First Quarter Report
2015

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 2015

(The figures have not been audited)

(RM '000)	Individual Quarter 3 months ended 31 March **2015**	2014	Cumulative Quarter 3 months ended 31 March **2015**	2014
Revenue	**233,916**	261,025	**233,916**	261,025
Operating expenses	**(169,517)**	(176,672)	**(169,517)**	(176,672)
Other operating income	**13,181**	18,580	**13,181**	18,580
Finance costs	**(8)**	(11)	**(8)**	(11)
Interest income	**6,808**	6,711	**6,808**	6,711
Share of results of jointly controlled entity	**(2,693)**	12	**(2,693)**	12
Profit before taxation	**81,687**	109,645	**81,687**	109,645
Income tax expense	**(20,375)**	(21,469)	**(20,375)**	(21,469)
Profit after taxation	**61,312**	88,176	**61,312**	88,176
Profit for the period	**61,312**	88,176	**61,312**	88,176
Net profit attributable to:				
Equity holders of the parent	**61,150**	87,745	**61,150**	87,745
Non-controlling interests	**162**	431	**162**	431
	61,312	88,176	**61,312**	88,176
Earnings per share				
(i) Basic - based on an average 207,792,492 (2014:207,792,492) ordinary shares (sen)	**29.43**	42.23	**29.43**	42.23

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2014.

Condensed Consolidated Statement of Comprehensive Income for the Three Months ended 31 March 2015

(The figures have not been audited)

	Individual Quarter 3 months ended 31 March		Cumulative Quarter 3 months ended 31 March	
(RM '000)	**2015**	2014	**2015**	2014
Profit for the period	**61,312**	88,176	**61,312**	88,176
Currency translation differences arising from consolidation	**173**	2,452	**173**	2,452
Total Comprehensive income	**61,485**	90,628	**61,485**	90,628
Total comprehensive income attributable to:				
Equity holders of the parent	**61,323**	90,323	**61,323**	90,323
Non-controlling interests	**162**	305	**162**	305
	61,485	90,628	**61,485**	90,628

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2014.

Condensed Consolidated Statement of Financial Position as at 31 March 2015

(The figures have not been audited)

(RM '000)	**31 March 2015**	31 December 2014
Assets		
Non-Current Assets		
Biological assets	**406,203**	398,720
Property, plant and equipment	**917,081**	921,362
Land Use Rights	**33,331**	32,042
Associated company	**50**	50
Joint venture entity	**13,958**	14,651
Available for sale financial assets	**6,446**	6,446
Total non-current assets	**1,377,069**	1,373,271
Current Assets		
Inventories	**110,719**	98,765
Trade & other receivables	**113,796**	116,517
Prepayments	**451**	466
Tax recoverable	**5,092**	6,352
Cash, bank balances & fixed deposits	**805,689**	738,381
Total current assets	**1,035,747**	960,481
Total assets	**2,412,816**	2,333,752
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	**19,681**	19,508
Retained profits	**1,784,734**	1,723,584
	2,185,834	2,124,511
Non-controlling interests	**2,579**	2,417
Total Equity	**2,188,413**	2,126,928
Non-Current Liabilities		
Retirement benefit obligations	**11,257**	10,728
Provision for deferred taxation	**107,114**	105,389
Derivatives	**2,740**	9,686
Total non-current liabilities	**121,111**	125,803
Current Liabilities		
Trade & other payables	**87,117**	60,693
Tax Payable	**13,275**	11,911
Retirement benefit obligations	**822**	820
Derivatives	**778**	6,802
Bank borrowings	**1,300**	795
Total current liabilities	**103,292**	81,021
Total liabilities	**224,403**	206,824
Total equity and liabilities	**2,412,816**	2,333,752
Net assets per share (RM)	**10.52**	10.22

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2014.

Condensed Consolidated Statement of Changes in Equity for the Three Months Ended at 31 March 2015

(The figures have not been audited)

	------------------Attributable to Equity Holders of the Parent----------------									
(RM '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 2015	208,134	(8,635)	1,723,584	893	181,920	21,798	(3,183)	2,124,511	2,417	2,126,928
Total comprehensive income for the quarter	-	-	61,150	-	-	-	173	61,323	162	61,485
Dividends, representing total transaction with owners	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2015	**208,134**	**(8,635)**	**1,784,734**	**893**	**181,920**	**21,798**	**(3,010)**	**2,185,834**	**2,579**	**2,188,413**
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
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

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 2014.

