Preliminary Announcement of Annual Report (Fourth 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 Twelve Months Ended 31 December 2012

(The figures have not been audited)

(MYR '000)	Individual Quarter 3 months ended 31 December 2012	2011	Cumulative Quarter 12 months ended 31 December 2012	2011
Revenue	**304,264**	290,372	**1,183,389**	1,398,386
Operating expenses	**(204,226)**	(177,699)	**(792,429)**	(934,979)
Other operating income	**12,022**	(14,490)	**40,704**	10,579
Finance costs	**(11)**	(6)	**(26)**	(27)
Interest income	**6,431**	5,148	**22,634**	17,582
Share of results of jointly controlled entity	**(33)**	-	**(33)**	-
Profit before taxation	**118,447**	103,325	**454,239**	491,541
Income tax expense	**(26,465)**	(30,572)	**(111,688)**	(117,955)
Profit after taxation	**91,982**	72,753	**342,551**	373,586
Profit for the period	**91,982**	72,753	**342,551**	373,586
Net profit attributable to:				
Equity holders of the parent	**92,208**	73,118	**342,241**	373,951
Minority interest	**(226)**	(365)	**310**	(365)
	91,982	72,753	**342,551**	373,586
Earnings per share				
(i) Basic - based on an average 208,134,266 (2011:208,134,266) ordinary shares (sen)	**44.30**	35.13	**164.43**	179.67
(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 Twelve Months Ended 31 December 2012

(The figures have not been audited)

	Individual Quarter 3 months ended 31 December		Cumulative Quarter 12 months ended 31 December	
(MYR '000)	**2012**	2011	**2012**	2011
Profit for the period	**91,982**	72,753	**342,551**	373,586
Currency translation differences arising from consolidation	**(231)**	(1,309)	**(675)**	(1,272)
Total Comprehensive income	**91,751**	71,444	**341,876**	372,314
Total comprehensive income attributable to:				
Equity holders of the parent	**91,975**	71,237	**341,663**	372,612
Minority interests	**(224)**	207	**213**	(298)
	91,751	71,444	**341,876**	372,314

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 31 December 2012

(The figures have not been audited)

(MYR '000)	**31 December 2012**	31 December 2011
Assets		
Non-Current Assets		
Biological assets	**384,600**	377,947
Property, plant and equipment	**910,954**	902,084
Land Use Rights	**35,303**	31,763
Joint venture entity	**3,333**	-
Associated company	**50**	50
Available for sale financial assets	**6,446**	6,446
Derivatives	**-**	1,315
Total Non-current assets	**1,340,686**	1,319,605
Current Assets		
Inventories	**188,321**	181,145
Trade & other receivables	**102,111**	115,330
Tax recoverable	**143**	132
Amount due from associated company	**3**	6
Cash, bank balances & fixed deposits	**747,709**	582,796
Derivatives	**1,460**	1,255
Total current assets	**1,039,747**	880,664
Total Assets	**2,380,433**	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	**20,927**	21,505
Retained profits	**1,739,747**	1,584,827
	2,150,728	1,996,386
Minority Interest	**420**	207
Total Equity	**2,151,148**	1,996,593
Non-Current Liabilities		
Retirement benefit obligations	**11,000**	11,889
Provision for deferred taxation	**86,107**	77,043
Derivatives	**283**	-
Total Non-Current Liabilities	**97,390**	88,932
Current Liabilities		
Trade & other payables	**87,837**	76,427
Overdraft & short term borrowings	**17**	391
Retirement benefit obligations	**817**	2,273
Provision for taxation	**28,055**	35,251
Derivatives	**15,169**	402
Total Current Liabilities	**131,895**	114,744
Total Liabilities	**229,285**	203,676
Total Equity And Liabilities	**2,380,433**	2,200,269
Net assets per share (MYR)	**10.33**	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 Twelve Months Ended 31 December 2012

(The figures have not been audited)

(MYR '000)	-------------Attributable to Equity Holders of the Parent-------------								
	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	-	342,241	-	-	-	(578)	341,663	213	341,876
Dividends	-	(187,321)	-	-	-	-	(187,321)	-	(187,321)
Balance at 31 December 2012	**208,134**	**1,739,747**	**893**	**181,920**	**21,798**	**(1,764)**	**2,150,728**	**420**	**2,151,148**
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

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 Twelve Months Ended 31 December 2012
(The figures have not been audited)

