First Quarter Report
2014

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

Condensed Consolidated Statement of Comprehensive Income for the Three Months Ended 31 March 2014

(The figures have not been audited)

	Individual Quarter 3 months ended 31 March		Cumulative Quarter 3 months ended 31 March	
(MYR '000)	**2014**	2013	**2014**	2013
Revenue	**261,025**	215,717	**261,025**	215,717
Operating expenses	**(176,672)**	(143,122)	**(176,672)**	(143,122)
Other operating income	**18,580**	4,573	**18,580**	4,573
Finance costs	**(11)**	(6)	**(11)**	(6)
Interest income	**6,711**	6,351	**6,711**	6,351
Share of results of jointly controlled entity	**12**	(130)	**12**	(130)
Profit before taxation	**109,645**	83,383	**109,645**	83,383
Income tax expense	**(21,469)**	(18,631)	**(21,469)**	(18,631)
Profit after taxation	**88,176**	64,752	**88,176**	64,752
Profit for the period	**88,176**	64,752	**88,176**	64,752
Net profit attributable to:				
Equity holders of the parent	**87,745**	64,637	**87,745**	64,637
Non-controlling interests	**431**	115	**431**	115
	88,176	64,752	**88,176**	64,752
Earnings per share				
(i) Basic - based on an average 207,792,492 (2013: 208,134,266) ordinary shares (sen)	**42.23**	31.06	**42.23**	31.06
(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 2013.

Condensed Consolidated Statement of Comprehensive Income for the Three Months ended 31 March 2014

(The figures have not been audited)

	Individual Quarter 3 months ended 31 March		Cumulative Quarter 3 months ended 31 March	
(MYR '000)	**2014**	2013	**2014**	2013
Profit for the period	**88,176**	64,752	**88,176**	64,752
Currency translation differences arising from consolidation	**2,452**	(3,086)	**2,452**	(3,086)
Total comprehensive income	**90,628**	61,666	**90,628**	61,666
Total comprehensive income attributable to:				
Equity holders of the parent	**90,323**	61,706	**90,323**	61,706
Non-controlling interests	**305**	(40)	**305**	(40)
	90,628	61,666	**90,628**	61,666

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2013.

Condensed Consolidated Statement of Financial Position as at 31 March 2014

(The figures have not been audited)

(MYR '000)	**31 March 2014**	31 December 2013
Assets		
Non-Current Assets		
Biological assets	**393,355**	376,719
Property, plant and equipment	**921,377**	921,776
Land Use Rights	**34,207**	31,110
Associated company	**50**	50
Joint venture entity	**13,950**	9,337
Available for sale financial assets	**6,446**	6,446
Derivatives	**-**	1,281
Total non-current assets	**1,369,385**	1,346,719
Current Assets		
Inventories	**130,403**	141,818
Trade & other receivables	**118,458**	125,232
Prepayments	**686**	84
Tax recoverable	**4,823**	3,199
Derivatives	**3,734**	-
Cash, bank balances & fixed deposits	**855,557**	778,948
Total current assets	**1,113,661**	1,049,281
Total assets	**2,483,046**	2,396,000
Equity and liabilities		
Equity attributable to equity holders of the parent		
Share capital	**208,134**	208,134
Share premium	**181,920**	181,920
Treasury shares	**(8,635)**	(8,635)
Other reserves	**18,239**	15,661
Retained profits	**1,883,949**	1,796,204
	2,283,607	2,193,284
Non-controlling interests	**1,381**	1,076
Total Equity	**2,284,988**	2,194,360
Non-Current Liabilities		
Retirement benefit obligations	**11,000**	10,930
Provision for deferred taxation	**100,878**	97,476
Derivatives	**279**	-
Total non-current liabilities	**112,157**	108,406
Current Liabilities		
Trade & other payables	**63,121**	70,860
Tax Payable	**21,092**	17,213
Retirement benefit obligations	**1,688**	1,354
Derivatives	**-**	3,511
Bank borrowings	**-**	296
Total current liabilities	**85,901**	93,234
Total equity and liabilities	**2,483,046**	2,396,000
Net assets per share (MYR)	**10.99**	10.54

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2013.

Condensed Consolidated Statement of Changes in Equity for the Three Months Ended at 31 March 2014

(The figures have not been audited)

	------------Attributable to Equity Holders of the Parent------------									
(MYR '000)	Share capital	Treasury shares	Retained profits	Available for sale reserve	Share premium	Capital reserve	Translation reserve	Total	Non-controlling interests	Total equity
Balance at 1 January 2014	208,134	(8,635)	1,796,204	893	181,920	21,798	(7,030)	2,193,284	1,076	2,194,360
Total comprehensive income for the quarter	-	-	87,745	-	-	-	2,578	90,323	305	90,628
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-
Dividends, representing total transaction with owners	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2014	**208,134**	**(8,635)**	**1,883,949**	**893**	**181,920**	**21,798**	**(4,452)**	**2,283,607**	**1,381**	**2,284,988**
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	-	-	64,637	-	-	-	(2,931)	61,706	(40)	61,666
Dividends, representing total transaction with owners	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2013	208,134	-	1,804,384	893	181,920	21,798	(4,695)	2,212,434	380	2,212,814

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 2013.

