INTERIM REPORT 2011

UNITED PLANTATIONS BERHAD
(Company no. 240-A)
Jendarata Estate • 36009 Teluk Intan • Darul Ridzuan • Malaysia

Directors' Interim Report to Shareholders for 2011

Dear Sir/Madam,
By order of the Board I take pleasure to present the following interim financial report as at 30 June 2011 for the year ending 31 December 2011 which has been prepared for your reference.

Review of the Second Quarter Results 2011

The unaudited group profit after tax for the second quarter to date was RM 195,683,000 compared to the profit after tax of RM 103,161,000 achieved in the same period last year, representing an increase of approximately 90%.

We have for your easy reference shown below Condensed Consolidated Income Statements, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Changes In Equity and Condensed Consolidated Cash Flow Statements, and selected explanatory notes which should be read in conjunction with the Annual Audited Accounts for the year ended 31 December 2010. We have for your reference also included the quarterly financial highlights and production statistics for the six months to date.

Financial Highlights

	6 months to 30 June	
	2011	2010
Profit After Tax (RM mill.)	**195.7**	103.2
Earnings Per Share (sen)	**94.02**	49.56

	Balances as at	
	30 June 2011	31 December 2010
Shareholders' Funds (RM mill.)	**1,882**	1,772
Total Assets (RM mill.)	**2,171**	2,006
Total Liabilities (RM mill.)	**289**	234

	20 August 2011	24 August 2010
Share Price (RM) as at date of Report	**18.38**	14.84

Production Statistics

			6 months to 30 June		
			Budget**	**Actual****	Actual
Crops			2011	**2011**	2010
Palm Oil	- Own	m/tons	87,422	**88,882**	71,833
	- Outside Purchase	m/tons	9,580	**4,386**	2,770
Palm Kernel	- Own	m/tons	21,649	**21,797**	18,588
	- Outside Purchase	m/tons	2,030	**974**	756
Fresh Fruit Bunches*	- Own	m/tons	-	**-**	13,007
Coconuts	- Own	Nuts'000	37,536	**35,292**	44,218

* Produced and sold by Indonesian subsidiary as the Mill in Indonesia was only commissioned in July 2010.
** Includes production from Indonesia.

Condensed Consolidated Income Statements for the Quarter and Six Months Ended 30 June 2011

(The figures have not been audited)

(RM'000)	Individual Quarter 3 months ended 30 June **2011**	2010	Cumulative Quarter 6 months ended 30 June **2011**	2010
Revenue	**390,626**	233,527	**669,012**	416,732
Operating expenses	**(265,877)**	(168,583)	**(441,879)**	(297,390)
Other operating income	**11,582**	4,020	**18,115**	12,030
Finance costs	**(7)**	(1)	**(14)**	(7)
Interest income	**4,072**	2,763	**7,597**	4,923
Profit before taxation	**140,396**	71,726	**252,831**	136,288
Income tax expense	**(30,810)**	(17,437)	**(57,148)**	(33,125)
Profit after taxation	**109,586**	54,289	**195,683**	103,163
Profit for the period	**109,586**	54,289	**195,683**	103,163
Net profit attributable to:				
Equity holders of the parent	**109,586**	54,257	**195,683**	103,161
Minority interest	**-**	32	**-**	2
	109,586	54,289	**195,683**	103,163
Earnings per share				
(i) Basic - based on an average 208,134,266 (2010:208,134,266) ordinary shares (sen)	**52.65**	26.07	**94.02**	49.56
(ii) Fully diluted (not applicable)	**-**	-	**-**	-

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2010.

Condensed Consolidated Statement of Comprehensive Income for the Quarter and Six Months Ended 30 June 2011

(The figures have not been audited)

	Individual Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
(RM'000)	**2011**	2010	**2011**	2010
Profit for the period	**109,586**	54,289	**195,683**	103,163
Currency translation differences arising from consolidation	**(745)**	31	**(282)**	189
Total Comprehensive income	**108,841**	54,320	**195,401**	103,352
Total comprehensive income attributable to:				
Equity holders of the parent	**108,841**	54,290	**195,906**	103,352
Minority interests	**-**	30	**(505)**	-
	108,841	54,320	**195,401**	103,352

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2010.