(MYR '000)	12 months ended 31 December **2012**	2011
Operating Activities		
-Receipts from operations	**1,173,144**	1,350,744
-Operating payments	**(673,319)**	(874,427)
Cash flow from operations	**499,825**	476,317
Other operating receipts	**57,326**	4,997
Taxes paid	**(109,799)**	(97,868)
Cash flow from operating activities	**447,352**	383,446
Investing Activities		
- Proceeds from sale of property, plant and equipment	**426**	492
- Interest received	**19,144**	17,379
- Proceeds from sale of investment	**-**	5,000
- Purchase of property, plant and equipment	**(63,113)**	(72,731)
- Pre-cropping expenditure incurred	**(41,713)**	(43,772)
- Prepaid lease payments made	**(6,099)**	(911)
- Investment in jointly controlled entity	**(3,366)**	-
Cash flow from investing activities	**(94,721)**	(94,543)
Financing Activities		
- Dividends paid	**(187,321)**	(202,930)
- Associated Company	**3**	-
- Interest paid	**(26)**	(27)
Cash flow from financing activities	**(187,344)**	(202,957)
Net Change in Cash & Cash Equivalents	**165,287**	85,946
Cash & Cash Equivalents at beginning of year	**582,405**	496,459
Cash & Cash Equivalents at end of period	**747,692**	582,405

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 financiall 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.

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

Notes to the Interim Financial Report

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 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 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.

Notes to the Interim Financial Report

A7) Dividends Paid

1. 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**

2. The following dividends were paid on 19 December 2012 in respect of the financial year ended 31 December 2012:

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

A8) Segmental Information

Segmental information for the current year:

(MYR '000)	Plantations	Refining	Other Segments	Elimination	**Total**
Segment Revenue					
External Sales	522,254	659,319	1,816	-	**1,183,389**
Inter-segment Sales	222,286	-	-	(222,286)	**-**
	744,540	659,319	1,816	(222,286)	**1,183,389**
Segment Results					
Profit before tax	454,504	27,649	(27,914)	-	**454,239**

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 significant 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 23 February 2013.

Notes to the Interim Financial Report

B1) Directors' Analysis of the Group's Performance for 12 Months Ended 31 December 2012

The Group's profit before tax declined by 7.6% in the current year to MYR 454.2 million from MYR 491.5 million in 2011 resulting from:

Plantations

This major division of the Group's profit before tax declined by 3.5% to MYR 454.5 million in the current year from MYR 471.1 million in the corresponding year. The lower profit before tax was 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 year were as follows:

Countries	Products	**December 2012 Current Year (MYR /mt)**	December 2011 Corresponding Year (MYR /mt)
Malaysia	CPO	**3,017**	3,050
Indonesia	CPO	**2,381**	2,538
Average	CPO	**2,903**	2,983
Malaysia	PK	**1,584**	2,168
Indonesia	PK	**1,032**	1,241
Average	PK	**1,506**	2,083

The main differences in CPO and PK prices between Malaysia and Indonesia are due to the duty structures of CPO/PK and the refined products in the two countries. In Indonesia, the export of CPO/PK attracts hefty export duties and decreasing duties for its refined products. The refiners, with the advantage of lower capacity vis-a-vis the CPO/PK production, dictated the prices by building in the export duties in the prices offered, hence lower prices to the producers. In Malaysia, CPO/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 its feedstocks. Notwithstanding this, the main reason the refiners are willing to pay the world market prices is due to the substantially higher refining capacity vis-à-vis CPO/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.

The Group's CPO and PK production increased marginally by 3.4% and 1.2% respectively in the current year from the previous year. The selling prices of CPO and PK declined by 2.7% and 27.7% respectively in the current year from 2011. CPO and PK production costs increased by 5.1% and 30.4% respectively in the same period due to higher wages. The comparatively higher increase in production cost of PK was due to changes in the basis of costs allocation to PK in Indonesia in the current year.

CPO windfall gain tax declined by 47.3% due to lower production from estates in Malaysia as well as lower market price in the current year as compared to corresponding year.

Notes to the Interim Financial Report

B1) Directors' Analysis of the Group's Performance for 12 Months Ended 31 December 2012 - continued

Interest income recorded a 28.7% increase in the current year from the corresponding year due to higher cash balances and better rates obtained from the banks.

Refinery

The profit before tax of the refinery surged by 104.1% in the current year from 2011 due to favourable hedging and trading positions in commodities. Notwithstanding this, the margins of the Malaysian refiners including Unitata has been eroded by the severe competition from Indonesian refiners who have been enjoying substantial export tax advantages since September 2011.

Others

The holding companies' investments in Indonesia recorded a MYR 28.0 million unrealized foreign exchange loss from IDR loans to Indonesian subsidiaries in the current year due to the weaker IDR vs MYR , as compared to MYR 5.1 million gain in 2011.

