financial Position	9 - 10
Consolidated Statement of Changes in Equity	11
Statement of Changes in Equity - Company	12
Cash Flow Statements	13 - 14
Notes to the Financial Statements	15 - 84
Statement by Directors	85
Statutory Declaration	85
Report of the Auditors	86 - 87

Report Of The Directors For The Year Ended 31 December 2010

The Directors have pleasure in submitting for your consideration their 90th annual report together with the audited financial statements of the Company and of the Group for the year ended 31 December 2010.

Principal Activities

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

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

The subsidiary companies are primarily engaged in the following activities:

- (a) Business of oil palm cultivation and processing in Indonesia.
- (b) Refining of palm oil, manufacturing edible oils, fats, soap products, cocoa butter substitute and trading in crude palm oil and palm kernel products.
- (c) Handling, storage, shipping and forwarding of vegetable oil and molasses.
- (d) Investment holding.

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

Financial Results

	Group RM'000	Company RM'000
Profit after taxation	264,707	255,132
Attributable to:		
Equity holders of the Company	264,307	255,132
Minority Interests	400	-
Total	264,707	255,132

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

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

Group's Plantation Properties

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

<u>Malaysia</u>	Hectares
UIE estates	10,363
Jendarata	6,380
Kuala Bernam	830
Sungei Bernam	2,292
Ulu Bernam	3,194
Changkat Mentri	2,549
Ulu Basir	3,987
Sungei Erong	3,663
Sungei Chawang	3,286
Seri Pelangi	1,422
Lima Blas	<u>2,889</u>
Sub-total	40,855

Indonesia

PT Surya Sawit Sejati (planted area)	9,093
PT Sawit Seberang Seberang (planted area)	<u>928</u>
Sub-total	10,021
Total	50,876

Report Of The Directors For The Year Ended 31 December 2010

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 2010 were as follows:

- 2,037 hectares of oil palm replanted with oil palm
- 94 hectares of coconut replanted with coconut
- 70 hectares of coconut replanted with oil palm
- 225 hectares newly planted with oil palm

Dividends

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

- a) An interim dividend of 20% less 25% tax amounting to RM31,220,140 in respect of the previous financial year was paid on 4 February 2010.
- b) A final dividend of 20% less 25% tax amounting to RM31,220,140 in respect of the previous financial year was paid on 22 July 2010.
- c) A special dividend of 30% less 25% tax amounting to RM46,830,210 in respect of the previous financial year was paid on 22 July 2010.
- d) An interim dividend of 20% less 25% tax amounting to RM31,220,140 in respect of the current financial year was paid on 28 January 2011.
- e) A special dividend of 15% less 25% tax amounting to RM23,415,105 in respect of the current financial year was paid on 28 January 2011.

At the forthcoming Annual General Meeting a final dividend of 20% less 25% tax amounting to RM31,220,140 and a special dividend of 35% less 25% tax amounting to RM54,635,245 in respect of the year ended 31 December 2010 on the ordinary shares in issue at book closure date will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2011.

Directors

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

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

Report Of The Directors For The Year Ended 31 December 2010

The following Directors who held office at the end of the financial year had according to the register required to be kept under Section 134 of the

Companies Act, 1965, an interest in shares of the Company and its subsidiary companies, as stated below:

Number of Shares of RM1.00 each					
The Company:	1 January 2010	Bought	Sold	31 December 2010	% of Issued Share Capital
Ybhg. Tan Sri Datuk					
Dr. Johari bin Mat					
- held directly	110,000	-	-	110,000	0.05
- deemed interested	-	10,000	-	10,000	-
Mr. Ho Dua Tiam					
- held directly	707,400	-	-	707,400	0.34
Mr. G. Peter Selvarajah					
- held directly	88,120	-	-	88,120	0.04
Ybhg. Dato' Carl Bek-Nielsen					
- held directly	1,858,185	203,371	-	2,061,556	0.99
- deemed interested	95,382,617	592,993	-	95,975,610 ^{*1}	46.11
Mr. Ahmad Riza Basir					
- held directly	70,500	-	-	70,500	0.03
- deemed interested	2,641,440	-	-	2,641,440	1.27
Ybhg. Dato' Jeremy Derek Campbell Diamond					
- held directly	14,000	-	-	14,000	0.01
- deemed interested	210,000	15,000	-	225,000	0.11
Mr. Martin Bek-Nielsen					
- held directly	501,412	20,000	-	521,412	0.25
- deemed interested	95,377,617	557,500	-	95,935,117 ^{*2}	46.09
Mr. Brian Bech Nielsen					
- deemed interested	5,000	-	-	5,000	-

Report Of The Directors For The Year Ended 31 December 2010

Notes:

*1 Dato' Carl Bek-Nielsen

- 8,478,132 shares - Deemed interested in the shares registered in the name of United International Enterprises Limited
- 87,446,600 shares - Deemed interested in the shares registered in the name of Maximum Vista Sdn. Bhd.
- 10,385 shares - Deemed interested in the shares registered in the name of International Plantations Services Limited Ref. 10
- 28,058 shares - Deemed interested in the shares registered in the name of his spouse
- 12,435 shares - Deemed interested in the shares registered in the name of his daughter

95,975,610 shares

*2 Mr. Martin Bek-Nielsen

- 8,478,132 shares - Deemed interested in the shares registered in the name of United International Enterprises Limited
- 87,446,600 shares - Deemed interested in the shares registered in the name of Maximum Vista Sdn. Bhd.
- 10,385 shares - Deemed interested in the shares registered in the name of International Plantations Services Limited Ref. 10

95,935,117 shares

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

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

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement to which the Company was a party,

whereby the Directors might acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

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

Report Of The Directors For The Year Ended 31 December 2010

Other Statutory Information

- (a) Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Report Of The Directors For The Year Ended 31 December 2010

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 1 April 2011.

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 2010

	Note	Group		Company	
		2010 RM'000	2009 (restated) RM'000	2010 RM'000	2009 (restated) RM'000
Revenue	4	969,163	816,674	505,328	553,888
Other income		23,920	26,968	10,514	12,246
		993,083	843,642	515,842	566,134
Changes in finished goods		6,184	(1,672)	16,417	2,717
Raw materials and consumables used		(424,463)	(255,987)	(19,148)	(17,744)
Amortisation of biological assets		(20,206)	(18,962)	(17,928)	(18,284)
Depreciation of property, plant and equipment		(27,138)	(23,317)	(19,143)	(17,989)
Amortisation of land use rights		(300)	(300)	-	-
Staff costs		(107,461)	(106,664)	(92,442)	(94,935)
Other expenses		(81,207)	(74,606)	(53,034)	(59,999)
Profit from operations	5	338,492	362,134	330,564	359,900
Finance costs	6	(17)	(31)	(15)	(27)
Reversal of impairment losses on unquoted shares		-	1,482	-	1,482
Share of results of associate	12	-	50	-	-
Investment and interest income	7	10,985	9,162	10,306	8,004
Profit before taxation		349,460	372,797	340,855	369,359
Taxation	8	(84,753)	(91,913)	(85,723)	(93,600)
Net profit for the year		264,707	280,884	255,132	275,759
Attributable to:					
Equity holders of the Company		264,307	281,475	255,132	275,759
Minority interests		400	(591)	-	-
		264,707	280,884	255,132	275,759
Earnings per share (sen)	9	127	135		

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

Statements Of Comprehensive Income
For The Year Ended 31 December 2010

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Net profit for the year	264,707	280,884	255,132	275,759
Foreign Currency Translation	(25)	1,813	-	-
Other comprehensive income (loss)/income for the year, net of tax	(25)	1,813	-	-
Total comprehensive income for the year	264,682	282,697	255,132	275,759
Total comprehensive income attributable to:				
Equity holders of the Company	264,302	283,208	255,132	275,759
Minority interests	380	(511)	-	-
	264,682	282,697	255,132	275,759