Condensed Consolidated Cash Flow Statements for the Three Months Ended at 31 March 2014

(The figures have not been audited)

	3 months ended 31 March	
(MYR '000)	**2014**	2013
Operating Activities		
- Receipts from operations	**263,998**	249,757
- Operating payments	**(157,832)**	(111,150)
- Cash flow from operations	**106,166**	138,607
Other operating receipts	**2,302**	1,190
Taxes paid	**(15,731)**	(19,928)
Cash flow from operating activities	**92,737**	119,869
Investing Activities		
- Proceeds from sale of property, plant and equipment	**381**	265
- Interest received	**8,567**	6,850
- Purchase of property, plant and equipment	**(9,372)**	(11,944)
- Pre-cropping expenditure incurred	**(10,121)**	(8,491)
- Prepaid lease payments made	**(675)**	(615)
- Investment in jointly controlled entity	**(4,601)**	(4,293)
Cash flow from investing activities	**(15,821)**	(18,228)
Financing Activities		
- Interest paid	**(11)**	(6)
Cash flow from financing activities	**(11)**	(6)
Net Change in Cash & Cash Equivalents	**76,905**	101,635
Cash & Cash Equivalents at beginning of year	**778,652**	747,693
Cash & Cash Equivalents at end of period	**855,557**	849,928

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2013.

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 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 2015.

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 2015. For the financial year ending 31 December 2014, 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 2013. 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 2013.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2013, except for the adoption of the following new Financial Reporting Standards (FRS), Amendments to FRS and IC Interpretations with effect from 1 January 2014.

On 1 January 2014, the Group adopted the following FRS, Amendments to FRS and IC Interpretations:-

- Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities
- Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21 Levies

Adoption of the above 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:

Notes to the Interim Financial Report

FRS, IC Interpretation and Amendments to IC Interpretations		Effective for annual periods beginning on or after
Amendments to FRS 119	Defined Benefit Plans: Employee contributions	1 July 2014
Annual Improvements to FRS 2 2010-2012 Cycle		1 July 2014
Annual Improvements to FRS 2 2011-2013 Cycle		1 July 2014
FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
FRS 9	Financial Instruments: Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139	To be announced

A2) Audit Report

The auditor's report on the financial statements for the financial year ended 31 December 2013 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-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.

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

As at 31 March 2014, the number of treasury shares held remained at 341,774 shares or MYR 1.00 each, as there was no share buy-back nor any cancellation, re-sale or distribution of treasury shares in the current quarter. There was also no issuance of new shares or debt instruments in the current quarter.

A7) Dividends Paid

There was no dividend paid in the current quarter.

A8) Segmental Information

Segmental information for the current period:

(MYR '000)	Plantations	Refining	Other Segments	Elimination	Total
Segment Revenue:					
External Sales	116,878	143,744	403	-	261,025
Inter-segment Sales	48,386	-	-	(48,386)	-
	165,264	143,744	403	(48,386)	261,025
Segment Results:					
Profit before tax	85,387	8,188	16,070	-	109,645

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 2013.

A10) Events after the Balance Sheet Date

There were no material events after the balance sheet date.

Notes to the Interim Financial Report

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 April 2014.

B1) Directors' Analysis of the Group's Performance for 3 Months Ended 31 March 2014

The Group's profit before tax improved significantly by 31.4% to MYR 109.6 million in the current quarter from MYR 83.4 million in the corresponding quarter in 2013 resulting from:

Plantations

This major segment of the Group's profit before tax increased by 9.5% to MYR 85.4 million in the current quarter from MYR 78.0 million in the corresponding quarter. The higher profit before tax was mainly due to higher CPO production and higher selling prices of CPO and PK as the consequence of improvement in world vegetable oil prices. The average selling prices of CPO and PK achieved for the quarter were as follows:

Countries	Products	**March 2014 Current Period (MYR/MT)**	March 2013 Corresponding Period (MYR/MT)
Malaysia	CPO	**2,484**	2,569
Indonesia	CPO	**2,505**	2,026
Average	CPO	**2,489**	2,455
Malaysia	PK	**1,750**	1,171
Indonesia	PK	**1,491**	776
Average	PK	**1,706**	1,105

The lower CPO price achieved in Malaysia was due to the Company's forward sales policy whereby certain volumes had been committed earlier at lower prices compared with the market prices prevailing during the first quarter of 2014.

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

Notes to the Interim Financial Report

The Group's CPO production increased marginally by 2.8%, whereas PK dropped marginally by 3.0% in the current quarter from the corresponding quarter. The selling prices of CPO and PK improved by 1.4% and 54.3% respectively in the same period. However, CPO and PK production costs increased marginally by 3.0% and 4.1% respectively in the current quarter from the corresponding quarter mainly due to higher manuring cost.

