

First Quarter Report

2012

The logo consists of the letters 'U' and 'P' in a bold, blue, serif font. The letters are three-dimensional, with a light blue top surface and a darker blue bottom surface, giving them a blocky, embossed appearance.

UNITED PLANTATIONS BERHAD

(Company no. 240-A)

Jendarata Estate • 36009 Teluk Intan • Darul Ridzuan • Malaysia

United Plantations Berhad

Condensed Consolidated Income Statements for the Three Months Ended 31 March 2012 (The figures have not been audited)

(MYR '000)	Individual Quarter 3 months ended 31 March		Cumulative Quarter 3 months ended 31 March	
	2012	2011	2012	2011
Revenue	338,672	278,386	338,672	278,386
Operating expenses	(252,187)	(176,002)	(252,187)	(176,002)
Other operating income	6,403	6,533	6,403	6,533
Finance costs	(30)	(7)	(30)	(7)
Interest income	5,362	3,525	5,362	3,525
Profit before taxation	98,220	112,435	98,220	112,435
Income tax expense	(25,156)	(26,338)	(25,156)	(26,338)
Profit after taxation	73,064	86,097	73,064	86,097
Profit for the period	73,064	86,097	73,064	86,097
Net profit attributable to:				
Equity holders of the parent	72,648	86,097	72,648	86,097
Minority interest	416	-	416	-
	73,064	86,097	73,064	86,097
Earnings per share				
(i) Basic - based on an average 208,134,266 (2011:208,134,266) ordinary shares (sen)	34.90	41.37	34.90	41.37
(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 2011.

United Plantations Berhad

Condensed Consolidated Statement of Comprehensive Income for the Three Months Ended 31 March 2012

(The figures have not been audited)

(MYR '000)	Individual Quarter 3 months ended 31 March		Cumulative Quarter 3 months ended 31 March	
	2012	2011	2012	2011
Profit for the period	73,064	86,097	73,064	86,097
Currency translation differences arising from consolidation	(1,920)	463	(1,920)	463
Total Comprehensive income	71,144	86,560	71,144	86,560
Total comprehensive income attributable to:				
Equity holders of the parent	70,768	87,065	70,768	87,065
Minority interests	376	(505)	376	(505)
	71,144	86,560	71,144	86,560

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2011.

United Plantations Berhad

Condensed Consolidated Statement of Financial Position as at 31 March 2012

(The figures have not been audited)

(MYR '000)	31 March 2012	31 December 2011
Assets		
Non-current assets		
Biological assets	378,302	377,947
Property, plant and equipment	902,430	902,084
Land use rights	31,445	31,763
Associated company	50	50
Available for sale financial assets	6,446	6,446
Derivatives	2,629	1,315
Total non-current assets	1,321,302	1,319,605
Current assets		
Inventories	173,264	181,145
Trade & other receivables	128,907	115,330
Tax recoverable	132	132
Amount due from associated company	6	6
Cash, bank balances & fixed deposits	621,688	582,796
Derivatives	8,077	1,255
Total current assets	932,074	880,664
Total assets	2,253,376	2,200,269
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	19,625	21,505
Retained profits	1,657,475	1,584,827
	2,067,154	1,996,386
Minority interest	583	207
Total equity	2,067,737	1,996,593
Non-current liabilities		
Retirement benefit obligations	12,007	11,889
Provision for deferred taxation	78,208	77,043
Total non-current liabilities	90,215	88,932
Current liabilities		
Trade & other payables	61,354	76,427
Overdraft & short term borrowings	3	391
Retirement benefit obligations	1,363	2,273
Provision for taxation	32,704	35,251
Derivatives	-	402
Total current liabilities	95,424	114,744
Total liabilities	185,639	203,676
Total equity and liabilities	2,253,376	2,200,269
Net assets per share (MYR)	9.93	9.59

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2011.

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Condensed Consolidated Statement of Changes in Equity for the Three Months Ended 31 March 2012 (The figures have not been audited)

	-----Attributable to Equity Holders of the Parent-----							Minority interest	Total equity
	Share capital	Retained profits	Available for sale reserve	Share premium	Capital reserve	Translation reserve	Total		
(MYR '000)									
Balance at 1 January 2012	208,134	1,584,827	893	181,920	21,798	(1,186)	1,996,386	207	1,996,593
Total comprehensive income for the quarter	-	72,648	-	-	-	(1,880)	70,768	376	71,144
Dividends	-	-	-	-	-	-	-	-	-
Balance at 31 March 2012	208,134	1,657,475	893	181,920	21,798	(3,066)	2,067,154	583	2,067,737
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 quarter	-	86,097	-	-	-	968	87,065	(505)	86,560
Dividends	-	-	-	-	-	-	-	-	-
Balance at 31 March 2011	208,134	1,445,268	1,968	181,920	21,798	46	1,859,134	-	1,859,134

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 2011.