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

Statement Of Financial Position

As At 31 December 2010

Group		2010	2009	As at
	Note	RM'000	(restated) RM'000	1 January 2009 (restated) RM'000
Assets				
Non-Current Assets				
Biological assets	10(a)	355,266	321,821	241,345
Property, plant and equipment	10(b)	874,153	846,380	744,175
Land use rights	10(c)	30,794	31,173	25,105
Advances to a foreign company		-	-	19,182
Associated company	12	50	50	-
Available for sale financial assets	13	7,521	10,553	9,071
Derivatives	29(g)	2,029	-	2,968
		1,269,813	1,209,977	1,041,846
Current Assets				
Inventories	14	140,220	135,168	139,465
Trade receivables	15	39,451	22,719	60,433
Other receivables, deposits and prepayments	16	51,568	40,377	37,154
Tax recoverable		361	475	487
Amount due from associated company	12	6	48	48
Available for sale financial assets	13	5,000	-	-
Deposits with licensed banks	17	489,024	415,013	361,084
Cash and bank balances		8,922	13,211	11,201
Derivatives	29(g)	1,795	-	-
		736,347	627,011	609,872
Total Assets		2,006,160	1,836,988	1,651,718
Equity and Liabilities				
Equity attributable to equity holders of the Company				
Share capital	18	208,134	208,134	208,134
Reserves	19	1,563,935	1,430,011	1,224,853
		1,772,069	1,638,145	1,432,987
Minority Interest		505	125	619
Total Equity		1,772,574	1,638,270	1,433,606
Non-Current Liabilities				
Deferred taxation	20	68,535	62,286	59,094
Retirement benefit obligations	21	7,433	6,704	7,129
Derivatives	29(g)	-	26	-
		75,968	69,016	66,223
Current Liabilities				
Trade payables	22	22,679	12,006	19,193
Other payables and accruals	22	52,510	45,973	56,278
Taxation		23,901	33,089	37,120
Dividends payable		54,635	31,220	31,220
Bank borrowings	23	1,487	123	19
Retirement benefit obligations	21	1,917	1,178	1,424
Derivatives	29(g)	489	6,113	6,635
		157,618	129,702	151,889
Total Liabilities		233,586	198,718	218,112
Total Equity and Liabilities		2,006,160	1,836,988	1,651,718

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

Statement Of Financial Position

As At 31 December 2010

Company		2010	2009	As at
	Note	RM'000	(restated) RM'000	1 January 2009 (restated) RM'000
Assets				
Non-Current Assets				
Biological assets	10(a)	197,057	183,645	178,722
Property, plant and equipment	10(b)	697,006	691,165	684,701
Subsidiary companies	11	347,051	300,451	177,451
Associated company	12	50	50	50
Available for sale financial assets	13	7,521	10,553	9,071
		1,248,685	1,185,864	1,049,995
Current Assets				
Inventories	14	60,796	46,453	45,282
Trade receivables	15	103	3,450	4,496
Other receivables, deposits and prepayments	16	34,386	7,665	16,652
Amounts due from subsidiary companies	11	94,568	116,130	93,761
Amount due from associated company	12	6	48	48
Available for sale financial assets	13	5,000	-	-
Deposits with licensed banks	17	448,815	380,065	327,079
Cash and bank balances		740	2,336	5,570
		644,414	556,147	492,888
Total Assets		1,893,099	1,742,011	1,542,883
Equity and Liabilities				
Equity attributable to equity holders of the Company				
Share capital	18	208,134	208,134	208,134
Reserves	19	1,491,157	1,366,742	1,169,033
Total Equity		1,699,291	1,574,876	1,377,167
Non-Current Liabilities				
Deferred taxation	20	66,600	59,000	53,800
Retirement benefit obligations	21	5,823	5,391	5,787
		72,423	64,391	59,587
Current Liabilities				
Trade payables	22	1,575	1,694	1,302
Other payables and accruals	22	37,115	33,749	34,076
Amounts due to subsidiary companies	11	2,454	1,926	1,594
Taxation		23,901	33,085	36,735
Dividends payable		54,635	31,220	31,220
Retirement benefit obligations	21	1,705	1,070	1,202
		121,385	102,744	106,129
Total Liabilities		193,808	167,135	165,716
Total Equity and Liabilities		1,893,099	1,742,011	1,542,883

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

Consolidated Statement Of Changes In Equity

For The Year Ended 31 December 2010

Group	← Attributable to Equity Holders of the Company →										
	Note	← Non-distributable				→ Distributable			Total	Minority interest	Total equity
		Share capital (Note 18)	Available for sale reserve (Note 19)	Share premium (Note 19)	Capital reserve (Note 19)	Foreign currency translation reserve (Note 19)	Retained profits (Note 19)	RM'000			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2009		208,134	-	181,920	21,798	(2,989)	1,024,124	1,432,987	619	1,433,606	
Acquisition of subsidiary	11(b)	-	-	-	-	-	-	-	17	17	
Total comprehensive income for the year		-	-	-	-	1,733	281,475	283,208	(511)	282,697	
Dividends	24	-	-	-	-	-	(78,050)	(78,050)	-	(78,050)	
At 31 December 2009		208,134	-	181,920	21,798	(1,256)	1,227,549	1,638,145	125	1,638,270	
At 1 January 2010		208,134	-	181,920	21,798	(1,256)	1,227,549	1,638,145	125	1,638,270	
Effects arising from adoption of FRS 139		-	2,307	-	-	-	-	2,307	-	2,307	
		208,134	2,307	181,920	21,798	(1,256)	1,227,549	1,640,452	125	1,640,577	
Total comprehensive income for the year		-	(339)	-	-	334	264,307	264,302	380	264,682	
Dividends	24	-	-	-	-	-	(132,685)	(132,685)	-	(132,685)	
At 31 December 2010		208,134	1,968	181,920	21,798	(922)	1,359,171	1,772,069	505	1,772,574	

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

Statement Of Changes In Equity
For The Year Ended 31 December 2010

Company

	Note	← Non-distributable →			Distributable	Total RM'000
		Share capital (Note 18) RM'000	Available for sales reserve (Note 19) RM'000	Share premium (Note 19) RM'000	Retained profits (Note 19) RM'000	
At 1 January 2009		208,134	-	181,920	987,113	1,377,167
Total comprehensive income for the year		-	-	-	275,759	275,759
Dividends	24	-	-	-	(78,050)	(78,050)
At 31 December 2009		208,134	-	181,920	1,184,822	1,574,876
At 1 January 2010		208,134	-	181,920	1,184,822	1,574,876
Effects arising from adoption of FRS 139		-	2,307	-	-	2,307
Total comprehensive income for the year		208,134	2,307	181,920	1,184,822	1,577,183
Dividends	24	-	(339)	-	255,132	254,793
Dividends	24	-	-	-	(132,685)	(132,685)
At 31 December 2010		208,134	1,968	181,920	1,307,269	1,699,291

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

Cash Flow Statements

For The Year Ended 31 December 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash Flows From Operating Activities					
Receipts from customers		952,431	854,388	508,675	554,934
Payments to suppliers		(413,790)	(263,174)	(19,267)	(17,352)
Payments of operating expenses		(187,695)	(191,891)	(166,410)	(140,068)
Payments of taxes		(87,578)	(92,740)	(87,307)	(92,050)
Other receipts		23,683	26,847	10,277	12,134
Net cash generated from operating activities		287,051	333,430	245,968	317,598
Cash Flows From Investing Activities					
Proceeds from sale of property, plant and equipment		544	121	497	112
Interest income		11,695	7,407	11,117	6,271
Pre-cropping expenditure incurred		(62,119)	(80,094)	(32,413)	(25,379)
Purchase of property, plant and equipment	(a)	(59,837)	(126,192)	(25,335)	(26,581)
Land use rights payment made		(804)	(1,602)	-	-
Subscription of Redeemable Cumulative Convertible Preference Shares ("RCCPS") issued by subsidiary companies	11(a)	-	-	(46,600)	(123,000)
Acquisition of subsidiary	11(b)	-	1	-	-
Grant received from Government		1,073	845	1,073	845
Net cash used in investing activities		(109,448)	(199,514)	(91,661)	(167,732)

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

Cash Flow Statements

For The Year Ended 31 December 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash Flows From Financing Activities					
Interest paid		(17)	(31)	(15)	(27)
Dividends paid		(109,270)	(78,050)	(109,270)	(78,050)
Inter-company balances		-	-	22,090	(22,037)
Associated company balances		42	-	42	-
Net cash used in financing activities		(109,245)	(78,081)	(87,153)	(100,114)
Net increase in cash and cash equivalents		68,358	55,835	67,154	49,752
Cash and cash equivalents at beginning of year		428,101	372,266	382,401	332,649
Cash and cash equivalents at end of year	(b)	496,459	428,101	449,555	382,401

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

(b) Analysis of cash and cash equivalents:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deposits with licensed banks	489,024	415,013	448,815	380,065
Cash and bank balances	8,922	13,211	740	2,336
Bank overdrafts	(1,487)	(123)	-	-
	496,459	428,101	449,555	382,401

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

Notes To The Financial Statements

1. Corporate Information

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

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

The number of employees at 31 December 2010 for the Group was 6,995 (2009: 7,029) and for the Company was 5,386 (2009: 5,415).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 1 April 2011.

2. Significant Accounting Policies

2.1 Basis of Preparation

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

2.2 Changes In Accounting Policies

On 1 January 2010, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

- FRS 7 Financial Instruments : Disclosures
- FRS 8 Operating Segments
- FRS 101 Presentation of Financial Statements (Revised)
- FRS 123 Borrowing Costs
- FRS 139 Financial Instruments: Recognition and Measurement
- Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of and Investment in a Subsidiary, Jointly Controlled Entity or Associate

Notes To The Financial Statements

- Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 132 Financial Instruments: Presentation
- Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
- Improvements to FRS issued in 2009
- IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 10 Interim Financial Reporting and Impairment
- IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13 Customer Loyalty Programmes
- IC Interpretation 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

FRS 4 Insurance Contracts and TR i-3 Presentation of Financial Statements of Islamic Financial Institutions will also be effective for annual periods beginning on or after 1 January 2010. These FRS are, however, not applicable to the Group or the Company.