Condensed Consolidated Statement of Financial Position
as at 30 June 2011
(The figures have not been audited)

(RM'000)	**30 June 2011**	31 December 2010
Assets		
Non-Current Assets		
Biological assets	**372,135**	355,266
Property, plant and equipment	**890,709**	874,153
Land Use Rights	**32,485**	30,794
Associated company	**50**	50
Available for sale financial assets	**7,521**	7,521
Derivatives	**3,677**	2,029
Total Non-Current Asset	**1,306,577**	1,269,813
Current Assets		
Inventories	**160,786**	140,220
Trade & other receivables	**107,782**	91,019
Tax recoverable	**203**	361
Amount due from associated company	**3**	6
Available for sale financial assets	**5,000**	5,000
Cash, bank balances & fixed deposits	**586,266**	497,946
Derivatives	**4,150**	1,795
Total Current Assets	**864,190**	736,347
Total Assets	**2,170,767**	2,006,160
Equity and Liabilities		
Equity attributable to equity holders of the parent		
Share capital	**208,134**	208,134
Share premium	**181,920**	181,920
Other reserves	**23,067**	22,844
Retained profits	**1,468,999**	1,359,171
	1,882,120	1,772,069
Minority Interest	**-**	505
Total Equity	**1,882,120**	1,772,574
Non-Current Liabilities		
Retirement benefit obligations	**7,805**	7,433
Provision for deferred taxation	**70,871**	68,535
Total Non-Current Liabilities	**78,676**	75,968
Current Liabilities		
Trade & other payables	**71,650**	75,189
Overdraft & short term borrowings	**1,000**	1,487
Retirement benefit obligations	**1,700**	1,917
Interim/final dividend declared	**85,855**	54,635
Provision for taxation	**49,766**	23,901
Derivatives	**-**	489
Total Current Liability	**209,971**	157,618
Total Liability	**288,647**	233,586
Total Equity and Liability	**2,170,767**	2,006,160
Net assets per share (MYR)	**9.04**	8.51

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2010.

Condensed Consolidated Statement of Changes in Equity for the Six Months Ended 30 June 2011

(The figures have not been audited)

	----------Attributable to Equity Holders of the Parent------------								
(RM'000)	Share capital	Retained profits	Available for sale reserve	Share premium	Capital reserve	Translation reserve	Total	Minority interest	Total equity
Balance at 1 January 2011	208,134	1,359,171	1,968	181,920	21,798	(922)	1,772,069	505	1,772,574
Total comprehensive income for the period	-	195,683	-	-	-	223	195,906	(505)	195,401
Transactions with owners in their capacity as owners	-	-	-	-	-	-	-	-	-
Dividends	-	(85,855)	-	-	-	-	(85,855)	-	(85,855)
Balance at 30 June 2011	**208,134**	**1,468,999**	**1,968**	**181,920**	**21,798**	**(699)**	**1,882,120**	**-**	**1,882,120**
Balance at 1 January 2010	208,134	1,227,549	-	181,920	21,798	(1,256)	1,638,145	125	1,638,270
Effect arising from adoption of FRS 139	-	-	2,307	-	-	-	2,307	-	2,307
As at 1 January 2010, as restated	208,134	1,227,549	2,307	181,920	21,798	(1,256)	1,640,452	125	1,640,577
Total comprehensive income for the period	-	103,161	-	-	-	191	103,352	-	103,352
Dividends	-	(78,050)	-	-	-	-	(78,050)	-	(78,050)
Balance at 30 June 2010	208,134	1,252,660	2,307	181,920	21,798	(1,065)	1,665,754	125	1,665,879

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Finansial Statements for the year enden 31 December 2010.

