Preliminary Announcement of Annual Report (Fourth Quarter Report) 2011

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

Condensed Consolidated Income Statements
for the Quarter & Twelve Months Ended 31 December 2011
(The figures have not been audited)

(MYR'000)	Individual Quarter 3 months ended 31 December **2011**	2010	Cumulative Quarter 12 months ended 31 December **2011**	2010
Revenue	**277,458**	302,832	**1,385,472**	995,107
Operating expenses	**(164,785)**	(209,371)	**(922,065)**	(680,717)
Other operating income	**(14,490)**	10,436	**10,579**	24,102
Finance costs	**(6)**	(3)	**(27)**	(17)
Interest income	**5,148**	3,407	**17,582**	10,985
Profit before taxation	**103,325**	107,301	**491,541**	349,460
Income tax expense	**(30,572)**	(25,113)	**(117,955)**	(84,753)
Profit after taxation	**72,753**	82,188	**373,586**	264,707
Profit for the period	**72,753**	82,188	**373,586**	264,707
Net profit attributable to:				
Equity holders of the parent	**73,118**	81,879	**373,951**	264,307
Minority interest	**(365)**	309	**(365)**	400
	72,753	82,188	**373,586**	264,707
Earnings per share				
(i) Basic - based on an average 208,134,266 (2010:208,134,266) ordinary shares (sen)	**35.13**	39.34	**179.67**	126.99
(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 & Twelve Months Ended 31 December 2011

(The figures have not been audited)

	Individual Quarter 3 months ended 31 December		Cumulative Quarter 12 months ended 31 December	
(MYR'000)	**2011**	2010	**2011**	2010
Profit for the period	**72,753**	82,188	**373,586**	264,707
Currency translation differences arising from consolidation	**(1,309)**	(443)	**(1,272)**	(25)
Total Comprehensive income	**71,444**	81,745	**372,314**	264,682
Total comprehensive income attributable to:				
Equity holders of the parent	**71,237**	81,447	**372,612**	264,302
Minority interests	**207**	298	**(298)**	380
	71,444	81,745	**372,314**	264,682

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 31 December 2011

(The figures have not been audited)

(MYR'000)	**31 December 2011**	31 December 2010
Assets		
Non-current assets		
Biological assets	**382,172**	355,266
Property, plant and equipment	**896,064**	874,153
Land use rights	**32,959**	30,794
Associated company	**50**	50
Available for sale financial assets	**6,446**	7,521
Derivatives	**542**	2,029
Total non-current assets	**1,318,233**	1,269,813
Current assets		
Inventories	**181,145**	140,220
Trade & other receivables	**113,678**	91,019
Tax recoverable	**132**	361
Amount due from associated company	**6**	6
Available for sale financial assets	**-**	5,000
Cash, bank balances & fixed deposits	**582,796**	497,946
Derivatives	**4,930**	1,795
Total current assets	**882,687**	736,347
Total assets	**2,200,920**	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	**21,505**	22,844
Retained profits	**1,584,827**	1,359,171
	1,996,386	1,772,069
Minority interest	**207**	505
Total equity	**1,996,593**	1,772,574
Non-current liabilities		
Retirement benefit obligations	**11,884**	7,433
Provision for deferred taxation	**77,043**	68,535
Total non-current liabilities	**88,927**	75,968
Current liabilities		
Trade & other payables	**77,083**	75,189
Overdraft & short term borrowings	**391**	1,487
Retirement benefit obligations	**2,273**	1,917
Interim/final dividend declared	**-**	54,635
Provision for taxation	**35,251**	23,901
Derivatives	**402**	489
Total current liabilities	**115,400**	157,618
Total liabilities	**204,327**	233,586
Total equity and liabilities	**2,200,920**	2,006,160
Net assets per share (MYR)	**9.59**	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 Twelve Months Ended 31 December 2011

(The figures have not been audited)

(MYR'000)	Share capital	Retained profits	Available for sale reserve	Share premium	Capital reserve	Translation reserve	Total	Minority interest	Total equity
	------------Attributable to Equity Holders of the Parent------------								
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	-	373,951	(1,075)	-	-	(264)	372,612	(298)	372,314
Dividends	-	(148,295)	-	-	-	-	(148,295)	-	(148,295)
Balance at 31 December 2011	**208,134**	**1,584,827**	**893**	**181,920**	**21,798**	**(1,186)**	**1,996,386**	**207**	**1,996,593**
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	-	264,307	(339)	-	-	334	264,302	380	264,682
Dividends	-	(132,685)	-	-	-	-	(132,685)	-	(132,685)
Balance at 31 December 2010	208,134	1,359,171	1,968	181,920	21,798	(922)	1,772,069	505	1,772,574

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

Condensed Consolidated Cash Flow Statements for the Twelve Months Ended 31 December 2011

(The figures have not been audited)