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the

Notes To The Financial Statements

reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively (see Note 27).

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as two linked statements.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 30).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard have been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- **Equity Instruments**

Prior to 1 January 2010, the Group and the Company classified its investments in equity instruments which were held for non-trading purposes as non-current investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investments, except for those whose fair value cannot be reliably measured, are designated at 1 January 2010 as available-for-sale financial assets and accordingly are stated at their fair values as at that date amounting to RM7,860,000. The adjustments to their previous carrying amounts are recognised as adjustments to the opening balance of reserves as at 1 January 2010.

Notes To The Financial Statements

The following are effects arising from the above changes in accounting policies:

	Increase/(Decrease)	
	As at 31 December 2010 RM'000	As at 1 January 2010 RM'000
Group and Company		
Statements of financial position		
Investment in securities (non-current)		
- available-for-sale financial assets	(339)	2,307
Other reserves		
- fair value adjustment reserve	(339)	2,307
Statements of comprehensive income		
Foreign currency translation	(339)	-
Total comprehensive income	(339)	-

Amendments to FRS 117 Lease

Prior to 1 January 2010, leasehold land where the title was not expected to pass to the lessee by the end of lease term was treated as an operating lease. The payment made on entering into or acquiring a leasehold land was accounted for as land use rights that were amortised over the lease term in accordance with the pattern of benefits provided.

Upon the adoption of the amendments to FRS 117 in relation to classification of lease of land, the Group and the Company reassessed the classification of a leasehold land as a finance lease or an operating lease based on the extent of risks and rewards associated with the land. The Group and the Company have determined that all leasehold land of the Group and the Company in Malaysia are in substance finance leases and have reclassified their leasehold land from land use rights to property, plant and equipment.

The reclassification has been made retrospectively and does not affect the profit or loss for the current period ended 31 December 2010 and the preceding year corresponding period ended 31 December 2009.

Notes To The Financial Statements

The following are effects to the statements of financial positions as at 31 December 2010 arising from the above change in accounting policy:

	Group and Company RM'000
Increase / (decrease) in:	
Property, plant and equipment	347,530
Land use rights	(347,530)

The following comparatives have been restated:

	As previously stated RM'000	Adjustment RM'000	As restated RM'000
Statements of financial position			
Group			
31 December 2009			
Property, plant and equipment	494,718	351,662	846,380
Land use rights	382,835	(351,662)	31,173
1 January 2009			
Property, plant and equipment	388,414	355,761	744,175
Land use rights	380,866	(355,761)	25,105
Company			
31 December 2009			
Property, plant and equipment	339,503	351,662	691,165
Land use rights	351,662	(351,662)	-
1 January 2009			
Property, plant and equipment	328,940	355,761	684,701
Land use rights	355,761	(355,761)	-

Notes To The Financial Statements

The following reclassifications were made to the income statements of prior year to be consistent with current year presentation arising from the above change in accounting policy:

	As previously stated RM'000	Adjustment RM'000	As restated RM'000
<hr/>			
Income Statements			
Group			
31 December 2009			
Depreciation of property, plant and equipment	(19,218)	(4,099)	(23,317)
Amortisation of land use rights	(4,399)	4,099	(300)
<hr/>			
Company			
31 December 2009			
Depreciation of property, plant and equipment	(13,890)	(4,099)	(17,989)
Amortisation of land use rights	(4,099)	4,099	-
<hr/>			

The above reclassifications do not have any impact on the profit of prior year.

Notes To The Financial Statements

2.3 Summary Of Significant Accounting Policies

(a) Subsidiary Companies And Basis Of Consolidation

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

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

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the reporting 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.

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

Notes To The Financial Statements

(b) Associated Companies

Associated companies are entities in which the Group has significant influence and that is neither a subsidiary company nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associated company is carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associated company.

The Group's share of the net profit or loss of the associated company is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associated company, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses in transactions between the Group and the associated company are eliminated to the extent of the Group's interest in the associated company. After application of the equity method, the Group determines whether it is necessary to recognise 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.

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.

Notes To The Financial Statements

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

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

(c) (i) Biological Assets

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

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

Notes To The Financial Statements

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

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

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

The cost of freehold land initially acquired is allocated between the land, buildings and biological assets elements in proportion to the relative fair values for the interests in the land element, buildings element and biological assets element. Freehold land has an unlimited useful life and therefore is not depreciated. Long term leasehold land is depreciated over the period of the lease which ranges from 50 to 99 years. Capital work-in-progress are also not depreciated as these assets are not available for use. Other property, plant and equipment are depreciated by equal annual installments over their estimated economic lives based upon the original cost or deemed cost on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life. The principal annual depreciation rates used are:

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

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

Notes To The Financial Statements

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

(iii) Land Use Rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

(d) Inventories

Contracted produce stocks are stated at contracted price and uncommitted produce stocks are stated at market value at the reporting date.

All other inventories are valued at the lower of cost and estimated net realisable value. Cost includes the actual cost of materials, labour and appropriate production overheads and is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes To The Financial Statements

(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 tax payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(f) Foreign Currencies

(i) Functional and Presentation Currency

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

Notes To The Financial Statements

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated to the functional currency at exchange rates ruling on the transaction dates.

Exchange differences arising on the settlement of monetary items or on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

Notes To The Financial Statements

(iii) Foreign Operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

Notes To The Financial Statements

(g) Revenue Recognition

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

(i) *Sale of goods*

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

(ii) *Interest income*

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

(iii) *Dividend income*

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

(iv) *Revenue from services*

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

(v) *Rental income*

Rental income is recognised on a time proportion basis.

(h) Employee Benefits

(i) *Short term benefits*

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

Notes To The Financial Statements

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statement as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). In addition, the Group also contributes to a defined contribution fund set up for certain eligible employees of the Group.

(iii) Defined benefit plans

The Company and certain subsidiary companies provide for retirement benefit for their eligible employees on unfunded, defined benefit plans in accordance with the terms of employment and practices. The Group's obligations under these plans are determined internally based on certain actuarial assumptions where the amount of benefits that employees have earned in return for their services rendered is estimated. Benefits are discounted using the Projected Unit Credit Method in order to determine their present values.

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

(i) Borrowing Costs

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

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

Notes To The Financial Statements

(j) Impairment Of Non-Financial Assets

At each reporting date, the Group reviews the carrying amounts of its assets, other than inventories, assets arising from employee benefits and financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of an asset's fair value less cost to sell and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs and prorated to the asset by reference to the cost of the asset to the cost of the cash-generating unit.

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

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

(k) Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include available for sale investments and loans and receivables.

Notes To The Financial Statements

(i) *Receivables*

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as receivables.

Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the receivables are derecognised or impaired, and through the amortisation process.

Receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(ii) *Available for sale financial assets*

Available for sale financial assets are financial assets that are designated as available for sale or are not classified in any of the two preceding categories.

After initial recognition, available for sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available for sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available for sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

Notes To The Financial Statements

(iii) Marketable securities at fair value

Marketable securities are carried at market value, determined on an aggregate basis. Market value is determined based on quoted market price. Increases or decreases in the carrying amount of marketable securities are recognised in the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

(l) Impairment Of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised costs

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

Notes To The Financial Statements

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

(ii) Available for sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available for sale financial assets are impaired.

If an available for sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available for sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available for sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(m) Cash And Cash Equivalent

Cash and cash equivalents represent cash and bank balances, fixed deposits and other short term highly liquid investments that are readily convertible into cash with insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

Notes To The Financial Statements

(n) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The Group and the Company classify all their financial liabilities as other financial liabilities.

(i) *Payables*

Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

(ii) *Interest-bearing borrowings*

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

(iii) *Other financial liabilities*

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(o) 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.

Notes To The Financial Statements

(p) Financial Assets Or Financial Liabilities At Fair Value Through Profit Or Loss

Financial assets or financial liabilities held for trading are derivatives. The Group uses derivatives such as forward foreign exchange contracts and commodity futures contracts to hedge the Group's exposure to foreign currency and commodity price fluctuations.

Such derivatives are measured at fair value at each reporting date. The fair values of derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives are recognised in profit or loss.

The fair values of the forward foreign exchange contracts have been calculated using the rates quoted by the Group's bankers to terminate the contracts at the reporting date and the fair value of the commodity futures contracts are calculated using future market prices quoted by the Group's broker as at reporting date.

(q) Research And Development Costs

All general research and development costs are expensed as incurred.

(r) 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.