Condensed Consolidated Cash Flow Statements for the Six Months Ended 30 June 2011

(The figures have not been audited)

	6 months ended 30 June	
(RM'000)	**2011**	2010
Operating Activities		
- Receipts from operations	**646,407**	405,388
- Operating payments	**(427,624)**	(267,772)
Cash flow from operations	**218,783**	137,616
Other operating receipts	**10,384**	9,973
Taxes paid	**(28,790)**	(30,174)
Cash flow from operating activities	**200,377**	117,415
Investing Activities		
- Interest received	**7,813**	6,688
- Purchase of property, plant and equipment	**(33,479)**	(22,558)
- Pre-cropping expenditure incurred	**(31,258)**	(32,638)
- Prepaid lease payments made	**-**	(789)
Cash flow from investing activities	**(56,924)**	(49,297)
Financing Activities		
- Dividends paid	**(54,635)**	(31,220)
- Associated Company	**3**	46
- Interest paid	**(14)**	(7)
Cash flow from financing activities	**(54,646)**	(31,181)
Net Change in Cash & Cash Equivalents	**88,807**	36,937
Cash & Cash Equivalents at beginning of year	**496,459**	428,101
Cash & Cash Equivalents at end of period	**585,266**	465,038

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2010.

Notes to the Interim Financial Report

A1) Accounting Policies and Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2010.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010, except for the adoption of the following new Financial Reporting Standards (FRS), Amendments to FRS and IC Interpretations with effect from 1 January 2011.

On 1 January 2011, the Group adopted the following FRS, Amendments to FRS and IC Interpretations:

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 1	Limited Exemption from Comparatives FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 138	Intangible Assets
Amendments to FRS 1, FRS 3, FRS 7, FRS 101, FRS 121, FRS 128, FRS131, FRS 132, FRS 134, FRS 139 and Amendments to	Improvements to FRS (2010)
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 4	Determining Whether An Arrangement Contains a Lease
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

Notes to the Interim Financial Report

A1) Accounting Policies and Basis of Preparation - continued

IC Interpretation 12 Service Concession Arrangements will also be effective for annual periods beginning on or after 1 July 2010. This IC Interpretation is however not applicable to the Group.

Adoption of the above FRS, Amendments to FRS and IC Interpretations did not have any effect on the financial performance, position or presentation of financials of the Group, other than the disclosures under the Amendments to FRS 7 which will affect the 2011 annual financial statements.

At the date of authorization of these interim financial statements, the following FRS, IC Interpretations and Amendments to IC Interpretations were issued but not yet effective and have not been applied by the Group:

FRS, IC Interpretation and Amendments to IC Interpretations		Effective for annual periods beginning on or after
FRS 124	Related Party Disclosures	1 January 2012
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 will also be effective for annual periods beginning on or after 1 January 2012. This IC interpretation, is however not applicable to the Group.

A2) Audit Report

The auditor's report on the financial statements for the financial year ended 31 December 2010 was not qualified.

A3) Seasonal and Cyclical Nature of Group's Products and Operations

The prices for the Group's products are not within the control of the Group but are determined by the global supply and demand situation for edible oils and it is somewhat related to the price of mineral oil.

Crop production is seasonal. Based on statistics, the Group's production of crude palm oil ("CPO") and palm kernel ("PK") gradually increases from March, peaking around July to September, and then declines from October to February. This pattern can be affected by severe global weather conditions such as El Niño.

The prices obtainable for the Group's products as well as the volume of production, which is cyclical in nature, will determine the profits for the Group.

A4) Exceptional and Extraordinary Items

There were no exceptional or extraordinary items for the current period.

Notes to the Interim Financial Report

A5) Changes in Estimates

There were no material changes to estimates made in prior periods.

A6) Equity and Debt Securities

There have been no issue of new shares, share buy-backs, share cancellation, shares held as treasury shares and re-sale of treasury shares for the period.

There were no issuances of debt instruments during the period.

A7) Dividends Paid

The following dividends were paid on 28 January 2011 in respect of the financial year ended 31 December 2010:

	(RM'000)
Ordinary:	
Interim paid	
- 20% less 25% tax	31,220
Special paid	
- 15% less 25% tax	23,415
Total	54,635

A8) Segmental Information

Segmental information for the current financial year-to-date:

(RM'000)	Plantations	Refining	Other Segments	Elimination	Total
Segment Revenue					
External Sales	306,314	361,911	787	-	669,012
Inter-segment Sales	51,523	-	-	(51,523)	-
	357,837	361,911	787	(51,523)	669,012
Segment Results					
Profit before tax	231,651	12,657	8,523	-	252,831

Notes to the Interim Financial Report

A9) Valuation of Property, Plant and Equipment

The valuations of land and buildings have been brought forward without amendment from the financial statements for the year ended 31 December 2010.

