Interim Report
2013

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

Condensed Consolidated Income Statements for the Six Months Ended 30 June 2013

(The figures have not been audited)

	Individual Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
(MYR '000)	**2013**	2012	**2013**	2012
Revenue	**241,809**	232,052	**457,526**	570,724
Operating expenses	**(188,459)**	(144,495)	**(331,581)**	(396,682)
Other operating income	**15,505**	11,398	**20,078**	17,801
Finance costs	**(7)**	18	**(13)**	(12)
Interest income	**7,005**	5,212	**13,356**	10,574
Share of results of jointly controlled entity	**(272)**	-	**(402)**	-
Profit before taxation	**75,581**	104,185	**158,964**	202,405
Income tax expense	**(18,650)**	(27,029)	**(37,281)**	(52,185)
Profit after taxation	**56,931**	77,156	**121,683**	150,220
Profit for the period	**56,931**	77,156	**121,683**	150,220
Net profit attributable to:				
Equity holders of the parent	**57,083**	77,067	**121,720**	149,715
Non-controlling interests	**(152)**	89	**(37)**	505
	56,931	77,156	**121,683**	150,220
Earnings per share				
(i) Basic - based on an average 208,134,266 (2012:208,134,266) ordinary shares (sen)	**27.43**	37.03	**58.48**	71.93
(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 2012.

Condensed Consolidated Statement of Comprehensive Income for the Six Months ended 30 June 2013

(The figures have not been audited)

(MYR '000)	Individual Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
	2013	2012	**2013**	2012
Profit for the period	**56,931**	77,156	**121,683**	150,220
Currency translation differences arising from consolidation	**6,017**	1,948	**2,931**	28
Total Comprehensive income	**62,948**	79,104	**124,614**	150,248
Total comprehensive income attributable to:				
Equity holders of the parent	**62,799**	79,012	**124,505**	149,780
Non-controlling interests	**149**	92	**109**	468
	62,948	79,104	**124,614**	150,248

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2012.

Condensed Consolidated Statement of Financial Position as at 30 June 2013

(The figures have not been audited)

(MYR '000)	**30 June 2013**	31 December 2012
Assets		
Non-Current assets		
Biological assets	**392,745**	380,147
Property, plant and equipment	**920,131**	916,640
Land use rights	**35,113**	34,071
Associated company	**56**	50
Joint venture entity	**7,223**	3,333
Available for sale financial assets	**6,446**	6,446
Total Non-current assets	**1,361,714**	1,340,687
Current assets		
Inventories	**108,146**	178,722
Trade & other receivables	**69,790**	102,335
Prepayments	**437**	281
Tax recoverable	**2,527**	143
Derivatives	**32**	1,400
Cash, bank balances & fixed deposits	**794,604**	747,773
Total current assets	**975,536**	1,030,654
Total assets	**2,337,250**	2,371,341
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	**23,712**	20,927
Retained profits	**1,728,781**	1,739,747
	2,142,547	2,150,728
Non-controlling interests	**529**	420
Total equity	**2,143,076**	2,151,148
Non-Current liabilities		
Retirement benefit obligations	**11,415**	11,142
Provision for deferred taxation	**91,954**	86,108
Derivatives	**-**	283
Total non-current liabilities	**103,369**	97,533
Current liabilities		
Trade & other payables	**55,457**	78,681
Tax payable	**23,674**	28,055
Retirement benefit obligations	**950**	675
Derivatives	**10,573**	15,169
Bank borrowings	**151**	80
Total current liabilities	**90,805**	122,660
Total liabilities	**194,174**	220,193
Total equity and liabilities	**2,337,250**	2,371,341
Net assets per share (MYR)	**10.29**	10.33

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2012.