(s) Government Grants

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

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

Notes To The Financial Statements

2.4 Significant Accounting Estimate

The key assumptions concerning the future and other key source of estimation uncertainty at the reporting date, that have significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

(i) Impairment Of Land Use Rights

During the previous financial year, the Group had recognised impairment losses of RM10,832,000 in respect of a subsidiary's land use rights which has been set aside for conservation and social commitments in accordance with the Group's commitment towards the environment, local communities and regulations in Indonesia. The Group carried out the impairment test based on the value-in-use of the land use rights involved. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the land use rights. The carrying amount of the remaining land use rights in the said subsidiary as at 31 December 2010 amounted to RM3,364,000 (2009:RM3,576,000). Further details are disclosed in Note 10(c).

(ii) Biological Assets

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

(iii) Deferred Tax Assets

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

Notes To The Financial Statements

2.5 Standards Issued But Not Yet Effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
FRS 1 First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 Business Combinations (Revised)	1 July 2010
Amendments to FRS 2 Share-based Payment	1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127 Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132 Classification of Rights Issues	1 March 2010
Amendments to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 7 Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 1 Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2 Group Cash-settled Share-based Payment Transactions	1 January 2011
IC Interpretation 4 Determining Whether An Arrangement contains a Lease	1 January 2011
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
Improvements to FRSs issued in 2010	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14 Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
FRS 124 Related Party Disclosures (Revised)	1 January 2012

Notes To The Financial Statements

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3, the amendments to FRS 127 are described below.

(a) Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be adopted early. However, the Group does not intend to adopt early.

Notes To The Financial Statements

3. Group Structure

The subsidiary companies are as follows:

Company	Country of incorporation	Percentage of equity held by the Group		Activity (see below)
		2010 %	2009 %	
Unitata Berhad Butterworth Bulking Installation Sdn. Bhd.	Malaysia	100	100	(a)
Bernam Agencies Sdn. Bhd.	Malaysia	100	100	(c)
Bernam Advisory Services Sdn. Bhd.	Malaysia	100	100	(c)
Berta Services Sdn. Bhd.	Malaysia	100	100	(c)
PT. Surya Sawit Sejati ("PT SSS1")	Indonesia	95	95	(d)
PT. Sawit Seberang Seberang ("PT SSS2") (Note 11(b))	Indonesia	93	93	(e)
United International Enterprises (M) Sdn. Bhd.	Malaysia	100	100	Dormant
Kapal Bernam Sdn. Bhd.	Malaysia	100	100	Dormant
Scanlook Sdn. Bhd.	Malaysia	100	100	Dormant

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

The subsidiary companies are primarily engaged in the following activities:

- (a) Refining of palm oil, manufacturing edible oils, fats, soap products, cocoa butter substitute and trading in crude palm oil and palm kernel products.
- (b) Handling, storage, shipping and forwarding of vegetable oil and molasses.
- (c) Investment holding.
- (d) Business of oil palm cultivation and processing in Indonesia.
- (e) Business of oil palm cultivation in Indonesia. The 928 hectares of oil palms planted as at the reporting date are still in early phase of maturity. The revenue during the year is insignificant.

Notes To The Financial Statements

The associated company is as follows:

Company	Country of incorporation	Percentage of equity held by the Group	
		2010 %	2009 %
Bernam Bakery Sdn. Bhd.	Malaysia	30	30

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

4. Revenue

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue consists of the following and excludes, in respect of the Group, intragroup transactions:				
Sales proceeds of produce stocks	441,469	539,122	505,328	553,888
Sales proceeds of finished goods	526,057	276,309	-	-
Rendering of services	1,637	1,243	-	-
	969,163	816,674	505,328	553,888

Notes To The Financial Statements

5. Profit From Operations

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit from operations is arrived at, after charging:				
Directors' remuneration				
- fees	781	781	670	670
- emoluments	3,315	3,303	3,315	3,303
- others	90	95	90	95
Auditors' remuneration				
- statutory audit : current year	252	252	172	172
- non-audit service	5	5	5	5
- statutory audit fee received by a member firm of EY Global	70	70	-	-
Write-down of inventories	978	-	727	284
Biological asset written off	-	1,327	-	1,327
Rental of premises	902	355	31	31
Rental of equipment	1,621	880	57	42
Impairment on biological asset	-	1,605	-	-
Impairment on land use rights	-	10,832	-	-
Allowance for impairment for trade receivable	320	62	-	-
Property, plant and equipment written off	112	242	112	211
Unrealised foreign exchange loss	15,951	371	-	11
Realised foreign exchange loss	5	-	-	-
and crediting:				
Rental income	115	104	115	104
Reversal of write-down of inventories	1,031	483	-	-
Profit on disposal of property, plant and equipment	268	121	258	112
Coconut incentive from Government	291	1,063	291	1,063
Unrealised foreign exchange gain	3,000	24,575	-	-
Realised foreign exchange gain	11,119	5,123	-	-

Notes To The Financial Statements

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Wages and salaries	89,576	90,140	76,840	79,988
Social security cost	443	441	326	331
Pension costs				
- defined contribution plans	5,253	5,443	4,434	4,732
- defined benefit plans (Note 21)	1,953	199	1,314	44
Other staff related expenses	10,236	10,441	9,528	9,840
	107,461	106,664	92,442	94,935

Included in staff costs of the Group and of the Company are executive directors' emoluments amounting to RM3,315,000 (2009: RM3,303,000) .

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	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Finance costs consist of interest expenses on:				
- bank overdraft / bankers acceptances	17	31	15	27

Notes To The Financial Statements

7. Investment and Interest Income

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest received from subsidiary companies	-	-	420	11
Interest income from deposits with licensed banks	10,985	9,162	9,886	7,993
	10,985	9,162	10,306	8,004

8. Taxation

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current income tax:				
Malaysian income tax	79,281	89,825	78,900	89,500
Overprovision in prior years	(777)	(1,104)	(777)	(1,100)
	78,504	88,721	78,123	88,400
Deferred tax (Note 20):				
Relating to origination and reversal of temporary difference	6,249	3,192	7,600	5,200
Total income tax expense	84,753	91,913	85,723	93,600

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year. Deferred tax as at 31 December 2010 is computed based on the assumption that the domestic statutory tax rate will remain at 25% in subsequent years of assessment.

Notes To The Financial Statements

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit before taxation	349,460	372,797	340,855	369,359
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	87,365	93,199	85,214	92,340
Income not subject to tax	(59)	(6,793)	(59)	(614)
Expenses not deductible for tax purposes	6,388	10,697	4,100	4,763
Utilisation of current year reinvestment allowance and double deduction for research	(6,734)	(1,789)	(2,755)	(1,789)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	-	(845)	-	-
Utilisation of previously unrecognised reinvestment allowances	(755)	(450)	-	-
Deferred tax assets not recognised	665	998	-	-
Overprovision of income tax in prior years	(777)	(1,104)	(777)	(1,100)
Effect of taxation on temporary differences excluded on initial recognition	(1,340)	(2,000)	-	-
Tax expense for the year	84,753	91,913	85,723	93,600

9. Earnings per share

The calculation of earnings per share is based on net profit for the year attributable to equity holders of the Company of RM264,307,000 (2009: RM281,475,000) divided by the weighted number of ordinary shares of 208,134,266 (2009: 208,134,266) in issue during the year.

	Group	
	2010 sen	2009 sen
Basic earnings per share for:		
Profit for the year	127	135

Notes To The Financial Statements

10. (a) Biological Assets

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Pre-cropping expenditure				
Cost				
At 1 January	585,389	485,913	450,460	428,820
Additions	63,000	81,875	32,413	25,379
Acquisition of subsidiary (Note 11(b))	-	11,712	-	-
Written off	(10,673)	(2,894)	(10,673)	(2,894)
Receipt of grant from Government	(1,073)	(845)	(1,073)	(845)
Exchange differences	(8,276)	9,628	-	-
At 31 December	628,367	585,389	471,127	450,460
Accumulated amortisation and impairment losses				
At 1 January				
Accumulated amortisation	261,963	244,568	266,815	250,098
Accumulated impairment losses	1,605	-	-	-
	263,568	244,568	266,815	250,098
Amortisation for the year	20,206	18,962	17,928	18,284
Impairment	-	1,605	-	-
Written off	(10,673)	(1,567)	(10,673)	(1,567)
At 31 December	273,101	263,568	274,070	266,815
Analysed as :				
Accumulated amortisation	271,496	261,963	274,070	266,815
Accumulated impairment losses	1,605	1,605	-	-
	273,101	263,568	274,070	266,815
Net Book Value				
At 31 December	355,266	321,821	197,057	183,645

Included in the additions of the Group during the year are depreciation of property, plant and equipment of subsidiary companies, PT SSS1 and PT SSS2 totalling RM881,000 (2009: RM1,781,000).