A10) Events after the Balance Sheet Date

There were no material events after the balance sheet date.

A11) Changes in the Composition of the Group

There were no changes in the composition of the Group for the period including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

A12) Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 20 August 2011.

B1) Directors' Review of the Group's Performance

The Group's profit before tax surged by 85.5% to RM 252.8 million in the current period from RM 136.3 million in the corresponding period in 2010 resulting from:

- Higher production of CPO and PK by 9.8% and 8.7% respectively in the Group's estates in Malaysia and also rising production from newly mature fields from the Group's estates in Indonesia for the current period as compared to the corresponding period in 2010.

- Significant improvement in the selling prices of CPO and PK by 41.8% and 82.7% respectively in the current period as compared to the corresponding period in 2010.

- RM 7.44 million unrealized foreign exchange gain from IDR loans to Indonesian subsidiaries in the current period due to the stronger IDR, as compared to RM 5.35 million loss in the corresponding period in 2010.

- The refinery recorded a profit before tax of RM 12.7 million in the current period compared with RM 9.3 million in the corresponding period in 2010. The 36.6% increase was due to better margins and positive currency and commodities hedging positions.

Notes to the Interim Financial Report

B2) Comparison of Results with Preceding Quarter

Profit before tax increased by 24.9% from RM 112.4 million in the preceding quarter to RM 140.4 million for the quarter under review. The increase was mainly due to higher production of CPO and PK by 19.1% and 16.4% respectively as compared to the preceding quarter.

B3) Prospects and Outlook

Palm Oil production in Malaysia and Indonesia is expected to recover in 2011 based on the recovery in the biological yield cycle after a pronounced set back in 2010. Soybean production in South America is expected to reach record levels owing to favourable weather conditions. The debt problems in the European Union and United States are affecting global economies and are likely to dampen demand. These factors have a bearish impact on the vegetable oil complex, as already seen in the prices of vegetable oils which have adjusted significantly from the highs enjoyed during the later part of 2010 and the early 2011.

The Group plans to replant a large area in Malaysia in 2011 in accordance with its replanting policy. Some areas in its Indonesian operations came into maturity in 2010 and more areas will be maturing in 2011. The Indonesian production will compensate somewhat for the crop loss from the replanted areas in Malaysia and, as such, the total production for the Group for 2011 is expected to be above that in 2010.

Recent wage agreements with the National Union of Plantation Workers coupled with an additional sectorial wage increase with effect from 1 August 2011, brought about by the Government's intervention in a Government Linked Company, will result in significant increases throughout the Malaysian Plantation sector, i.e. cost of production, including United Plantations.

The Directors are of the opinion that the Group's results for the current financial year ending 31 December 2011 should be better than last year primarily due to better selling prices.

Notes to the Interim Financial Report

B4) Profit Forecasts

The Group has not issued any profit forecasts for the period under review.

B5) Taxation

The charge for taxation for the period ended 30 June 2011 comprises:

(RM'000)	Current Quarter	Current year-to-date
Current taxation	29,691	54,802
Deferred taxation	1,119	2,346
	30,810	57,148
Profit before taxation	140,396	252,831
Tax at the statutory income tax rate of 25%	35,099	63,208
Tax effects of expenses not deductible / (income not taxable) in determining taxable profit:		
Depreciation on non-qualifying assets	254	512
Claims for reinvestment allowance and research and development	(344)	(689)
Utilisation of previously unrecognized tax losses and unabsorbed capital allowances	(1,910)	(3,164)
Others	(2,289)	(2,719)
Tax expense	30,810	57,148

B6) Profit/Loss on Sale of Unquoted Investments and/or Properties

There were no sales of any unquoted shares or properties during the current period.

B7) Purchases and Disposal of Quoted Securities

There were no purchase or sale of investments in quoted securities as at 30 June 2011.

B8) Corporate Proposals

There were no corporate proposals which were announced but not completed as at 20 August 2011.

