Interim 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 Six Months Ended 30 June 2014

(The figures have not been audited)

	Individual Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
(MYR '000)	**2014**	2013	**2014**	2013
Revenue	**247,815**	241,809	**508,839**	457,526
Operating expenses	**(179,844)**	(188,459)	**(356,515)**	(331,581)
Other operating income	**(11,535)**	15,505	**7,045**	20,078
Finance costs	**(7)**	(7)	**(18)**	(13)
Interest income	**6,552**	7,005	**13,263**	13,356
Share of results of jointly controlled entity	**38**	(272)	**50**	(402)
Profit before taxation	**63,019**	75,581	**172,664**	158,964
Income tax expense	**(16,647)**	(18,650)	**(38,116)**	(37,281)
Profit after taxation	**46,372**	56,931	**134,548**	121,683
Profit for the period	**46,372**	56,931	**134,548**	121,683
Net profit attributable to:				
Equity holders of the parent	**45,842**	57,083	**133,587**	121,720
Non-controlling interests	**530**	(152)	**961**	(37)
	46,372	56,931	**134,548**	121,683
Earnings per share				
(i) Basic - based on an average 207,792,492 (2013: 208,134,266) ordinary shares (sen)	**22.06**	27.43	**64.29**	58.48
(ii) Fully diluted (not applicable)	-	-	-	-

The Condensed Consolidated Income Statement 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 Six Months ended 30 June 2014

(The figures have not been audited)

	Individual Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
(MYR '000)	**2014**	2013	**2014**	2013
Profit for the period	**46,372**	56,931	**134,548**	121,683
Currency translation differences arising from consolidation	**(2,721)**	6,017	**(269)**	2,931
Total comprehensive income	**43,651**	62,948	**134,279**	124,614
Total comprehensive income attributable to:				
Equity holders of the parent	**43,251**	62,799	**133,574**	124,505
Non-controlling interests	**400**	149	**705**	109
	43,651	62,948	**134,279**	124,614

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 30 June 2014
(The figures have not been audited)

(MYR '000)	**30 June 2014**	31 December 2013
Assets		
Non-Current Assets		
Biological assets	**389,487**	376,719
Property, plant and equipment	**916,558**	921,776
Land Use Rights	**31,999**	31,110
Associated company	**50**	50
Joint venture entity	**13,988**	9,337
Available for sale financial assets	**6,446**	6,446
Derivatives	**7,129**	1,281
Total non-current assets	**1,365,657**	1,346,719
Current Assets		
Inventories	**108,673**	141,818
Trade & other receivables	**150,236**	125,232
Prepayments	**268**	84
Tax recoverable	**5,727**	3,199
Derivatives	**-**	-
Cash, bank balances & fixed deposits	**774,285**	778,948
Total current assets	**1,039,189**	1,049,281
Total assets	**2,404,846**	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	**15,648**	15,661
Retained profits	**1,797,323**	1,796,204
	2,194,390	2,193,284
Non-controlling interests	**1,781**	1,076
Total Equity	**2,196,171**	2,194,360
Non-Current Liabilities		
Retirement benefit obligations	**11,500**	10,930
Provision for deferred taxation	**102,729**	97,476
Derivatives	**562**	-
Total non-current liabilities	**114,791**	108,406
Current Liabilities		
Trade & other payables	**68,909**	70,860
Tax Payable	**23,410**	17,213
Retirement benefit obligations	**1,554**	1,354
Derivatives	**-**	3,511
Bank borrowings	**11**	296
Total current liabilities	**93,884**	93,234
Total equity and liabilities	**2,404,846**	2,396,000
Net assets per share (MYR)	**10.56**	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 Six Months Ended at 30 June 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	-	-	133,587	-	-	-	(13)	133,574	705	134,279
Dividends, representing total transaction with owners	-	-	(132,468)	-	-	-	-	(132,468)	-	(132,468)
Balance at 30 June 2014	**208,134**	**(8,635)**	**1,797,323**	**893**	**181,920**	**21,798**	**(7,043)**	**2,194,390**	**1,781**	**2,196,171**
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

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 Statement for the Six Months Ended at 30 June 2014

(The figures have not been audited)