Notes To The Financial Statements

10. (b) Property, Plant and Equipment

Group

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Capital work-in- progress* RM'000	Total RM'000
Cost						
At 1 January 2010:						
As previously stated	203,558	-	171,274	410,918	105,556	891,306
Effects of adopting the amendments to FRS 117	-	385,452	-	-	-	385,452
As restated	203,558	385,452	171,274	410,918	105,556	1,276,758
Additions	-	-	10,149	29,427	20,261	59,837
Disposals	-	-	-	(3,332)	-	(3,332)
Written off	-	-	-	(493)	-	(493)
Reclassification	-	-	6,518	88,299	(94,817)	-
Exchange differences	-	-	(127)	(336)	(3,396)	(3,859)
At 31 December 2010	203,558	385,452	187,814	524,483	27,604	1,328,911
Accumulated depreciation and impairment losses						
At 1 January 2010:						
As previously stated						
Accumulated depreciation	-	-	112,543	272,559	-	385,102
Accumulated impairment losses	-	-	-	11,486	-	11,486
Effects of adopting the amendments to FRS 117	-	-	112,543	284,045	-	396,588
As restated	-	33,790	112,543	284,045	-	430,378
Depreciation for the year	-	4,132	5,281	17,725	-	27,138
Depreciation capitalised during the year (Note 10(a))	-	-	101	780	-	881
Disposals	-	-	-	(3,056)	-	(3,056)
Written off	-	-	-	(381)	-	(381)
Exchange differences	-	-	(16)	(186)	-	(202)
At 31 December 2010	-	37,922	117,909	298,927	-	454,758

Notes To The Financial Statements

Group

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Capital work-in- progress* RM'000	Total RM'000
Analysed as :						
Accumulated depreciation	-	37,922	117,909	287,441	-	443,272
Accumulated impairment losses	-	-	-	11,486	-	11,486
	-	37,922	117,909	298,927	-	454,758
Net Book Value						
At 31 December 2010	203,558	347,530	69,905	225,556	27,604	874,153
Cost						
At 1 January 2009						
As previously stated	203,483	-	161,932	382,014	17,888	765,317
Effects of adopting the amendments to FRS 117	-	385,452	-	-	-	385,452
As restated	203,483	385,452	161,932	382,014	17,888	1,150,769
Additions	75	-	8,376	19,887	97,854	126,192
Acquisition of subsidiary (Note 11(b))	-	-	97	657	-	754
Disposals	-	-	-	(1,188)	-	(1,188)
Written off	-	-	(76)	(558)	-	(634)
Reclassification	-	-	789	9,783	(10,572)	-
Exchange differences	-	-	156	323	386	865
At 31 December 2009 (restated)	203,558	385,452	171,274	410,918	105,556	1,276,758

Notes To The Financial Statements

Group

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Capital work-in- progress* RM'000	Total RM'000
Accumulated depreciation and impairment losses At 1 January 2009: As previously stated						
Accumulated depreciation	-	-	107,236	258,181	-	365,417
Accumulated impairment losses	-	-	-	11,486	-	11,486
Effects of adopting the amendments to FRS 117	-	-	107,236	269,667	-	376,903
	-	29,691	-	-	-	29,691
As restated	-	29,691	107,236	269,667	-	406,594
Depreciation for the year	-	4,099	5,264	13,954	-	23,317
Depreciation capitalised during the year (Note 10(a))	-	-	71	1,710	-	1,781
Acquisition of subsidiary (Note 11(b))	-	-	5	111	-	116
Disposals	-	-	-	(1,188)	-	(1,188)
Written off	-	-	(45)	(347)	-	(392)
Exchange differences	-	-	12	138	-	150
At 31 December 2009 (restated)	-	33,790	112,543	284,045	-	430,378
Analysed as :						
Accumulated depreciation	-	33,790	112,543	272,559	-	418,892
Accumulated impairment losses	-	-	-	11,486	-	11,486
	-	33,790	112,543	284,045	-	430,378
Net Book Value At 31 December 2009 (restated)	203,558	351,662	58,731	126,873	105,556	846,380

Notes To The Financial Statements

Group

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

	2010 RM'000	2009 RM'000
In the estates of the Company in Peninsular Malaysia	1,064	5,986
In Unitata Berhad	18,698	43,087
In PT SSS1, Central Kalimantan, Indonesia	7,842	56,483
	27,604	105,556

Notes To The Financial Statements

Company

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Capital work-in- progress* RM'000	Total RM'000
Cost						
At 1 January 2010:						
As previously stated	202,993	-	144,008	272,907	5,986	625,894
Effects of adopting the amendments to FRS 117	-	385,452	-	-	-	385,452
As restated	202,993	385,452	144,008	272,907	5,986	1,011,346
Additions	-	-	6,339	17,932	1,064	25,335
Disposals	-	-	-	(3,123)	-	(3,123)
Written off	-	-	-	(493)	-	(493)
Reclassifications	-	-	-	5,986	(5,986)	-
At 31 December 2010	202,993	385,452	150,347	293,209	1,064	1,033,065
Accumulated Depreciation						
At 1 January 2010:						
As previously stated	-	-	101,628	184,763	-	286,391
Effects of adopting the amendments to FRS 117	-	33,790	-	-	-	33,790
As restated	-	33,790	101,628	184,763	-	320,181
Depreciation for the year	-	4,132	4,579	10,432	-	19,143
Disposals	-	-	-	(2,884)	-	(2,884)
Written off	-	-	-	(381)	-	(381)
At 31 December 2010	-	37,922	106,207	191,930	-	336,059
Net Book Value						
At 31 December 2010	202,993	347,530	44,140	101,279	1,064	697,006

Notes To The Financial Statements

Company

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Capital work-in- progress* RM'000	Total RM'000
Cost						
At 1 January 2009						
As previously stated	202,918	-	138,521	261,601	-	603,040
Effects of adopting the amendments to FRS 117	-	385,452	-	-	-	385,452
As restated	202,918	385,452	138,521	261,601	-	988,492
Additions	75	-	7,505	13,015	5,986	26,581
Disposals	-	-	(2,018)	(1,155)	-	(3,173)
Written off	-	-	-	(554)	-	(554)
At 31 December 2009 (restated)	202,993	385,452	144,008	272,907	5,986	1,011,346
Accumulated Depreciation						
At 1 January 2009:						
As previously stated	-	-	96,968	177,132	-	274,100
Effects of adopting the amendments to FRS 117	-	29,691	-	-	-	29,691
As restated	-	29,691	96,968	177,132	-	303,791
Depreciation for the year	-	4,099	4,761	9,129	-	17,989
Disposals	-	-	(101)	(1,155)	-	(1,256)
Written off	-	-	-	(343)	-	(343)
At 31 December 2009 (restated)	-	33,790	101,628	184,763	-	320,181
Net Book Value						
At 31 December 2009 (restated)						
	202,993	351,662	42,380	88,144	5,986	691,165

Notes To The Financial Statements

10. (c) Land Use Rights

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At 1 January:				
As previously stated	382,835	380,866	351,662	355,761
Effects of adoption the amendments to FRS 117	(351,662)	(355,761)	(351,662)	(355,761)
At 1 January (restated)	31,173	25,105	-	-
Additions	804	1,602	-	-
Acquisition of subsidiary (Note 11(b))	-	13,622	-	-
Amortisation for the year	(300)	(300)	-	-
Impairment	-	(10,832)	-	-
Exchange differences	(883)	1,976	-	-
At 31 December 2010/2009 (restated)	30,794	31,173	-	-

11. Subsidiary Companies

(a) Investment in subsidiary companies

	Company	
	2010 RM'000	2009 RM'000
Unquoted shares at cost	350,043	303,443
Less: Accumulated impairment losses	(2,992)	(2,992)
	347,051	300,451

During the year, the Company subscribed to a total of 46,600,000 (2009: 123,000,000) RCCPS issued by the following subsidiary companies:-

- (i) 43,300,000 (2009: 95,000,000) issued by Bernam Advisory Services Sdn. Bhd.. These funds in turn were used to provide a loan to PT SSS1.
- (ii) 3,300,000 (2009: 28,000,000) issued by Berta Services Sdn Bhd.. The funds in the previous year were used to settle the advances provided to PT SSS2 by PT SSS1.

Notes To The Financial Statements

(b) Acquisition of subsidiary in prior year

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

With the acquisition, the net assets of PT SSS2 were consolidated into the statement of financial position of the Group and all intragroup transactions including the advances provided to PT SSS2 in previous years amounting to RM19,182,000 for the purpose of securing land rights and plantation development costs in Kalimantan, Indonesia were hence eliminated accordingly in the Group's financial statements as at year end 31 December 2009.

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

	2009 RM'000
Revenue	-
Loss for the year	<u>11,572</u>

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

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

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

Notes To The Financial Statements

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

(c) Amounts due from subsidiary companies

	Company	
	2010 RM'000	2009 RM'000
At 31 December	101,601	123,163
Less: Allowance for impairment	(7,033)	(7,033)
	94,568	116,130
Amount receivable within next 12 months	94,568	116,130
Amount receivable after next 12 months	-	-
Trade debts	12,151	43,409
Non-trade debts	82,417	72,721
	94,568	116,130

The amounts due from subsidiary companies are unsecured. The trade debts from a subsidiary company have fixed term of repayments and the overdue trade debts bear an average interest at approximately 2.74% (2009: 2.30%) per annum. All other amounts are repayable on demand and non-interest bearing.

