Third Quarter Report

2012

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

Condensed Consolidated Income Statements for the Quarter and Nine Months Ended 30 September 2012

(The figures have not been audited)

(MYR '000)	Individual Quarter 3 months ended 30 September **2012**	2011	Cumulative Quarter 9 months ended 30 September **2012**	2011
Revenue	**308,401**	439,002	**879,125**	1,108,014
Operating expenses	**(191,521)**	(315,401)	**(588,203)**	(757,280)
Other operating income	**10,881**	6,954	**28,682**	25,069
Finance costs	**(3)**	(7)	**(15)**	(21)
Interest income	**5,629**	4,837	**16,203**	12,434
Profit before taxation	**133,387**	135,385	**335,792**	388,216
Income tax expense	**(33,038)**	(30,235)	**(85,223)**	(87,383)
Profit after taxation	**100,349**	105,150	**250,569**	300,833
Profit for the period	**100,349**	105,150	**250,569**	300,833
Net profit attributable to:				
Equity holders of the parent	**100,318**	105,150	**250,033**	300,833
Minority interest	**31**	-	**536**	-
	100,349	105,150	**250,569**	300,833
Earnings per share				
(i) Basic - based on an average 208,134,266 (2011:208,134,266) ordinary shares (sen)	**48.20**	50.52	**120.13**	144.54
(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.

Condensed Consolidated Statement of Comprehensive Income for the Quarter and Nine Months Ended 30 September 2012

(The figures have not been audited)

	Individual Quarter 3 months ended 30 September		Cumulative Quarter 9 months ended 30 September	
(MYR '000)	**2012**	2011	**2012**	2011
Profit for the period	**100,349**	105,150	**250,569**	300,833
Currency translation differences arising from consolidation	**(472)**	319	**(444)**	37
Total Comprehensive income	**99,877**	105,469	**250,125**	300,870
Total comprehensive income attributable to:				
Equity holders of the parent	**99,908**	105,469	**249,688**	301,375
Minority interests	**(31)**	-	**437**	(505)
	99,877	105,469	**250,125**	300,870

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.

Condensed Consolidated Statement of Financial Position as at 30 September 2012

(The figures have not been audited)

(MYR '000)	**30 September 2012**	31 December 2011
Assets		
Non-Current Assets		
Biological assets	**380,079**	377,947
Property, plant and equipment	**907,822**	902,084
Land Use Rights	**36,325**	31,763
Associated company	**50**	50
Available for sale financial assets	**6,446**	6,446
Derivatives	**731**	1,315
Total non-current assets	**1,331,453**	1,319,605
Current Assets		
Inventories	**195,216**	181,145
Trade & other receivables	**73,292**	115,330
Tax recoverable	**105**	132
Amount due from associated company	**3**	6
Cash, bank balances & fixed deposits	**724,344**	582,796
Derivatives	**215**	1,255
Total current assets	**993,175**	880,664
Total assets	**2,324,628**	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	**21,160**	21,505
Retained profits	**1,709,979**	1,584,827
	2,121,193	1,996,386
Minority Interest	**644**	207
Total Equity	**2,121,837**	1,996,593
Non-Current Liabilities		
Retirement benefit obligations	**12,100**	11,889
Provision for deferred taxation	**81,250**	77,043
Total non-current liabilities	**93,350**	88,932
Current Liabilities		
Trade & other payables	**78,050**	76,427
Overdraft & short term borrowings	**21**	391
Retirement benefit obligations	**877**	2,273
Provision for taxation	**28,805**	35,251
Derivatives	**1,688**	402
Total current liabilities	**109,441**	114,744
Total liabilities	**202,791**	203,676
Total equity and liabilities	**2,324,628**	2,200,269
Net assets per share (MYR)	**10.19**	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.

Condensed Consolidated Statement of Changes in Equity for the Nine Months Ended 30 September 2012

(The figures have not been audited)

	-------------Attributable to Equity Holders of the Parent-------------								
(MYR '000)	Share capital	Retained profits	Available for sale reserve	Share premium	Capital reserve	Translation reserve	Total	Minority interest	Total equity
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 period	-	250,033	-	-	-	(345)	249,688	437	250,125
Dividends	-	(124,881)	-	-	-	-	(124,881)	-	(124,881)
Balance at 30 September 2012	**208,134**	**1,709,979**	**893**	**181,920**	**21,798**	**(1,531)**	**2,121,193**	**644**	**2,121,837**
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	-	300,833	-	-	-	542	301,375	(505)	300,870
Dividends	-	(85,855)	-	-	-	-	(85,855)	-	(85,855)
Balance at 30 September 2011	208,134	1,574,149	1,968	181,920	21,798	(380)	1,987,589	-	1,987,589

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.