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Condensed Consolidated Cash Flow Statements for the Three Months Ended 31 March 2012

(The figures have not been audited)

(MYR '000)	3 months ended 31 March	
	2012	2011
Operating Activities		
- Receipts from operations	362,184	261,540
- Operating payments	(274,664)	(191,652)
Cash flow from operations	87,520	69,888
Other operating receipts	4,103	6,533
Taxes paid	(26,538)	(15,417)
Cash flow from operating activities	65,085	61,004
Investing Activities		
- Interest received	2,707	3,553
- Purchase of property, plant and equipment	(19,325)	(11,428)
- Pre-cropping expenditure incurred	(9,155)	(17,939)
- Prepaid lease payments made	(2)	-
Cash flow from investing activities	(25,775)	(25,814)
Financing Activities		
- Dividends paid	-	(54,635)
- Interest paid	(30)	(7)
Cash flow from financing activities	(30)	(54,642)
Net Change in Cash & Cash Equivalents	39,280	(19,452)
Cash & Cash Equivalents at beginning of year	582,405	496,459
Cash & Cash Equivalents at end of period	621,685	477,007

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2011.

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Notes to the Interim Financial Report

A1) Accounting Policies and Basis of Preparation

The Group falls within the scope definition of Transitioning Entities. Transitioning Entities will be allowed to defer adoption of the new Malaysian Financial Reporting Standards ("MFRS") Framework for an additional one year. Adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2013. For the financial year ending 31 December 2012, the Group will continue to prepare financial statements using Financial Reporting Standards ("FRS").

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 2011. 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 2011.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2011, except for the adoption of the following new Financial Reporting Standards (FRS), Amendments to FRS and IC Interpretations with effect from 1 January 2012.

On 1 January 2012, the Group adopted the following FRS, Amendments to FRS and IC Interpretations:

IC Interpretation 19:	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14:	Prepayments of a Minimum Funding Requirement
Amendment to FRS 1:	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendment to FRS 7:	Transfer of Financial Assets
Amendment to FRS 112:	Deferred Tax: Recovery of Underlying Assets
FRS 124:	Related Party Disclosures

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.

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:

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Notes to the Interim Financial Report

A1) Accounting Policies and Basis of Preparation - continued

FRS, IC Interpretation and Amendments to IC Interpretations		Effective for annual periods beginning on or after
Amendments to FRS 101	Presentation Of Items of Other Comprehensive Income	1 July 2012
FRS 10	Consolidated Financial Instruments	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosure of interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013
FRS 119	Employee Benefits	1 January 2013
FRS 127	Separate Financial Statements	1 January 2013
FRS 128	Investment in Associate and Joint Ventures	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of Surface Mine	1 January 2013
Amendments to FRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
FRS 9	Financial Instruments	1 January 2015

A2) Audit Report

The auditor's report on the financial statements for the financial year ended 31 December 2011 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 it is somewhat related to the price of mineral oil.

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Notes to the Interim Financial Report

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

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.

A4) Exceptional and Extraordinary Items

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

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 quarter.

There were no issuances of debt instruments during the quarter.

A7) Dividends Paid

There was no dividend paid in the current quarter.

A8) Segmental Information

Segmental information for the current quarter:

(MYR '000)	Plantations	Refining	Other Segments	Elimination	Total
Segment Revenue:					
External Sales	144,579	193,648	445	-	338,672
Inter-segment Sales	31,482	-	-	(31,482)	-
	176,061	193,648	445	(31,482)	338,672
Segment Results:					
Profit before tax	107,148	2,914	(11,842)	-	98,220

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 2011.

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 12 May 2012.

B1) Directors' Analysis of the Group's Performance

The Group's profit before tax dropped by 12.6% to MYR 98.2 million in the current quarter from MYR 112.4 million in the corresponding quarter in 2011 resulting from:

Plantations

This division's profit before tax registered a marginal increase of 3.2% to MYR 107.1 million in the current quarter from MYR 103.8 million previously. The increase is mainly due to higher production of CPO and PK by 8.0% and 7.5% for the current quarter as compared to the corresponding quarter, due to newly matured fields coming into production from the Group's estates in Indonesia. Coconut production had also increased by 22.5% in the current quarter from the corresponding quarter in 2011.

However, the increase in contribution from the higher production was offset somewhat by the higher production costs of CPO, PK and coconuts by 6.5%, 24.5% and 4.8% respectively due to higher wages and lower selling prices of CPO and PK by 4.6% and 29.9% respectively in the current quarter from the corresponding quarter in 2011. The comparatively higher increase in production cost of PK was due to changes in the basis of cost allocation to PK in Indonesia in the current quarter.

Notes to the Interim Financial Report

B1) Directors' Analysis of the Group's Performance - continued

CPO windfall gain tax declined by 43.4% due to lower market price in the current quarter as compared to the corresponding quarter in 2011.

Interest income recorded a 52.1% increase in the current quarter from the corresponding quarter due to higher cash balances and better rates obtained from the banks.