(MYR'000)	12 months ended 31 December **2011**	2010
Operating Activities		
-Receipts from operations	**1,350,744**	952,431
-Operating payments	**(880,523)**	(601,485)
Cash flow from operations	**470,221**	350,946
Other operating receipts	**5,445**	23,683
Taxes paid	**(97,867)**	(87,578)
Cash flow from operating activities	**377,799**	287,051
Investing Activities		
- Proceeds from sale of property, plant & equipment	**-**	544
- Interest received	**17,379**	11,695
- Proceeds from sale of investment	**5,000**	-
- Purchase of property, plant and equipment	**(57,793)**	(59,837)
- Pre-cropping expenditure incurred	**(52,571)**	(62,119)
- Prepaid lease payments made	**(911)**	(804)
- Grant received from Government	**-**	1,073
Cash flow from investing activities	**(88,896)**	(109,448)
Financing Activities		
- Dividends paid	**(202,930)**	(109,270)
- Associated Company	**-**	42
- Interest paid	**(27)**	(17)
Cash flow from financing activities	**(202,957)**	(109,245)
Net Change in Cash & Cash Equivalents	**85,946**	68,358
Cash & Cash Equivalents at beginning of year	**496,459**	428,101
Cash & Cash Equivalents at end of year	**582,405**	496,459

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, FRS 131, FRS 132, FRS 134, FRS 139 and Amendments to IC Interpretation 13	Improvements to FRS (2010)
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 the 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 are 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-Nino.

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.

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Notes to the Interim Financial Report

A4) Exceptional and Extraordinary Items

There were no exceptional or extraordinary items for the current quarter and year-to-date.

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 year.

There were no issuances of debt instruments during the year.

A7) Dividends Paid

1. The following dividends were paid during the year in respect of the financial year ended 31 December 2010:

	(MYR'000)
Ordinary:	
Interim paid	
- 20% less 25% tax	31,220
Special paid	
- 15% less 25% tax	23,415
Final Paid	
- 20% less 25% tax	31,220
Special Paid	
- 35% less 25% tax	54,635
Total	**140,490**

2. The following dividends were paid during the year in respect of the financial year ended 31 December 2011:

	(MYR'000)
Ordinary:	
Interim paid	
- 25% less 25% tax	39,025
Special paid	
- 15% less 25% tax	23,415
Total	**62,440**

Notes to the Interim Financial Report

A8) Segmental Information

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

(MYR '000)	Plantations	Refining	Other Segments	Elimination	Total
Segment Revenue					
External Sales	622,735	761,286	1,451	-	1,385,472
Inter-segment Sales	126,707	-	-	(126,707)	-
	749,442	761,286	1,451	(126,707)	1,385,472
Segment Results					
Profit before tax	471,106	13,545	6,890	-	491,541

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 18 February 2012.

B1) Directors' Analysis of the Group's Performance

The Group's profit before tax surged by 40.6% to MYR 491.5 million in the current year from MYR 349.5 million in 2010 resulting from:

Notes to the Interim Financial Report

Plantations

This major division of the Group contributed 95.8% of the Group's profit before tax. This division's profit before tax registered a jump of 35.5% to MYR 471.1 million in the current year from MYR 347.8 milion previously, mainly due to the higher selling prices of CPO, PK and coconuts by 26.7%, 41.5% and 44.5% respectively in the current year as compared to 2010 for the Group's Malaysian estates. The Group's estates in Indonesia with rising production have started to contribute positively in the current year.

The splendid performance of this division was achieved amidst rising production costs due to higher wages as the result of the conclusion of two collective agreements with the labour unions, and the introduction of a monthly special gratuitous payment of MYR 200 for each eligible employee in 2011. CPO windfall gain tax paid had also surged by 205.3% to MYR 17.4 million in current year from MYR 5.7 million in 2010 due to higher CPO price.

Interest income recorded a 60.1% increase in current year compared to 2010's due to higher cash balances and better rates obtained from the banks.

Refinery

The refinery recorded a profit before tax of MYR 13.5 million in the current year which was 16.4% lower than in 2010. This was due to an impairment of MYR 10.3 million made mainly from the soap plant in view of the stiff competition from Indonesian producers who are enjoying substantial export tax advantages thus making soap products from Unitata uncompetitive.

Excluding the impairment, the refinery would have recorded a 46.9% jump in profit before tax in 2011. This was achieved as a result of better margins from other product divisions and positive currency and commodity hedging positions.

Others

The holding companies of investments in Indonesia recorded a MYR 5.1 million unrealized foreign exchange gain from IDR loans to Indonesian subsidiaries in the current year due to stronger IDR, as compared to MYR 15.9 million loss in 2010.

B2) Comparison of Results with Preceding Quarter

Profit before tax decreased by 23.7% from MYR 135.4 million in the preceding quarter to MYR 103.3 million for the quarter under review. The decrease was due to lower selling prices of CPO and PK by 2.1% and 36.4% respectively as compared to the preceding quarter. The MYR 11.3 million unrealised foreign exchange loss from IDR loan recognised in the current quarter due to a weaker IDR, as compared to MYR 9.0 million unrealised gain recognised in the preceding quarter due to a stronger IDR then also contributed to the decrease.