(d) Amounts due to subsidiary companies

The amounts due to subsidiary companies are interest free, unsecured and repayable on demand.

Notes To The Financial Statements

12. Associated Company

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Investment in an associated company				
Unquoted shares, at cost	101	101	101	101
- Share of post acquisition losses and reserves (see Note (i) below)	(51)	(51)	-	-
- Accumulated impairment losses	-	-	(51)	(51)
	50	50	50	50

	Group	
	2010 RM'000	2009 RM'000
Represented by :		
Share of net assets	50	50
Note (i):		
Share of post acquisition losses and reserves is arrived at as follows:		
Profit for the year	-	50
Share of accumulated losses	(51)	(101)
	(51)	(51)

The amount due from associated company is interest free, unsecured and repayable on demand.

Notes To The Financial Statements

13. Other Investments

	Group/ Company	
	2010 RM'000	2009 RM'000
Available for sale financial assets		
- Current		
Negotiable instrument of deposit	5,000	-
- Non-current		
Negotiable instrument of deposit	-	5,000
Unquoted shares		
At cost	10,018	10,018
Accumulated impairment losses	(4,465)	(4,465)
Carrying amount	5,553	5,553
Effects arising from adoption of FRS 139	2,307	-
Fair value changes	(339)	-
	7,521	5,553
	7,521	10,553

The negotiable instrument of deposit with tenor of 4 years was purchased in 2007 and matures on 18 October 2011. During the financial year, the instrument earned interest of 2.45% (2009: 2.45%).

Notes To The Financial Statements

14. Inventories

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At net realisable value				
Produce stocks	45,711	19,766	36,183	19,766
At carrying amount				
Estate stores (Note (a))	31,356	32,773	24,613	26,687
Raw materials	6,504	7,848	-	-
Work-in-progress	1,391	729	-	-
Finished goods (Note (b))	49,953	69,873	-	-
Consumables (Note (c))	5,305	4,179	-	-
	140,220	135,168	60,796	46,453
Note (a):				
Estate stores	30,376	38,167	24,664	26,952
Reversal of write-down/ (write-down) of inventories	980	(5,394)	(51)	(265)
	31,356	32,773	24,613	26,687
Note (b):				
Finished goods	50,213	69,973	-	-
Write-down of inventories	(260)	(100)	-	-
	49,953	69,873	-	-
Note (c):				
Consumables	6,650	5,340	-	-
Write-down of inventories	(1,345)	(1,161)	-	-
	5,305	4,179	-	-

Included in produce stocks of the Group and of the Company are unrealised profit amounting to RM35,785,000 and RM29,837,000, respectively (2009: Group and Company RM15,052,000) arising from valuation of the inventories at net realisable value. As at 31 January 2011, all the produce stocks as at 31 December 2010 had been delivered to customers.

Notes To The Financial Statements

15. Trade Receivables

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Balance as at 31 December	40,055	24,018	103	3,450
Less: Allowance for impairment	(604)	(1,299)	-	-
	39,451	22,719	103	3,450

Included in trade receivables of the Group is an amount of RM19,990,000 (2009: RM10,974,000) being trade debts due from companies in which certain Directors have an interest. These trade debts are unsecured and overdue trade debts, if any, bear interest at prevailing market rate.

The average credit terms granted to the Group's customers, including related parties, are 10 to 60 days (2009: 10 to 60 days).

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

Ageing analysis of trade receivables

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Neither past due nor impaired	38,282	21,852	103	3,450
1 to 30 days past due not impaired	725	581	-	-
31 to 60 days past due not impaired	425	233	-	-
61 to 90 days past due not impaired	5	21	-	-
91 to 120 days past due not impaired	14	32	-	-
	1,169	867	-	-
Impaired	604	1,299	-	-
	40,055	24,018	103	3,450

Notes To The Financial Statements

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 66% (2009: 94%) of the Group trade receivables arise from customers with more than three years of business relationships with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM1,169,000 (2009: RM867,000) that are past due at the reporting date but not impaired. These receivables are unsecured in nature.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2010 RM'000	2009 RM'000
Trade receivables		
- nominal amounts	604	1,299
Less: Allowance for impairment	(604)	(1,299)
	-	-

Movement in allowance accounts:

	Group	
	2010 RM'000	2009 RM'000
At 1 January	1,299	1,237
Charge for the year (Note 5)	320	62
Written off	(1,015)	-
At 31 December	604	1,299

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Notes To The Financial Statements

16. Other receivables, deposits and prepayments

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Other receivables	19,957	37,341	6,475	7,485
Deposits	28,494	959	27,484	98
Prepayments	3,117	2,077	427	82
	51,568	40,377	34,386	7,665

Included in other receivables of the Group and the Company is an amount of RM42,000 (2009: RM20,000) being receivables from a company in which certain Directors have interests. This amount is interest free, unsecured and repayable on demand.

Included in deposit of the Group and Company is an amount of RM27,390,000 (2009: Nil) being deposit placed with a broker for Malaysia Derivatives Exchange ("MDEX") of Futures Crude Palm Oil.

Following the disclosure for Derivatives as per Note 29(g), the comparatives for other receivables, deposits and prepayments of the Group have been restated:

	As previously stated RM'000	Adjustment RM'000	As restated RM'000
Group			
31 December 2009			
Other receivables, deposits and prepayments	34,238	6,139	40,377
Derivatives - current liabilities	-	(6,113)	(6,113)
Derivatives - non-current liabilities	-	(26)	(26)
1 January 2009			
Other receivables, deposits and prepayments	33,487	3,667	37,154
Derivatives - non-current assets	-	2,968	2,968
Derivatives - current liabilities	-	(6,635)	(6,635)

Notes To The Financial Statements

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 2010 are as follows:

	Weighted average interest rates		Average maturity period	
	2010 %	2009 %	2010 Days	2009 Days
Deposits with licensed banks	2.63	2.17	60	60

18. Share Capital

	Number of ordinary shares of RM1 each		Amount	
	2010 Unit'000	2009 Unit'000	2010 RM'000	2009 RM'000
Authorised	500,000	500,000	500,000	500,000
Issued and fully paid:				
At 1 January and 31 December	208,134	208,134	208,134	208,134

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

Notes To The Financial Statements

19. Reserves

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Distributable				
Retained profits	1,359,171	1,227,549	1,307,269	1,184,822
Non-distributable				
Available for sale reserve	1,968	-	1,968	-
Share premium	181,920	181,920	181,920	181,920
Capital reserve	21,798	21,798	-	-
Foreign currency translation reserve	(922)	(1,256)	-	-
	204,764	202,462	183,888	181,920
Total	1,563,935	1,430,011	1,491,157	1,366,742

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

(a) Retained Profits

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

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2010 and 2009 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

Notes To The Financial Statements

As at 31 December 2010, the Company has sufficient credit in the 108 balance and tax exempt income account to pay frank dividends amounting to RM616,474,000 (2009: RM745,587,000) out of its retained earnings. If the balance of the retained earnings of RM690,795,000 (2009: RM439,235,000) were to be distributed as dividends, the Company may distribute such dividends under the single tier system.

(b) Available For Sale Reserve

The available for sale reserve represents the cumulative fair value changes, until the available for sale financial assets are disposed of or impaired.

(c) Capital Reserve

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

(d) Foreign Currency Translation Reserve

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

20. Deferred taxation

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At 1 January	62,286	59,094	59,000	53,800
Recognised in profit or loss (Note 8)	6,249	3,192	7,600	5,200
At 31 December	68,535	62,286	66,600	59,000
Presented after appropriate offsetting as follows:				
Deferred tax assets	(13,417)	(9,522)	(3,700)	(3,344)
Deferred tax liabilities	81,952	71,808	70,300	62,344
	68,535	62,286	66,600	59,000

Notes To The Financial Statements

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Accelerated Capital Allowances RM'000	Others RM'000	Total RM'000
At 1 January 2010	71,575	233	71,808
Recognised in profit or loss	9,491	653	10,144
At 31 December 2010	81,066	886	81,952
At 1 January 2009	65,709	149	65,858
Recognised in profit or loss	5,866	84	5,950
At 31 December 2009	71,575	233	71,808

Deferred tax assets of the Group:

	Retirement Benefits Obligations RM'000	Unutilised Tax Losses And Reinvestment Allowances RM'000	Others RM'000	Total RM'000
At 1 January 2010	(1,971)	(5,137)	(2,414)	(9,522)
Recognised in profit or loss	(367)	(3,996)	468	(3,895)
At 31 December 2010	(2,338)	(9,133)	(1,946)	(13,417)
At 1 January 2009	(2,083)	(1,876)	(2,805)	(6,764)
Recognised in profit or loss	112	(3,261)	391	(2,758)
At 31 December 2009	(1,971)	(5,137)	(2,414)	(9,522)