Refinery

Due to the increased volumes, the revenues and operating expenses increased in tandem. However, the profit before tax of the refinery declined by 41.9% due to lower margins in all divisions in the current quarter from the corresponding quarter in view of the stiff competition from Indonesian refiners who are enjoying substantial export tax advantages, thus making products from Unitata less competitive.

Others

The holding companies of investments in Indonesia recorded a MYR 12.2 million unrealized foreign exchange loss from IDR loans to Indonesian subsidiaries in the current quarter due to a weaker IDR, as compared to MYR 3.57 million gain in the corresponding quarter in 2011.

B2) Comparison of Results with Preceding Quarter

Profit before tax decreased by 4.9% from MYR 103.3 million in the preceding quarter to MYR 98.2 million for the quarter under review. The decrease was due to lower production of CPO and PK by 12.6% and 11.4% respectively, and higher production costs of CPO and PK by 17.9% and 26.1% respectively in the current quarter as compared to the preceding quarter (the comparatively higher increase in production cost of PK was due to changes in the basis of cost allocation to PK in Indonesia in the current quarter). Higher unrealised foreign exchange loss of MYR 12.2 million recognised in the current quarter as compared to MYR 11.3 million recognised in the preceding quarter from IDR loan due to weaker IDR, also contributed to the decrease.

B3) Prospects and Outlook

A combination of unfavourable weather conditions in South America has triggered a reduction in global soybean crop estimates so far totalling 20 million MT. This combined with the unusually high rainfall in many parts of Malaysia during the first 3 months of the year coupled with the seasonally lower production of FFB in Malaysia and Indonesia have resulted in an appreciation of vegetable oil prices in the beginning of 2012.

Notes to the Interim Financial Report

B3) Prospects and Outlook - continued

With an increasing world population and affluence in particular Asia, it is anticipated that the demand for vegetable oils will continue to be positive. However, palm oil production is expected to increase from second quarter of 2012 due to the recovery in the biological yield cycle coupled with more favourable weather conditions in South East Asia. We therefore anticipate the likelihood that prices will start to weaken in second half of 2012.

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

With the Indonesian export tax changes introduced in September 2011 benefitting the Indonesian downstream sector, Malaysian refineries have been affected by the increased competitive position enjoyed by the Indonesian refining sector. Without any intervention by the Malaysian government to support the downstream sector of Malaysia, the refining industry will continue to be under significant pressure in 2012.

Several of the Group's plantations in Malaysia were also subject to an unusually high rainfall in the first quarter of 2012 which on certain estates was 36% - 87% higher than the average rainfall obtained during the first quarters of the last 5 years. The adverse weather conditions resulted in prolonged flooding on several estates that increased crop losses.

The Group is replanting 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 are maturing in 2012. The Indonesian production is thus compensating for the crop loss from the replanted areas in Malaysia as well as the crop losses due to the high rainfall mentioned above, 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 whilst lower than 2011 will still be favourable and higher than that achieved in 2010.

B4) Profit Forecasts

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

United Plantations Berhad

Notes to the Interim Financial Report

B5) Taxation

The charge for taxation for the quarter ended 31 March 2012 comprises:

(MYR '000)	Current Quarter	Current year-to-date
Current taxation	24,022	24,022
Deferred taxation	1,134	1,134
	25,156	25,156
Profit before taxation	98,220	98,220
Tax at the statutory income tax rate of 25%	24,555	24,555
Tax effects of expenses not deductible/(income not taxable) in determining taxable profit:		
Depreciation on non-qualifying assets	268	268
Claims for reinvestment allowance and research and development	(156)	(156)
Overprovision of tax expense in prior years	(73)	(73)
Utilisation of previously unrecognized tax losses and unabsorbed capital allowances	(153)	(153)
Others	715	715
Tax expense	25,156	25,156

B6) Corporate Proposals

There were no corporate proposals which were announced but not completed as at 12 May 2012.

B7) Group Borrowings

All Group borrowings were unsecured, short term and denominated in Ringgit Malaysia only, and the outstanding balance as at 31 March 2012 was MYR 3,000.

B8) Material Litigation

There was no material litigation as at 12 May 2012.

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Notes to the Interim Financial Report

B9) Proposed Dividends

No interim dividend has been declared or proposed for the year ending 31 December 2012.

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 72,648,000 (2011: MYR 86,097,000) and the weighted average number of ordinary shares of 208,134,266 (2011: 208,134,266) in issue during the period.

B11) Disclosure of Realised and Unrealised Profits/Loss

(MYR '000)	As at 31/03/2012	As at 31/12/2011
Total retained profits of the Company and its subsidiaries:		
- Realised	1,749,663	1,678,257
- Unrealised	(37,575)	(40,123)
	1,712,088	1,638,134
Total share of accumulated losses from an associated company:		
- Realised	(51)	(51)
	1,712,037	1,638,083
Consolidation adjustments	(54,562)	(53,256)
Total Group retained profits as per consolidated financial statements	1,657,475	1,584,827

By Order of the Board

A. Ganapathy

Company Secretary

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12 May 2012

United Plantations Berhad

Contact information

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Announcement no. 15
Published: 14 May 2012