	6 months ended 30 June	
(MYR '000)	**2014**	2013
Operating Activities		
- Receipts from operations	**454,744**	491,973
- Operating payments	**(267,563)**	(246,666)
Cash flow from operations	**187,181**	245,307
Other operating receipts	**4,229**	12,407
Taxes paid	**(28,710)**	(38,193)
Cash flow from operating activities	**162,700**	219,521
Investing Activities		
- Proceeds from sale of property, plant and equipment	**773**	310
- Interest received	**13,383**	13,325
- Purchase of property, plant and equipment	**(21,050)**	(28,617)
- Pre-cropping expenditure incurred	**(22,231)**	(20,004)
- Prepaid lease payments made	**(866)**	(781)
- Investment in jointly controlled entity	**(4,601)**	(4,295)
Cash flow from investing activities	**(34,592)**	(40,062)
Financing Activities		
- Dividends paid	**(132,468)**	(132,686)
- Interest paid	**(18)**	(13)
Cash flow from financing activities	**(132,486)**	(132,699)
Net Change in Cash & Cash Equivalents	**(4,378)**	46,760
Cash & Cash Equivalents at beginning of year	**778,652**	747,693
Cash & Cash Equivalents at end of period	**774,274**	794,453

The Condensed Consolidated Cash Flow Statement 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 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:

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 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

As at 30 June 2014, the number of treasury shares held remained at 341,774 shares of MYR 1.00 each, as there were no share buy-back nor any cancellation, re-sale or distribution of treasury shares in the current period. There were also no issuance of new shares or debt instruments in the current period.

A7) Dividends Paid

The following dividends were paid on 20 May 2014 in respect of the financial year ended 31 December 2013:-

Ordinary	MYR'000
Final dividend 22.5% Paid	46,753
Special dividend 41.25% Paid	85,715
Total	132,468

A8) Segmental Information

Segmental information for the current period:

(MYR '000)	Plantations	Refining	Other Segments	Elimination	Total
Segment Revenue:					
External Sales	199,550	308,386	903	-	508,839
Inter-segment Sales	114,683	-	-	(114,683)	-
	314,233	308,386	903	(114,683)	508,839
Segment Results:					
Profit before tax	158,652	13,233	779	-	172,664

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.

Notes to the Interim Financial Report

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 August 2014.

B1) Directors' Analysis of the Group's Performance for 6 Months Ended 30 June 2014

The Group's profit before tax improved by 8.6% to MYR 172.7 million in the current period from MYR 159.0 million in the corresponding period in 2013 resulting from:

Plantations

This major segment of the Group's profit before tax increased by 11.8% to MYR 158.7 million in the current period from MYR 141.9 million in the corresponding period. The higher profit before tax was mainly due to higher CPO/PK production and significant higher selling price of PK as the consequence of improvement in world vegetable oil prices. The average selling prices of CPO and PK achieved for the period were as follows:

Countries	Products	**June 2014 Current Period (MYR/MT)**	June 2013 Corresponding Period (MYR/MT)
Malaysia	CPO	**2,508**	2,644
Indonesia	CPO	**2,416**	2,060
Average	CPO	**2,486**	2,524
Malaysia	PK	**1,768**	1,187
Indonesia	PK	**1,528**	813
Average	PK	**1,722**	1,123

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.

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The Group's CPO and PK production increased by 8.8% and 1.3% respectively in the current period from the corresponding period. The selling price of CPO dropped marginally by 1.5% whereas the selling price of PK improved significantly by 53.4% in the same period. CPO production cost improved marginally by 1.3% whereas PK production cost increased by 4.1% in the current period from the corresponding period.

MYR1.2 million CPO windfall gain tax was incurred in the current period whereas no such tax was incurred in the corresponding period as the monthly average price was below the windfall gain tax threshold price of MYR2,500/mt.

Interest income for the Group was marginally lower by 0.7% in the current period from the corresponding period. This was due to higher amount of deposits placed under income trust funds which yielded lower return than conventional fixed deposits. However, the effective after tax return from these funds is better than conventional fixed deposits.

Refinery

As the result of 15.7% drop in sales, the profit before tax of the refinery dropped by 14.2% in the current period from the corresponding period.

Others

The holding companies' investments in Indonesia recorded a MYR2.8 million unrealized foreign exchange gain from IDR loans extended to Indonesian subsidiaries in the current period as compared to unrealized gain of MYR1.9 million reported in the corresponding period.

B2) Comparison of Results with Preceding Quarter

Profit before tax declined by 42.5% from MYR109.6 million in the preceding quarter to MYR63.0 million for the quarter under review. The decrease was mainly due to lower production of CPO and PK by 4.7% and 8.2% respectively and higher production costs of CPO and PK by 13.5% and 17.1% respectively in the current quarter as compared to the corresponding quarter.

A main contributing factor towards the lower production of CPO and PK in the second quarter of 2014 has been a consequence of the worst spring drought in 25 years experienced in January to end March impacting production 5-6 months later.