Notes To The Financial Statements

Deferred tax liabilities of the Company:

	Accelerated Capital Allowances RM'000
At 1 January 2010	62,344
Recognised in profit or loss	7,956
At 31 December 2010	70,300
At 1 January 2009	55,786
Recognised in profit or loss	6,558
At 31 December 2009	62,344

Deferred tax assets of the Company:

	Retirement Benefits Obligations RM'000	Others RM'000	Total RM'000
At 1 January 2010	(1,615)	(1,729)	(3,344)
Recognised in profit or loss	(267)	(89)	(356)
At 31 December 2010	(1,882)	(1,818)	(3,700)
At 1 January 2009	(1,717)	(269)	(1,986)
Recognised in profit or loss	102	(1,460)	(1,358)
At 31 December 2009	(1,615)	(1,729)	(3,344)

Notes To The Financial Statements

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

	Group	
	2010 RM'000	2009 RM'000
Unutilised reinvestment allowances	1,419	755

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

21. Retirement Benefit Obligations

The Company and certain subsidiary companies pay retirement benefits to their eligible employees in accordance with the terms of employment and practices. These plans are generally of the defined benefit type under which benefits are based on employees' years of service and at predetermined rates and or average final remuneration, and are unfunded. No formal independent actuarial valuations have been undertaken to value the Group's obligations under these plans but are estimated by the Group based on the following actuarial assumptions:

	2010 %	2009 %
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

Notes To The Financial Statements

The amounts recognised in the statements of financial position are determined as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Present value of unfunded defined benefit obligations	9,350	7,882	7,528	6,461
At 1 January	7,882	8,553	6,461	6,989
Provision during the year	1,953	199	1,314	44
Paid during the year	(485)	(870)	(247)	(572)
At 31 December	9,350	7,882	7,528	6,461
Analysed as:				
Current	1,917	1,178	1,705	1,070
Non-current:				
Later than 1 year but not later than 2 years	627	681	541	417
Later than 2 years but not later than 5 years	1,700	1,318	1,187	1,021
Later than 5 years	5,106	4,705	4,095	3,953
	7,433	6,704	5,823	5,391
	9,350	7,882	7,528	6,461

Notes To The Financial Statements

22. Trade Payables, Other Payables and Accruals

Trade Payables

Trade payables are non-interest bearing and the average credit terms granted to the Group range from 30 to 60 days (2009: 30 to 60 days).

Other Payables and Accruals

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Other Payables	18,506	16,937	10,865	8,189
Accruals	28,717	27,227	24,491	23,751
Advances from customers	5,287	1,809	1,759	1,809
	52,510	45,973	37,115	33,749

Included in other payables of the Group and the Company is an amount of RM101,000 (2009: RM213,000) owing to a company in which certain Directors have an interest. This amount is interest free, unsecured and repayable on demand.

23. Bank Borrowings

	Group	
	2010 RM'000	2009 RM'000
Bank overdraft - unsecured	1,487	123

The interest rate applicable to the bank borrowings for the year was 7.25% (2009: 7.25%) per annum.

Notes To The Financial Statements

24. Dividends

	Group/Company			
	Amount		Net Dividends Per Share	
	2010 RM'000	2009 RM'000	2010 Sen	2009 Sen
Final dividend paid in respect of previous financial year: - 20% less 25% tax (2009: 20% less 25% tax)	31,220	31,220	15.00	15.00
Special dividend paid in respect of previous financial year: - 30% less 25% tax (2009: 10% less 25% tax)	46,830	15,610	22.50	7.50
Interim dividend in respect of the current financial year: - 20% less 25% tax (2009: 20% less 25% tax)	31,220	31,220	15.00	15.00
Special dividend in respect of the current financial year: - 15% less 25% tax (2009: Nil)	23,415	-	11.25	-
	132,685	78,050	63.75	37.50

At the forthcoming Annual General Meeting, a final dividend of 20% less 25% tax amounting to RM31,220,140 and a special dividend of 35% less 25% tax amounting to RM54,635,245 in respect of the year ended 31 December 2010 on the ordinary shares in issue at book closure date will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2011.

Notes To The Financial Statements

25. Significant Inter-Company Transactions

	Company	
	2010 RM'000	2009 RM'000
Sale of raw materials to a subsidiary company	74,586	17,361
Sale of biomass and biogas steam to a subsidiary company	2,307	2,140
Disposal of assets to a subsidiary company	-	1,917
Interest charged to a subsidiary company	420	11

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.

26. Significant Related Party Transactions

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

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

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

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

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

Notes To The Financial Statements

Nature of transactions

	Amount Billed Group		Amount Billed Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Sale of cocoa butter substitute to AAK	327,265	166,874	-	-
Storage and handling charges paid to FPS	665	9	-	-
Insurance premium paid to JIB	547	424	541	418
Service fees paid to IPS	156	156	156	156

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	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Amount outstanding at 31 December:				
Due from AAK	19,990	10,974	42	20
Due to IPS	(101)	(213)	(101)	(213)

(b) Compensation of key management personnel

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Short-term employee benefits	3,291	3,268	3,291	3,268
Post employment benefits:				
Defined contribution plan	519	515	519	515
Defined benefit plan	10	4	10	4
	3,820	3,787	3,820	3,787

Notes To The Financial Statements

27. Segmental Information

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

- (a) The plantations segment carries on the business of oil palm and coconut cultivation and processing on its plantations in Peninsular Malaysia and Kalimantan Indonesia. Under this segment, there is also an active Research Centre providing improved planting material for the Group's estates as well as for the Malaysian agricultural sector in general.
- (b) The palm oil refining segment carries on the business of palm oil processing, manufacturing of edible oils, fats, soap products, cocoa butter substitute and trading in crude palm oil and palm oil products.
- (c) The other segments consist of bulking facilities which carries on the business of handling and storage of vegetable oils and molasses, and, holding companies for subsidiaries in Indonesia.

The Group's principal activities are the cultivation and processing of oil palm and coconut on plantations in Peninsular Malaysia and Indonesia. The activities of the subsidiary companies (except Unitata Berhad) are all incidental to the main activity and in terms of revenue, profit contribution and assets employed they are insignificant. Inter-segment sales at fair market values have been eliminated. The principal activity of Unitata Berhad is palm oil refining and its ancillary activities.

The analysis of Group operations is as follows:

(i) Business segments

	Plantations		Palm Oil Refining		Other Segments		Elimination		Consolidated	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue And Expenses										
Revenue:										
External sales	441,469	539,106	526,057	276,325	1,637	1,243	-	-	969,163	816,674
Inter-segment sales	77,521	17,361	-	-	72	350	(77,593)	(17,711)	-	-
Total revenue	518,990	556,467	526,057	276,325	1,709	1,593	(77,593)	(17,711)	969,163	816,674
Results										
Segment results/ operating profit/(loss)	337,694	336,290	16,531	895	(15,733)	24,949	-	-	338,492	362,134
Reversal of impairment losses on unquoted shares	-	-	-	-	-	1,482	-	-	-	1,482
Share of results of associate	-	-	-	-	-	50	-	-	-	50
Interest income	10,454	8,080	91	363	21,116	730	(20,676)	(11)	10,985	9,162
Interest expense	(20,271)	(27)	(422)	(15)	-	-	20,676	11	(17)	(31)
Income taxes	(84,383)	(91,600)	-	-	(370)	(313)	-	-	(84,753)	(91,913)
Net profit for the year									264,707	280,884

Notes To The Financial Statements

	Plantations		Palm Oil Refining		Other Segments		Elimination		Consolidated	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Assets And Liabilities										
Segment assets	1,727,889	1,585,695	230,751	225,656	34,949	8,895	-	-	1,993,589	1,820,246
Investment in an associated company	-	-	-	-	50	50	-	-	50	50
Other investments	-	-	-	-	12,521	10,553	-	-	12,521	10,553
Consolidated total assets									2,006,160	1,830,849
Segment liabilities	204,659	175,007	28,749	17,167	178	405	-	-	233,586	192,579
Consolidated total liabilities									233,586	192,579
Other Information										
Capital expenditure*	106,083	157,958	16,624	49,908	53	22	-	-	122,760	207,888
Depreciation	20,715	17,989	6,312	5,222	111	106	-	-	27,138	23,317
Amortisation	20,506	19,262	-	-	-	-	-	-	20,506	19,262
Other significant non-cash expenses:										
(Reversal of write-down)/										
Write-down of inventories	(237)	5,413	184	(5,896)	-	-	-	-	(53)	(483)
Allowance for impairment on trade receivables	-	-	320	62	-	-	-	-	320	62
Net unrealised foreign exchange loss/(gain)	-	11	(3,000)	360	15,951	(24,575)	-	-	12,951	(24,204)

(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	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue	574,119	627,966	13,666	2,579	221,695	120,467	115,237	36,518	44,446	29,144	969,163	816,674
Segment assets	1,717,297	1,581,780	283,466	236,907	-	4,722	-	3,773	4,908	3,667	2,005,671	1,830,849
Capital expenditure*	74,425	101,890	48,335	105,998	-	-	-	-	-	-	122,760	207,888

Notes To The Financial Statements

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

	Group	
	2010 RM'000	2009 RM'000
Biological assets	63,000	81,875
Property, plant and equipment	59,837	126,192
Land use rights	804	1,602
Depreciation capitalised	(881)	(1,781)
	122,760	207,888

(ii) Information about a major customer

Revenue from one major customer amount to RM327,265,000 (2009: RM166,874,000), arising from sales by the palm oil refining segment.