Notes to the Interim Financial Report

B3) Prospects and Outlook

Unfavourable weather conditions in South America have triggered cuts in global soybean crop estimates which have resulted in an appreciation of vegetable oil prices in the beginning of 2012. Coupled with the current seasonal low production of FFB in Indonesia and Malaysia it is expected that palm oil prices may remain firm in the short term.

With an increasing world population it is anticipated that the demand for vegetable oils may continue to be positive. However, Palm Oil production is expected to increase from April/May 2012 due to the recovery in the biological yield cycle and coupled with more favourable weather conditions in South East Asia. We therefore anticipate the likelihood of prices starting to weaken from April/May 2012 onwards unless significant and unforeseen disruptions thwart the production of the four major oils ie. palm oil, soya oil, rapeseed oil and sunflower oil.

With the continuation of the European debt crisis and uncertainty of an improvement in the global financial situation, in particular Europe and the United States, there is a risk that the global economy may be hit with another downturn, which in turn would dampen vegetable oil prices.

Rising concerns over biofuels, especially first-generation biodiesel's ability in reducing greenhouse gas emissions may also stall growth in the global biodiesel industry. This is an important factor to recognize as 11% of the total 17 oils and fats produced during 2011 (178.4 million MT) was consumed by the biofuels sector. Any slowdown as a result of this may impact prices negatively. We therefore feel that there is a likelihood that prices in the second half of 2012 may be lower than prices achieved in 2011.

With the changes in the Indonesian export tax in September 2011 benefitting the Indonesian downstream sector, it is expected that Malaysian refineries may be negatively affected by the increased competitive position enjoyed by the Indonesian refining sector, which today can acquire raw materials at a discount of USD 75 – 125 per MT vis-à-vis their Malaysian counterparts. Our Group's refining operations may therefore be under significant pressure during 2012.

The Group plans to replant a large area in Malaysia in 2012 in accordance with its replanting policy. Some areas in its Indonesian operations came into maturity in 2011 and more areas will be maturing in 2012. 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 2012 is expected to be slightly better than 2011.

As a result of the above, the Directors are of the opinion that the Group's results for the current financial year ending 31 December 2012 might not be better than 2011.

B4) Profit Forecasts

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

Notes to the Interim Financial Report

B5) Taxation

The charge for taxation for the year ended 31 December 2011 comprises:

(MYR '000)	Current Quarter	Current year- to-date
Current taxation	25,551	109,446
Deferred taxation	5,021	8,509
	30,572	117,955
Profit before taxation	103,325	491,541
Tax at the statutory income tax rate of 25%	25,831	122,885
Tax effects of expenses not deductible / (income not taxable) in determining taxable profit:		
Depreciation on non-qualifying assets	304	1,070
Claims for reinvestment allowance and research and development	(459)	(1,492)
Overprovision of tax expense in prior years	(167)	(1,251)
Utilisation of previously unrecognized tax losses and unabsorbed capital allowances	(3,583)	(6,936)
Effect of taxation on temporary differences excluded on initial recognition	(1,416)	(1,416)
Others	10,062	5,095
Tax expense	**30,572**	**117,955**

B6) Corporate Proposals

There were no corporate proposals which were announced but not completed as at 18 February 2012.

B7) Group Borrowings

All Group borrowings were unsecured, short term and denominated in Ringgit Malaysia only and the outstanding balance as at 31 December 2011 was MYR 391,000.

B8) Material Litigation

There was no material litigation as at 18 February 2012.

Notes to the Interim Financial Report

B9) Proposed Dividends

The Directors recommend a final dividend of 30% gross per share less 25% tax or 22.50 sen net per share (2010: 20% gross per share less 25% tax or 15.00 sen net per share) and a special dividend of 50% gross per share less 25% tax or 37.50 sen net per share (2010: 35% gross per share less 25% tax or 26.25 sen net per share) for the year ended 31 December 2011 on the issued ordinary share capital of the Company.

B10) Earnings per Share (EPS)

The calculation of EPS is based on profit attributable to the ordinary equity holders of the parent company of MYR 373,951,000 (2010: MYR 264,307,000) and the weighted average number of ordinary shares of 208,134,266 (2010 : 208,134,266) in issue during the period.

B11) Disclosure of Realised and Unrealised Profits/Loss

(MYR '000)	**As at 31/12/2011**	As at 31/12/2010
Total retained profits of the Company and its subsidiaries:		
- Realised	**1,678,257**	1,404,120
- Unrealised	**(40,123)**	(27,890)
	1,638,134	1,376,230
Total share of accumulated losses from an associated company:		
- Realised	**(51)**	(51)
	1,638,083	1,376,179
Consolidation adjustments	**(53,256)**	(17,008)
Total Group retained profits as per consolidated financial statements	**1,584,827**	1,359,171

By Order of the Board

A. Ganapathy
Company Secretary

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18 February 2012

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Published: 20 February 2012