Notes to the Interim Financial Report

B9) Group Borrowings

All Group borrowings were unsecured, short term and denominated in Ringgit Malaysia only and outstanding balance as at 30 June 2011 was RM 1,000,000.

B10) Financial Instruments

The amounts of financial instruments used for hedging purposes and outstanding as at 30 June 2011 were:

Type of Instrument	Currency	---Maturity from reporting date---- Within 1 year RM'000	1-3 years RM'000	Over 3 years RM'000	Total Contract Amount RM'000	Fair Value Amount RM'000	Cash Require-ments RM'000
i) Forward Foreign Exchange Contracts:							
– Sales	USD	241,421	-	-	241,421	1,718	-
– Purchases	USD	61,809	-	-	61,809	(1,116)	-
ii) Commodity Contracts:							
– Sales	RM	328,488	212,558	-	541,046	31,697	10,758
iii) Commodity Contracts:							
– Purchases	RM	320,222	192,801	-	513,023	(24,472)	-

Forward foreign exchange sale and purchase contracts were entered into as hedges for committed sales and purchases denominated in foreign currencies to minimize the exposure to fluctuations in foreign exchange rates.

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

The commodity contracts were entered into with the objective of managing and hedging the exposure of the Group's plantation and refining segments to adverse price movements in vegetable oil commodities.

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

Credit Risk is controlled by the application of authority and trading limits and dealing with well established counter parties and regular monitoring procedures.

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.

Market Risk is minimized by daily monitoring of financial markets, supply and demand for crude palm oil and world vegetable oils in general. Regular production and sales as well as cash flow forecasts are carried out to establish hedging requirements. There are also 'stop loss' procedures in place to minimize possible losses.

There are no significant credit and market risks posed by the above financial instruments as at 30 June 2011.

Notes to the Interim Financial Report

B11) Material Litigation

There was no material litigation as at 20 August 2011.

B12) Proposed Dividends

a) On 25 June 2011, the shareholders approved a final dividend of 20% gross less 25% tax or 15.00 sen net per share (2009 – 20% gross less 25% tax or 15.00 sen net per share) and a special dividend of 35% gross less 25% tax or 26.25 sen net per share (2009 - 30% gross less 25% tax or 22.50 sen net per share) for the year ended 31 December 2010.

b) No interim dividends have been declared or proposed for the year ending 31 December 2011.

B13) Earnings per Share (EPS)

The calculation of EPS is based on profit attributable to the ordinary equity holders of the parent company of RM 195,683,000 (2010: RM 103,161,000) and the weighted average number of ordinary shares of 208,134,266 (2010: 208,134,266) in issue during the period.

Notes to the Interim Financial Report

B14) Disclosure of Realised and Unrealised Profits/Loss

(RM'000)	**As at 30 June 2011**	As at 31 December 2010
Total retained profits of the Company and its subsidiaries:		
- Realised	**1,556,228**	1,404,120
- Unrealised	**(38,120)**	(27,890)
	1,518,108	1,376,230
Total share of accumulated losses from an associated company:		
- Realised	**(51)**	(51)
	1,518,057	1,376,179
Consolidation adjustments	**(49,058)**	(17,008)
Total Group retained profits as per consolidated financial statements	**1,468,999**	1,359,171

By Order of the Board

A. Ganapathy
Company Secretary

Jendarata Estate
36009 Teluk Intan
Perak Darul Ridzuan
Malaysia

20 August 2011

Contact information

United Plantations Berhad
Jendarata Estate
36009 Teluk Intan
Perak Darul Ridzuan
Malaysia

Company Secretary:	Mr. A. Ganapathy
E-mail:	up@unitedplantions.com
Phone:	006 05 6411411
Fax:	006 05 6411876
Website:	www.unitedplantations.com

Copenhagen Office and Branch Register

International Plantations Services Limited
H.C. Andersens Boulevard 49, 3rd floor
1553 Copenhagen V
Denmark

Office Manager:	Mr. Kenneth Nilsson
E-mail:	ips@plantations.biz
Phone:	0045 33 93 33 30
Fax:	0045 33 93 33 31