Condensed Consolidated Statement of Changes in Equity for the Six Months Ended 30 June 2013

(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	Non-controlling interests	Total equity
Balance at 1 January 2013	208,134	1,739,747	893	181,920	21,798	(1,764)	2,150,728	420	2,151,148
Total comprehensive income for the quarter	-	121,720	-	-	-	2,785	124,505	109	124,614
Dividends, representing total transaction with owners	-	(132,686)	-	-	-	-	(132,686)	-	(132,686)
Balance at 30 June 2013	**208,134**	**1,728,781**	**893**	**181,920**	**21,798**	**1,021**	**2,142,547**	**529**	**2,143,076**
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	-	149,715	-	-	-	65	149,780	468	150,248
Dividends representing total transaction with owners	-	(124,881)	-	-	-	-	(124,881)	-	(124,881)
Balance at 30 June 2012	208,134	1,609,661	893	181,920	21,798	(1,121)	2,021,285	675	2,021,960

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 2012.

Condensed Consolidated Cash Flow Statements for the Six Months Ended 30 June 2013

(The figures have not been audited)

(MYR '000)	6 months ended 30 June **2013**	2012
Operating Activities		
-Receipts from operations	**491,973**	583,357
-Operating payments	**(246,666)**	(357,103)
Cash flow from operations	**245,307**	226,254
Other operating receipts	**12,407**	18,466
Taxes paid	**(38,193)**	(48,132)
Cash flow from operating activities	**219,521**	196,588
Investing Activities		
- Proceeds from sale of property, plant and equipment	**310**	-
- Interest received	**13,325**	8,212
- Purchase of property, plant and equipment	**(28,617)**	(23,664)
- Pre-cropping expenditure incurred	**(20,004)**	(18,430)
- Prepaid lease payments made	**(781)**	(2,554)
- Investment in jointly controlled entity	**(4,295)**	-
Cash flow from investing activities	**(40,062)**	(36,436)
Financing Activities		
- Dividends paid	**(132,686)**	(124,881)
- Interest paid	**(13)**	(12)
Cash flow from financing activities	**(132,699)**	(124,893)
Net Change in Cash & Cash Equivalents	**46,760**	35,259
Cash & Cash Equivalents at beginning of year	**747,693**	582,405
Cash & Cash Equivalents at end of period	**794,453**	617,664

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2012.

Notes to the Interim Financial Report

A1) Accounting Policies and Basis of Preparation

The Group falls within the scope definition of Transitioning Entities which are allowed to defer adoption of the new Malaysian Financial Reporting Standards ("MFRS") Framework. 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 year ending 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 2012. 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 2012.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2012, except for the adoption of the following new Financial Reporting Standards (FRS), Amendments to FRS and IC Interpretations with effect from 1 January 2013.

On 1 January 2013, the Group adopted the following FRS, Amendments to FRS and IC Interpretations:

- Amendments to FRS 101 Presentation of Items of Other Comprehensive Income
- Amendments to FRS 101 Presentation of Financial Statements (Improvements to FRSs (2012))
- FRS 10 Consolidated Financial Statements
- FRS 11 Joint Arrangements
- FRS 12 Disclosure of Interests in Other Entities
- FRS 13 Fair Value Measurement
- FRS 119 Employee Benefits
- FRS 127 Separate Financial Statements
- FRS 128 Investment in Associate and Joint Ventures
- Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Improvements to FRSs (2012))
- IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
- Amendments to FRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 1 First-time Adoption of Malaysian Financial Reporting Standards – Government Loans
- Amendments to FRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Improvements to FRSs (2012))
- Amendments to FRS 116 Property, Plant and Equipment (Improvements to FRSs (2012))
- Amendments to FRS 132 Financial Instruments: Presentation (Improvements to FRSs (2012))
- Amendments to FRS134 Interim Financial Reporting (Improvements to FRSs (2012))
- Amendments to FRS 10 Consolidated Financial Statements: Transition Guidance
- Amendments to FRS 11 Joint Arrangements: Transition Guidance
- Amendments to FRS 12 Disclosure of Interests in Other Entities: Transition Guidance

Notes to the Interim Financial Report

A1) Accounting Policies and Basis of Preparation - continued

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:

FRS, IC Interpretation and Amendments to IC Interpretations		**Effective for annual periods beginning on or after**
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 & FRS 127	Investment Entities	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 2012 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-Ninõ.