MYR 0.8 million CPO windfall gain tax was incurred in the current quarter whereas no such tax was incurred in the corresponding quarter as the monthly average price was below the windfall gain tax threshold price of MYR 2,500/mt.

Interest income for the Group recorded a 5.7% increase in the current quarter from the corresponding quarter due to higher cash balances.

Refinery

The profit before tax of the refinery improved significantly by 80.5% in the current quarter from the corresponding quarter due to improved margins in some of the niche products.

Other

As the result of better economic data reported by Indonesia, the IDR had appreciated against MYR by 6.4% in the current quarter. This has resulted in the holding companies' investments in Indonesia recording a MYR 16.3 million unrealised foreign exchange gain from IDR loans extended to Indonesian subsidiaries in the current quarter as compared to the MYR 1.1 million unrealised gain reported in the corresponding quarter.

B2) Comparison of Results with Preceding Quarter

Profit before tax declined by 7.0% from MYR 117.9 million in the preceding quarter to MYR 109.6 million for the quarter under review. The decrease was mainly due to lower production of CPO and PK by 20.1% and 22.2% and higher production costs of CPO and PK by 31.5% and 18.1% in the current quarter as compared to the corresponding quarter.

However, the much stronger performance of the refinery division and the stronger IDR in the current quarter helped to cushion the decline in profitability in the plantation division. The refinery division recorded a surge of 89.9% in profit before tax in the current quarter from the preceding quarter due to better margins in some of the niche products. The holding companies' investments in Indonesia recorded a MYR 16.3 million gain from IDR loans extended to Indonesian subsidiaries in the current quarter as compared to MYR 10.9 million unrealised foreign exchange loss in the preceding quarter.

Notes to the Interim Financial Report

B3) Prospects and Outlook

In accordance with its replanting policy, United Plantations plans to replant a large area of its old oil palm stands in Malaysia during 2014. All areas in its Indonesian operations will however be in production during 2014, and this is to a large extent expected to compensate for the crop loss from the replanted areas in Malaysia.

The US and South America soybean crop production is expected to increase during 2014 which may result in pressure on vegetable oil prices due to an increased supply. Nevertheless, the recent dry weather in South America and Malaysia, where most plantations suffered the worst spring drought in 25 years, has softened the bearishness stemming from the prospective record soybean crop. The current low levels of palm oil stocks in both Malaysia and Indonesia, together with the expectations of increased domestic consumption in Indonesia for biodiesel, have supported the current price levels of CPO.

In view of the above, and with the current prices of palm oil and palm kernels prevailing in the market combined with the prices contracted under our forward sales policy, the Board of Directors expects that the results for 2014 will be satisfactory.

B4) Profit Forecasts

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

B5) Taxation

The charge for taxation for the period ended 31 March 2014 comprises:

(MYR '000)	Current Quarter	Current year-to-date
Current taxation	17,986	17,986
Deferred taxation	3,483	3,483
	21,469	21,469
Profit before taxation	109,645	109,645
Tax at the statutory income tax rate of 25%	27,411	27,411
Tax effects of expenses not deductible/(income not taxable) in determining taxable profit:		
Depreciation on non-qualifying assets	270	270
Double deductions for research and development	(156)	(156)
Others	(6,056)	(6,056)
Tax expense	**21,469**	**21,469**

Notes to the Interim Financial Report

B6) Corporate Proposals

There were no corporate proposals which were announced but not completed as at 26 April 2014.

B7) Group Borrowings

All Group borrowings were unsecured, short term and denominated in Malaysian Ringgit only, and there were no outstanding balance as at 31 March 2014.

B8) Material Litigation

There was no material litigation as at 26 April 2014.

B9) Proposed Dividends

No interim dividend has been declared or proposed for the year ending 31 December 2014.

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 87,745,000 (2013: MYR 64,637,000) and the weighted average number of ordinary shares of 207,792,492 (2013: 208,134,266) in issue during the quarter.

B11) Disclosure of Realised and Unrealised Profits/Loss

(MYR' 000)	**As at 31/3/2014**	As at 31/12/2013
Total retained profits of the Company and its subsidiaries:		
- Realised	**2,007,739**	1,906,157
- Unrealised	**(68,219)**	(54,369)
	1,939,520	1,851,788
Total share of accumulated losses from an jointly controlled entity:		
- Realised	**(817)**	(381)
Associated company:		
- Realised	**(51)**	(51)
	1,938,652	1,851,536
Consolidation adjustments	**(54,703)**	(55,152)
Total Group retained profits as per consolidated financial statements	**1,883,949**	1,796,204

Notes to the Interim Financial Report

B12) Other

As United International Enterprises Limited which is the largest shareholder of the Company is listed in NASDAQ OMX Copenhagen A/S (Nasdaq CPH) and to comply with the directive of the Danish Business Authority, the Directors had under Note 10 (a) of the Annual Report 2013 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 31 March 2014 reassessed these assumptions and are of the opinion these have not changed significantly and the fair value is therefore not materially different from the valuation made as at 31 December 2013.

By Order of the Board

A. Ganapathy
Company Secretary

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26 April 2014

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