B2) Comparison of Results with Preceding Quarter

Profit before tax decreased by 11.2% to MYR 118.4 million in the current quarter from MYR 133.4 million in the preceding quarter. The decrease was mainly due to lower selling prices of CPO, PK and coconuts by 7.7%, 23.0% and 4.5% respectively in the current quarter as compared to the preceding quarter. The marginally higher costs of production of CPO and PK by 2.7% and 3.2% respectively in the same period also contributed to the decrease.

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 improved strongly from the second half 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 in the final quarter of 2012 due to faster than expected build up of palm oil stocks in both Malaysia and Indonesia.

It is anticipated that the palm oil production in 2013 will increase by 4-5% and with the current high stocks no shortage is expected. This is a bearish factor which will very likely keep palm oil prices under pressure.

On the other hand, the unfavourable weather in the USA and South America has resulted in lower corn, wheat and soybean harvests keeping the stock to usage ratios of these commodities in a lower range.
The abovementioned bullish factor has somewhat cushioned the fall in vegetable oil prices. This is depicted in soybean oil trading at a historic high premium over palm oil. This premium is not only because of the different stock situation but also due to the Chinese labeling and US biodiesel laws that promote soybean oil use. This soybean oil premium could continue during 2013. However, the South American soybean crop is expected to be at a record high and according to the USDA, US farmers in 2013 are expected to plant the second largest acreage since 2000.

Notes to the Interim Financial Report

B3) Prospects and Outlook - continued

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.

The Group replanted a large area in Malaysia in 2012 and plans to replant another large area in 2013 in accordance with its replanting policy. A significant area came into maturity in Indonesia during 2012 and the remaining balance is expected to reach maturity during 2013.

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 2013 is expected to be slightly better than in 2012. In spite of the slightly higher production anticipated in 2013, the Board of Directors opinion is that results for 2013 will be lower than in 2012 as a result of the sharp decline in commodity prices.

In 2011 the Company announced that upon the issuance of the necessary development permits to proceed with the second phase of expansion in Indonesia the Company estimated to be able to plant up an additional 5,000 ha. of land which would bring the total planted hectarage to about 15,000 ha.

Based on the difficulties experienced in Indonesia linked with prolonged delays and demands surrounding the issuance of these necessary permits, and combined with the significantly increased cost and the lower selling prices of CPO and PK due to the Indonesian export duty, it has been decided to consolidate the planted area in Indonesia of 9,777 ha. and not to proceed with the second phase of expansion.

Further development in Indonesia will only take place when the planted areas are fully consolidated and if the investment climate improves.

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 period ended 31 December 2012 comprises:

(MYR '000)	Current Quarter	Current year-to-date
Current taxation	21,613	102,599
Deferred taxation	4,852	9,089
	26,465	111,688
Profit before taxation	118,447	454,239
Tax at the statutory income tax rate of 25%	29,612	113,560
Tax effects of expenses not deductible / (income not taxable) in determining taxable profit :		
Depreciation on non-qualifying assets	444	1,248
Double deductions for research and development	(158)	(626)
Overprovision of tax expense in prior years	(8)	(1,166)
Utilisation of previously unrecognized tax losses and unabsorbed capital allowances	(5,467)	(10,771)
Effect of taxation on temporary differences excluded on initial recognition	(186)	(186)
Others	2,228	9,629
Tax expense	**26,465**	**111,688**

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 23 February 2013.

B7) Group Borrowings

All Group borrowings were unsecured, short term and denominated in Ringgit Malaysia only and outstanding balance as at 31 December 2012 was MYR 17,000.

B8) Material Litigation

There was no material litigation as at 23 February 2013.

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 (2011: 30% gross per share less 25% tax or 22.50 sen net per share) and a special dividend of 55% gross per share less 25% tax or 41.25 sen net per share (2011: 50% gross per share less 25% tax or 37.50 sen net per share) for the year ended 31 December 2012 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 342,241,000 (2011: MYR 373,951,000) 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 31/12/2012**	As at 31/12/2011
Total retained profits of the Company and its subsidiaries:		
- Realised	**1,852,116**	1,678,257
- Unrealised	**(57,868)**	(40,123)
	1,794,248	1,638,134
Total share of accumulated losses from an associated company:		
- Realised	**(51)**	(51)
	1,794,197	1,638,083
Consolidation adjustments	**(54,450)**	(53,256)
Total Group retained profits as per consolidated financial statements	**1,739,747**	1,584,827

By Order of the Board

A. Ganapathy
Company Secretary

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23 February 2013

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