28. Capital Commitments

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Capital expenditure approved by the Directors but not contracted	85,895	93,854	55,310	52,556
Capital expenditure contracted but not provided for	24,441	38,691	8,635	14,213
	110,336	132,545	63,945	66,769

Notes To The Financial Statements

29. Financial Instruments

(a) Financial Risk Management Objectives and Policies

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

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

(b) Interest Rate Risk

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

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

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM367,000 higher/lower, arising as a result of higher/lower interest income from deposits with licensed banks, and the Group's retained earnings would have been RM367,000 higher/lower. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market movements.

Notes To The Financial Statements

(c) Foreign Exchange Risk

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

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

Approximately 46% (2009: 31%) of the Group's sales are denominated in foreign currencies whilst almost 49% (2009: 58%) of costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the reporting date have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances amount to RM3,655,000 (2009: RM1,067,000) and RM77,000 (2009: RM262,000) for the Group and the Company respectively.

Foreign currency transactions denominated in IDR are not hedged while transactions in USD are hedged by forward currency contracts, whenever possible. The forward currency contracts must be in the same currency as the hedged item. It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

At 31 December 2010, the Group hedged 65% (2009: 76%) and 26% (2009: Nil) of its foreign currency denominated sales and purchases respectively, for which firm commitments existed at the reporting date, extending to March 2011 (2009: March 2010).

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

Notes To The Financial Statements

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

Functional currency of the Group	Indonesian Rupiah RM'000	Total RM'000
At 31 December 2010:		
Ringgit Malaysia	272,282	272,282
At 31 December 2009:		
Ringgit Malaysia	239,205	239,205

The Group had entered into forward currency 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 2010:				
Forwards used to hedge				
receivables	USD	123,883	-	123,883
payables	USD	37,568	-	37,568
As at 31 December 2009:				
Forwards used to hedge				
receivables	USD	53,899	-	53,899

The net recognised gain as at 31 December 2010 on forward exchange contracts used to hedge receivables and payables as at 31 December 2010 amounted to RM1,056,000 (31 December 2009: net recognised loss RM638,000).

Notes To The Financial Statements

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD and IDR exchange rates against the functional currencies of the Group entities, with all other variables held constant.

	Group 2010 RM'000 Profit net of tax
USD/RM	
- strengthened 3%	(1,672)
- weakened 3%	1,672
IDR/RM	
- strengthened 3%	8,376
- weakened 3%	(8,376)

(d) Credit Risk

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

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

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.

Notes To The Financial Statements

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the trade receivables of its operating segments on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group			
	2010		2009	
	RM'000	% of total	RM'000	% of total
By segment:				
Plantations	103	0.26	3,449	15.18
Palm Oil Refining	38,829	98.42	18,689	82.26
Others	519	1.32	581	2.56
	39,451	100.00	22,719	100.00

At the reporting date, approximately 51% (2009: 48%) of the Group's trade receivables were due from a major customer of the palm oil refinery unit. This customer is also a related party as disclosed under Note 15.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 15. Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15.

Notes To The Financial Statements

(e) Liquidity Risk

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

(f) Market Risk

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

Sensitivity analysis for market price risk

At the reporting date, if the value of the derivatives as stated under Note 29(g) had been 3% higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM579,000 higher/lower, arising as a result of higher/lower fair value gains on held for trading/hedging commodity future contracts, and the Group's retained earnings would have been higher/lower by the same amount, arising as a result of an increase/decrease in the fair value of the aforementioned commodity future contracts. As at the reporting date, the impact of changes in the commodity future market, with all other variables held constant, is immaterial to the Group's profit net of tax and equity.

(g) Derivatives

	Contract/ Notional Amount RM'000	Assets RM'000	Liabilities RM'000
<hr/>			
Group			
At 31 December 2010			
Non-hedging derivatives:			
Current			
Forward currency contracts	161,451	1,795	-
Commodity futures contracts	631,322	-	(489)
		1,795	(489)
<hr/>			
Non-current			
Commodity futures contracts	49,239	2,029	-
Total derivatives		3,824	(489)
<hr/>			

Notes To The Financial Statements

	Contract/ Notional Amount RM'000	Assets RM'000	Liabilities RM'000
Group			
At 31 December 2009			
Non-hedging derivatives:			
Current			
Forward currency contracts	53,899	-	(638)
Commodity futures contracts	253,047	-	(5,475)
		-	(6,113)
Non-current			
Commodity futures contracts	2,978	-	(26)
Total derivatives		-	(6,139)

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

Forward currency contracts are used to hedge the Group's sales and purchases denominated in USD for which firm commitments existed at the reporting date, extending to March 2011 (2009: March 2010)

During the financial year, the Group recognised a gain of RM3,335,000 (2009: loss of RM6,139,000) arising from fair value changes of derivative contracts. The fair value changes are attributable to changes in commodity prices and forward exchange rates.

Determination of fair value

Fair value of the commodity futures contracts is determined by reference to the difference between the contracted rate and the forward rate as at the reporting date.

Fair value of the forward currency contracts is determined by reference to the difference between the contracted rate and the market rate as at the reporting date.

Notes To The Financial Statements

(h) Financial Instruments Recognised In The Statements Of Financial Position

The net carrying value of financial assets and financial liabilities which are carried at fair value on the statement of financial position of the Group and of the Company as at the financial year end are represented as follows:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets				
At 31 December 2010				
Non-current unquoted shares (Note 13)	7,521	7,521	7,521	7,521
At 31 December 2009				
Non-current unquoted shares (Note 13)	5,553	Note (a)	5,553	Note (a)

- (a) In prior year, the Group and the Company did not estimate the fair value of the unquoted shares because of the lack of quoted market price and the inability to estimate fair value without incurring excessive cost. However, adequate provision for diminution had been provided for to reflect the Group's and the Company's share of net tangible assets of the investment in prior year.

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

- (i) the book values of cash, fixed deposits, negotiable papers issued by licensed banks, trade receivables, trade and other payables and amounts due to subsidiary companies approximate their fair values due to the short maturity;
- (ii) the book value of short term bank borrowings with floating rates approximates its fair value; and
- (iii) the book value of the negotiable instrument of deposit approximates its fair value due to the interest rate which approximates the market rate for similar instrument.

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

Notes To The Financial Statements

30. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains acceptable capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or expansion plans of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting dividend payment policies. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 31 December 2009.

There are no externally imposed capital requirements.

31. Supplementary Information

The breakdown of the retained profits of the Group and of the Company as at 31 December 2010 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group 2010 RM'000	Company 2010 RM'000
Total retained profits/(accumulated losses)		
- realised	1,404,120	1,344,032
- unrealised	(27,890)	(36,763)
	1,376,230	1,307,269
Total share of accumulated loss from an associated company		
- realised	(51)	-
	1,376,179	1,307,269
Less: Consolidation adjustments	(17,008)	-
Total retained profits	1,359,171	1,307,269

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 7 to 84 are drawn up in accordance with applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of the results and the cash flows of the Group and of the Company for the year then ended.

The information set out in Note 31 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 1 April 2011.

TAN SRI DATUK
DR. JOHARI BIN MAT

HO DUA TIAM

Jendarata Estate
36009 Teluk Intan,
Perak Darul Ridzuan,
Malaysia

Statutory Declaration

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

I, A. GANAPATHY, the Officer primarily responsible for the financial management of United Plantations Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 7 to 84 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed A. GANAPATHY at Teluk Intan
in the State of Perak Darul Ridzuan
on 1 April 2011

A. GANAPATHY

Before me,

KOAY HEAN BENG, P.P.T.
Commissioner For Oaths,
Teluk Intan,
Perak Darul Ridzuan.

Independent Auditors' Report To The Members Of United Plantations Berhad

Report on the financial statements

We have audited the financial statements of United Plantations Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to Note 30 of page 84.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.

Report On Other Legal And Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and auditors' reports of all subsidiaries of which we have not acted as auditors, which are indicated in Note 3 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other Matters

The supplementary information set out in Note 31 on page 84 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

ERNST & YOUNG
AF: 0039
Chartered Accountants

YAP SENG CHONG
No. 2190/12/11(J)
Chartered Accountant

Kuala Lumpur, Malaysia
1 April 2011