Condensed Consolidated Cash Flow Statements for the Nine Months Ended 30 September 2012

(The figures have not been audited)

(MYR '000)	9 months ended 30 September **2012**	2011
Operating Activities		
-Receipts from operations	**890,382**	1,075,881
-Operating payments	**(502,465)**	(724,496)
Cash flow from operations	**387,917**	351,385
Other operating receipts	**32,014**	11,032
Taxes paid	**(87,405)**	(56,858)
Cash flow from operating activities	**332,526**	305,559
Investing Activities		
- Proceeds from sale of property, plant and equipment	**426**	-
- Interest received	**13,639**	13,018
- Purchase of property, plant and equipment	**(45,142)**	(53,281)
- Pre-cropping expenditure incurred	**(30,403)**	(49,038)
- Prepaid lease payments made	**(4,235)**	(661)
Cash flow from investing activities	**(65,715)**	(89,962)
Financing Activities		
- Dividends paid	**(124,881)**	(140,490)
- Associated Company	**3**	-
- Interest paid	**(15)**	(21)
Cash flow from financing activities	**(124,893)**	(140,511)
Net Change in Cash & Cash Equivalents	**141,918**	75,086
Cash & Cash Equivalents at beginning of year	**582,405**	496,459
Cash & Cash Equivalents at end of period	**724,323**	571,545

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

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 two years. Adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

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 2014. For the financial years ending 31 December 2012 and 31 December 2013, 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 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.

Notes to the Interim Financial Report

A1) Accounting Policies and Basis of Preparation - continued

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
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.

Notes to the Interim Financial Report

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

The prices for the Group's products are not within the total 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.

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 6 June 2012 in respect of the financial year ended 31 December 2011:

Ordinary	MYR '000
Final Paid	
30% less 25%	46,830
Special Paid	
50% less 25%	78,051
Total	**124,881**

Notes to the Interim Financial Report

A8) Segmental Information

Segmental information for the current period:

(MYR '000)	Plantations	Refining	Other Segments	Elimination	Total
Segment Revenue:					
External Sales	384,288	493,564	1,273	-	879,125
Inter-segment Sales	169,090	-	-	(169,090)	-
	553,378	493,564	1,273	(169,090)	879,125
Segment Results:					
Profit before tax	333,715	16,203	(14,126)	-	335,792

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 24 November 2012.

Notes to the Interim Financial Report

B1) Directors' Analysis of the Group's Performance for 9 Months Ended 30 September 2012

The Group's profit before tax declined by 13.5% from MYR 388.2 million in the corresponding period in 2011, to MYR 335.8 million in the current period resulting from:

Plantations

This division's profit before tax registered a decrease of 7.7% from MYR 361.7 million in the corresponding period to MYR 333.7 million in the current period mainly due to higher production costs and lower selling prices of CPO and PK as a consequence of the fall in world vegetable oil prices. The average selling prices of CPO and PK achieved for the period were as follows:

Countries	Products	September 2012 Current Period (MYR/mt)	September 2011 Corresponding Period (MYR/mt)
Malaysia	CPO	3,104	3,092
Indonesia	CPO	2,444	2,616
Average	CPO	2,994	3,035
Malaysia	PK	1,701	2,395
Indonesia	PK	1,139	1,455
Average	PK	1,627	2,319

The main differences in CPO and PK prices between Malaysia and Indonesia are due to the duty structures of CPO and PK and the refined products in the two countries. In Indonesia, the export of CPO and PK attracts hefty export duties and decreasing duties for its refined products. The refiners, with the advantage of lower capacity vis-á-vis the CPO and PK production, dictate the prices by building in the export duties in the prices offered, hence lower prices to the producers. In Malaysia, CPO and PK also attract export duties but the refined products attract negligible or zero duties. The refiners are therefore able to pay the full market prices for their feedstocks. Notwithstanding this, the main reason the refiners are willing to pay the world market prices is due to the substantially higher refining capacity via-á-vis CPO and PK production in the country.

With the introduction by the Malaysian government of a lower export duty for crude palm oil combined with the abolishment of the duty free export quota from 1 January 2013, it is anticipated that the downstream sector of Malaysia, in particular the refinery industry, will start to see a slightly better operating environment going forward which is necessary as most refineries have been under significant pressure in 2011 and 2012.

CPO production increased marginally by 1.0% whereas PK production declined marginally by 0.7%. The selling prices of CPO and PK declined by 1.3% and 29.8% respectively in the current period from the corresponding period. CPO and PK production costs increased by 7.6% and 40.0% respectively in the current period from the corresponding period mainly due to higher wages. The comparatively higher increase in the production cost of PK was due to changes in the basis of costs allocation to PK in Indonesia in the current period.

Notes to the Interim Financial Report

B1) Directors' Analysis of the Group's Performance for 9 Months Ended 30 September 2012 - continued

CPO windfall gain tax declined by 37.1% due to lower production from estates in Malaysia as well as lower market price in the current period as compared to the corresponding period.

Interest income recorded a 30.3% increase in the current period from the corresponding period due to higher cash balances and better rates obtained from the banks.

Refinery

The profit before tax of the refinery surged by 86.0% in the current period from the corresponding period due to favourable hedging and trading positions in commodities. Notwithstanding this, the margins of the Malaysian refiners including Unitata have been eroded by the severe competition from Indonesian refiners who have enjoyed substantial export tax advantages since September 2011.