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 5 June 2013 in respect of the financial year ended 31 December 2012:

	(MYR '000)
Final dividend	
- 30% less 25% malaysian tax	46,830
Special dividend	
- 55% less 25% malaysian tax	85,856
Total	**132,686**

A8) Segmental Information

Segmental information for the current period:

(MYR '000)	Plantations	Refining	Other Segments	Elimination	Total
Segment Revenue					
External Sales	189,421	267,380	725	-	457,526
Inter-segment Sales	97,752	-	-	(97,752)	-
	287,173	267,380	725	(97,752)	457,526
Segment Results					
Profit before tax	141,908	15,420	1,636	-	158,964

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 2012.

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 26 August 2013.

Notes to the Interim Financial Report

B1) Directors' Analysis of The Group's Performance for 6 Months Ended 30 June 2013

The Group's profit before tax dropped by 21.4% to MYR 159.0 million in the current period from MYR 202.4 million in the corresponding period in 2012 resulting from:

Plantations

This major segment of the Group's profit before tax declined by 31.0% to MYR 141.9 million in the current period MYR 205.8 million in the corresponding period in 2012. The lower profit before tax was mainly due to lower production, higher production costs and lower selling prices of CPO and PK. The average selling prices of CPO and PK achieved for the quarter were as follows:

Countries	Products	**June 2013 Current Period (MYR /mt)**	June 2012 Corresponding Period (MYR /mt)
Malaysia	CPO	**2,644**	3,177
Indonesia	CPO	**2,060**	2,474
Average	CPO	**2,524**	3,060
Malaysia	PK	**1,187**	1,744
Indonesia	PK	**813**	1,197
Average	PK	**1,123**	1,667

The main differences in CPO and PK prices between Malaysia and Indonesia are due to the different duty structures of CPO/PK and the refined products in the two countries .

The Group's CPO and PK production dropped by 5.5% and 10.5% respectively in the current period from the corresponding period. Although the Group maintains a forward selling policy and have benefitted from this in the falling market, the selling prices of CPO and PK declined by 17.5% and 32.6% respectively in the same period as a consequence of the fall in world vegetable oil prices. CPO production cost increased by 10.7% whereas PK production cost decreased marginally by 1.3% in the current period from the corresponding period in 2012.

As the MPOB (Malaysian Palm Oil Board) average CPO price was below the windfall gain tax threshold price of MYR 2,500/mt in the current period, no windfall tax was paid as compared to MYR 7.0 million incurred in the corresponding period.

Interest income for the Group recorded a 26.3% increase in the current period from the corresponding period due to higher cash balances.

Refinery

The profit before tax of the refinery surged by 198.8% in the current period from the corresponding period in 2012 due to favourable hedging and trading positions in commodities, however, it is unlikely that the increase in profitability will continue to the same extent in the 2nd half of 2013.

Notes to the Interim Financial Report

B1) Directors' Analysis of The Group's Performance for 6 Months Ended 30 June 2013 - continued

Others

The holding companies' investments in Indonesia recorded a MYR 1.9 million unrealised foreign exchange gain from IDR loans to Indonesian subsidiaries in the current period due to a stronger IDR vs MYR against the closing rate at year end, as compared to MYR 10.1 million unrealised loss in the corresponding period. However, this gain was partially offset by realised foreign exchange loss of MYR 0.3 million arising from the settlement of the amount due from the Indonesia subsidiary and MYR 0.8 million withholding tax in respect of interest income also from the Indonesian subsidiary. With the latest weakening of the Indonesian Rupiah against the Malaysian Ringgit, it is anticipated the unrealised foreign exchange gain experienced in the first half will reverse into an unrealised foreign exchange loss for the second half of 2013.