The lower profit before tax was also due to lower contribution from the refinery unit and depreciation of the IDR. The refinery as the result of lower trading and hedging gain recorded a 38.4% drop in profit before tax in the quarter. The highly volatile IDR depreciated 6.1% in the current quarter as compared to 6.4% gain in the previous quarter. This resulted in the holding companies' investments in Indonesia which recorded a MYR13.5 million unrealised foreign exchange loss from IDR loans extended to Indonesian subsidiaries in the current quarter as compared to MYR16.3 million unrealised foreign exchange gain in the preceding quarter.

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B3) Prospects and Outlook

In accordance with its replanting policy, United Plantations has continued to replant large areas of its old oil palm stands in Malaysia during 2014. All areas in its Indonesian operations are in production in 2014 which has compensated for the crop loss from the replanted areas in Malaysia.

The US and South America soybean crop production and ending stocks are expected to increase during 2014 and 2015 which has resulted in pressure on vegetable oil prices due to an increased supply. Favourable weather in the US and South America continues to depress prices further. In addition, increased demand for soy meal has also resulted in higher quantities of soya oil being available due to more soybeans being crushed.

Palm oil stocks in Malaysia and Indonesia were higher than expected in June 2014 as supply of palm oil and palm kernel oil from increased mature oil palm plantations, notably in Indonesia, has entered the market. This coupled with the lower than expected domestic usage of biodiesel in Indonesia and a recent decline in the Chinese imports of palm oil have further pressured the current price levels of CPO which have dropped more than MYR700/mt from the price levels at the beginning of the year, reaching 4 year lows. Nevertheless, the dry weather in Malaysia and parts of Indonesia have softened the bearishness stemming from the above factors and may prevent prices falling below crucial support level of MYR 2,000/mt for the third month positions.

In view of the above, and with the current prices of palm oil and palm kernel prevailing in the market , the factors going forward look more challenging. Nevertheless, with the prices contracted under our forward sales policy and with the Indonesian production compensating for the drop from the replanted areas in Malaysia, the Board of Directors expects that the results for 2014, will be quite satisfactory.

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 2014 comprises:

(MYR '000)	Current Quarter	Current year-to-date
Current taxation	14,393	32,379
Deferred taxation	2,254	5,737
	16,647	38,116
Profit before taxation	63,019	172,664
Tax at the statutory income tax rate of 25%	15,755	43,166
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)
Others	778	(5,278)
Tax expense	**16,647**	**38,116**

B6) Corporate Proposals

There were no corporate proposals which were announced but not completed as at 23 August 2014.

B7) Group Borrowings

All Group borrowings were unsecured, short term and denominated in Malaysian Ringgit only, and outstanding balance as at 30 June 2014 was MYR 11,000.

B8) Material Litigation

There was no material litigation as at 23 August 2014.

B9) Proposed Dividends

The Directors have on 23 August 2014 declared an Interim Extraordinary Special Dividend of 75% or 75 sen net per share for the year ending 31 December 2014 on the issued ordinary share capital of the Company.

The Interim Extraordinary Special Dividend is payable on 25 September 2014.

The Board of Directors believe in maintaining a strong balance sheet and cash position to ensure that we are able to fully fund our operations and internal capital requirements to sustain and improve the high standards of our operations. This position will also ensure that the Group has the capability to

Notes to the Interim Financial Report

strategically and prudently invest in order to grow our business and take advantage of opportunities, regardless of market conditions.

Nevertheless, given our strong balance sheet and substantial cash position which have continued to strengthen due to satisfactory operating and financial results over the last number of years, the Board of Directors is pleased to reward our shareholders by returning cash to them without compromising future growth possibilities of the Group

No such interim extraordinary special dividend was paid in the corresponding period.

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 133,587,000 (2013: MYR 121,720,000) and the weighted average number of ordinary shares of 207,792,492 (2013: 208,134,266) in issue during the period.

B11) Disclosure of Realised and Unrealised Profits/Loss

(MYR' 000)	**As at 30/06/2014**	As at 31/12/2013
Total retained profits of the Company and its subsidiaries:		
- Realised	**1,942,729**	1,906,157
- Unrealised	**(84,586)**	(54,369)
	1,858,143	1,851,788
Total share of accumulated losses from a jointly controlled entity:		
- Realised	**(476)**	(381)
Associated company:		
- Realised	**(51)**	(51)
	1,857,616	1,851,536
Consolidation adjustments	**(60,293)**	(55,152)
Total Group retained profits as per consolidated financial statements	**1,797,323**	1,796,204

B12) Others

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 30 June 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

Jendarata Estate
36009 Teluk Intan
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23 August 2014

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