Others

The holding companies' investments in Indonesia recorded a MYR 25.8 million unrealized foreign exchange loss from IDR loans to Indonesian subsidiaries in the current period due to the weaker IDR vs the MYR, as compared to MYR 16.4 million gain in the corresponding period in 2011.

B2) Comparison of Results with Preceding Quarter

Profit before tax increased by 28.0% to MYR 133.4 million in the current quarter from MYR 104.2 million in the preceding quarter. The increase was mainly due to higher production of CPO and PK by 31.3% and 26.8% respectively and lower production costs of CPO and PK by 26.0% and 25.6% respectively in the current quarter from the preceding quarter. The increase was also due to an almost fourfold increase in the contribution from the refinery in the current quarter from the preceding quarter due to favourable commodity trading and hedging positions.

However, the above gain was reduced by a 6.1% reduction in the selling prices of both CPO and PK in the current quarter from the preceding quarter. The quarter's result was also affected by the MYR 15.7 million unrealised foreign exchange loss recorded in the current quarter from MYR 2.1 million unrealised foreign gain in the preceding quarter from the IDR loans granted to the Indonesian subsidiaries.

B3) Prospects and Outlook

With an increasing world population and affluence in particular Asia, it is anticipated that the demand for vegetable oils will continue to be positive in the medium to long term. However, palm oil production has increased from second quarter of 2012 due to the recovery in the biological yield cycle coupled with more favourable weather conditions in South East Asia. Prices have therefore weakened considerably due to faster than expected build up of palm oil stocks in Malaysia and Indonesia.

The continuation of the European debt crisis and the uncertainty of an improvement in the global financial situation, in particular in Europe and the USA, are other factors that have dampened demand and posed a risk to the reversal of the current downtrend in vegetable oil prices.

Notes to the Interim Financial Report

B3) Prospects and Outlook - continued

The unfavourable weather in the USA and South America has resulted in lower corn, wheat and soybean harvests which somewhat arrested the fall in vegetable oil prices. This is expected to stabilize the recent price declines in the near future due to global stock levels of the above commodities being at historically low levels.

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 and as such the total production for the Group for 2012 is expected to be slightly better than in 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.

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 September 2012 comprises:

(MYR '000)	Current Quarter	Current year-to-date
Current taxation	30,971	80,986
Deferred taxation	2,067	4,237
	33,038	85,223
Profit before taxation	133,387	335,792
Tax at the statutory income tax rate of 25%	33,347	83,948
Tax effects of expenses not deductible/(income not taxable) in determining taxable profit :		
Depreciation on non-qualifying assets	268	804
Double deductions for research and development	(156)	(468)
Overprovision of tax expense in prior years	(1,085)	(1,158)
Utilisation of previously unrecognized tax losses and unabsorbed capital allowances	(3,847)	(5,304)
Others	4,511	7,401
Tax expense	**33,038**	**85,223**

Notes to the Interim Financial Report

B6) Corporate Proposals

On 1 August 2012, the Company has together with Oleon NV announced the formation of a 50:50 joint venture through the company Unioleon Sdn. Bhd. to develop a food emulsifier plant in two phases in Pulau Indah. The conditions precedent as spelt out in the Joint Venture Agreement have been fulfilled.

There were no other corporate proposals which were announced but not completed as at 24 November 2012.

B7) Group Borrowings

All Group borrowings were unsecured, short term and denominated in Ringgit Malaysia only and outstanding balance as at 30 September 2012 was MYR 21,000.

B8) Material Litigation

There was no material litigation as at 24 November 2012.

B9) Proposed Dividends

The Directors have on 24 November 2012 declared an interim dividend of 25% gross per share less 25% tax or 18.75 sen net per share for the year ending 31 December 2012 (2011: 25% gross per share less 25% tax or 18.75 sen net per share) and a special dividend of 15% gross per share less 25% tax or 11.25 sen net per share (2011: 15% gross per share less 25% tax or 11.25 sen net per share) for the year ending 31 December 2012 on the issued ordinary share capital of the Company. The dividend is payable on 19 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 250,033,000 (2011: MYR 300,833,000) and the weighted average number of ordinary shares of 208,134,266 (2011: 208,134,266) in issue during the period.

Notes to the Interim Financial Report

B11) Disclosure of Realised and Unrealised Profits/Loss

(MYR '000)	**As at 30/09/2012**	As at 31/12/2011
Total retained profits of the Company and its subsidiaries:		
- Realised	**1,794,852**	1,678,257
- Unrealised	**(31,030)**	(40,123)
	1,763,822	1,638,134
Total share of accumulated losses from an associated company:		
- Realised	**(51)**	(51)
	1,763,771	1,638,083
Consolidation adjustments	**(53,792)**	(53,256)
Total Group retained profits as per consolidated financial statements	**1,709,979**	1,584,827

By Order of the Board

A. Ganapathy
Company Secretary

Jendarata Estate
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24 November 2012

Contact information

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