B2) Comparison of Results with Preceding Quarter

Profit before tax decreased by 9.4% from MYR 83.4 million in the preceding quarter to MYR 75.6 million for the quarter under review. The decrease was due to lower production of CPO and PK by 15.5% and 16.4% and higher production costs of CPO and PK by 26.1% and 21.2% in the current quarter as compared to the preceding quarter. The comparatively less favourable performance of the plantation division in the current quarter is cushioned somewhat by the surge of profit before tax of the refinery unit by 140% in the current quarter from the preceding quarter due to favourable hedging and trading positions in commodities.

B3) Prospects and Outlook

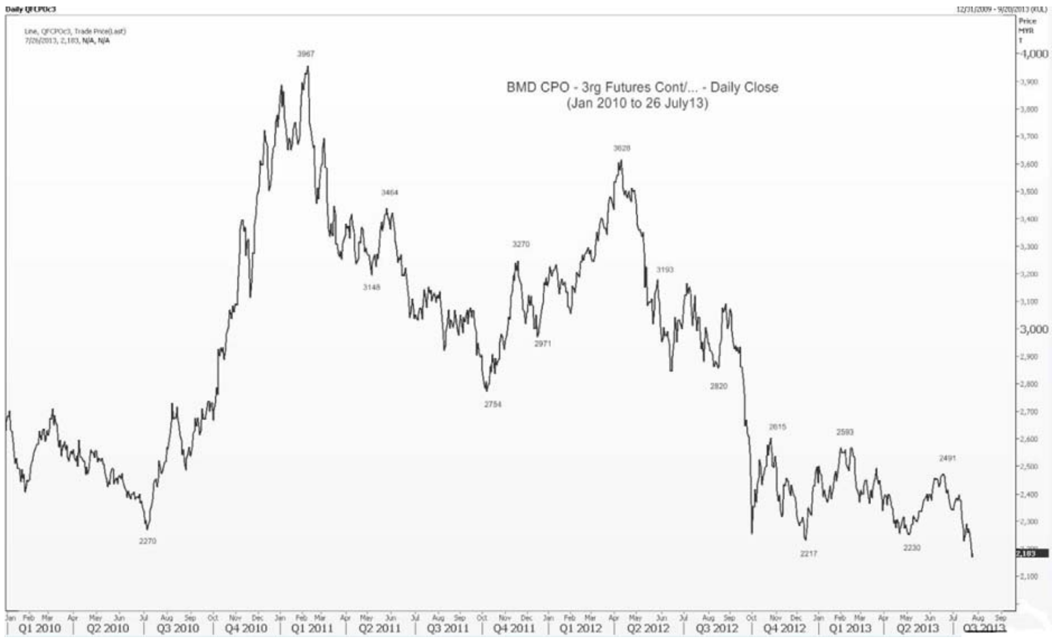
Prices of most commodities have declined very significantly compared to the highs experienced during 2012. Palm oil is no exception, falling by 40% over the last 12 months and reaching the lowest level in more than three years due to demand tapering off from the major economies in Europe, North America and also China and India.

Malaysian stocks of palm oil have come down from the all time high reached in January 2013 of 2.58 million MT to 1.65 million MT in June 2013. This drop in stocks prevented prices from falling even further during the first six months of 2013.

Nevertheless, with the prospects of production picking up in the 3rd quarter of 2013 and a return of a stock build, prices have recently broken out of the range between MYR 2,200 - 2,600 seen for the past 10 months hitting a new low of MYR 2,137 PMT. Although prices have rebounded recently from the lows, as a consequence of the weakening ringit against the USD, the break-out does not bode well for palm oil prices in the near future and it is expected, with the seasonal increase in production and subsequent higher global stocks of palm oil that we may likely see lower price levels over the next 3 - 6 months.

Notes to the Interim Financial Report

B3) Prospects and Outlook - continued



If the US experiences another drought, like last year, this would be a major factor which could change the current market sentiment to a more bullish scenario. The US oilseed and grain stocks are low, and the US needs a good production in order to replenish their stocks. The current weather looks good and production expectations are therefore positive in the US.

The Group has embarked on a large replanting programme in Malaysia in 2013 in accordance with its replanting policy. This combined with a general downtrend of our Malaysian production has contributed to lower than anticipated production during the year. Shortage of guest workers, specially for harvesting operations in the tall palm fields, have compounded the fall in production. This drop is partially compensated by the production form our Indonesian estates which has increased year on year as most areas have come into maturity. It is therefore anticipated that the Group's overall production in 2013 will be lower than in 2012.

Due to the above factors and specifically the pronounced decline in crude palm oil and palm kernel prices, the Board of Directors are of the opinion that the results for 2013 will be lower than in 2012.

B4) Profit Forecasts

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

Notes to the Interim Financial Report

B5) Taxation

The charge for taxation for the period ended 30 June 2013 comprises:

(MYR '000)	Current Quarter	Current year-to-date
Current taxation	14,545	31,429
Deferred taxation	4,105	5,852
	18,650	37,281
Profit before taxation	75,581	158,964
Tax at the statutory income tax rate of 25%	18,895	39,741
Tax effects of expenses not deductible/(income not taxable) in determining taxable profit :		
Depreciation on non-qualifying assets	270	540
Double deductions for research and development	(156)	(312)
Overprovision of tax expense in prior years	-	(831)
Utilisation of previously unrecognized tax losses and unabsorbed capital allowances	124	(123)
Others	(483)	(1,734)
Tax expense	**18,650**	**37,281**

B6) Corporate Proposals

There were no corporate proposals which were announced but not completed as at 26 August 2013.

B7) Group Borrowings

All Group borrowings were unsecured, short term and denominated in Ringgit Malaysia only and outstanding balance as at 30 June 2013 was MYR 151,000.

B8) Material Litigation

There was no material litigation as at 26 August 2013.

Notes to the Interim Financial Report

B9) Proposed Dividends

No interim dividend has been declared or proposed for the year ending 31 December 2013.

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 121,720,000 (2012: MYR 149,715,000) and the weighted average number of ordinary shares of 208,134,266 (2012: 208,134,266) in issue during the period.

B11) Disclosure of Realised and Unrealised Profits/Loss

(MYR '000)	**As at 30/06/2013**	As at 31/12/2012
Total retained profits of the Company and its subsidiaries:		
- Realised	**1,859,805**	1,852,149
- Unrealised	**(75,806)**	(57,868)
	1,783,999	1,794,281
Total share of accumulated losses from an jointly controlled entity:		
- Realised	**(250)**	(33)
Associated company :-		
- Realised	**(51)**	(51)
	1,783,698	1,794,197
Consolidation adjustments	**(54,917)**	(54,450)
Total Group retained profits as per consolidated financial statements	**1,728,781**	1,739,747

Notes to the Interim Financial Report

B12) Others

As the Group is also listed in NASDAQ OMX Copenhagen A/S and to comply with the directive of the Danish Business Authority, the Directors have under Note 10 (a) of Annual Report 2012 presented the financial effect on the financial statements of the Group had biological assets been measured at fair value in accordance with IAS 41 Agriculture.

The fair valuation of the biological assets is based on the discounted cash flow method with the assumptions of prices, yield, costs, etc. based on long term historical averages. The Directors have as at 30 June 2013 reassessed these assumptions and are of the opinion that these have not changed significantly and the fair value is therefore not materially different from the valuation made as at 31 December 2012.

The Directors will continue to review these key assumptions every quarter. However, the valuation will be updated at year end or earlier only if any of these assumptions change significantly, resulting in a material change to the valuation.

By Order of the Board

A. Ganapathy
Company Secretary

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26 August 2013

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