Condensed Consolidated Cash Flow Statements
for the Three Months Ended 31 March 2015
(The figures have not been audited)

	3 months ended 31 March	
(RM '000)	**2015**	2014
Operating Activities		
-Receipts from operations	**234,874**	263,998
-Operating payments	**(149,258)**	(157,832)
Cash flow from operations	**85,616**	106,166
Other operating receipts	**2,191**	2,302
Taxes paid	**(15,709)**	(15,731)
Cash flow from operating activities	**72,098**	92,737
Investing Activities		
- Proceeds from sale of property, plant and equipment	**10,314**	381
- Interest received	**9,198**	8,567
- Purchase of property, plant and equipment	**(12,909)**	(9,372)
- Pre-cropping expenditure incurred	**(9,749)**	(10,121)
- Prepaid lease payments made	**(141)**	(675)
- Investment in jointly controlled entity	**(2,000)**	(4,601)
Cash flow from investing activities	**(5,287)**	(15,821)
Financing Activities		
- Interest paid	**(8)**	(11)
Cash flow from financing activities	**(8)**	(11)
Net Change in Cash & Cash Equivalents	**66,803**	76,905
Cash & Cash Equivalents at beginning of year	**737,586**	778,652
Cash & Cash Equivalents at end of period	**804,389**	855,557

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2014.

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 2017.

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 2017. For the financial year ending 31 December 2015, 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 2014. 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 2014.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2014, except for the adoption of the following new Financial Reporting Standards (FRS), Amendments to FRS and IC Interpretations with effect from 1 January 2015.

On 1 January 2015, the Group adopted the following Amendments to FRS:-

- Amendments to FRS 119: Defined Benefit Plans: Employee Contributions
- Amendments to FRS 2: Share Based Payment
  (Annual Improvements to FRSs 2010-2012 Cycle)
- Amendments to FRS 3: Business Combinations
  (Annual Improvements to FRSs 2010-2012 Cycle)
- Amendments to FRS 3: Business Combinations
  (Annual Improvements to FRSs 2011-2013 Cycle)
- Amendments to FRS 8: Operating Segments
  (Annual Improvements to FRSs 2011-2012 Cycle)
- Amendments to FRS 13: Fair Value Measurement
  (Annual Improvements to FRSs 2011-2013 Cycle)
- Amendments to FRS 116: Property Plant & Equipment
  Amendments to FRS 138: Intangible Assets
  (Annual Improvements to FRSs 2010-2012 Cycle)
- Amendments to FRS 124: Related Party Disclosures
  (Annual Improvements to FRSs 2010-2012 Cycle)
- Amendments to FRS 140: Investment Property
  (Annual Improvements to FRSs 2011-2013 Cycle)

Adoption of the above Amendments to FRS 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 Interpretations and Amendments to IC Interpretations	Effective for annual periods beginning on or after
• Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements to FRSs 2012-2014 Cycle)	1 January 2016
• Amendments to FRS 7: Financial Instruments: Disclosures (Annual Improvements to FRSs 2012-2014 Cycle)	1 January 2016
• Amendments to FRS 10: Consolidated Financial Statements Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to FRS 10 and FRS 128)	1 January 2016
• Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
• FRS 14: Regulatory Deferral Accounts	1 January 2016
• Amendments to FRS 116 and FRS 138 Clarification of Acceptable Methods of Depreciation and Amortization	1 January 2016
• Amendments to FRS 119: Employee Benefits (Annual Improvements to FRSs 2012-2014 Cycle)	1 January 2016
• Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
• Amendments to FRS 101: Disclosure Initiatives	1 January 2016
• MFRS 9 Financial Instruments	1 January 2018

A2) Audit Report

The auditor's report on the financial statements for the financial year ended 31 December 2014 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.

Notes to the Interim Financial Report

A4) Exceptional and Extraordinary Items

There were no exceptional or extraordinary items for the current quarter.

A5) Changes in Estimates

There were no material changes to estimates made in prior quarter.

A6) Equity and Debt Securities

As at 31 March 2015, the number of treasury shares held remained at 341,774 shares of RM1.00 each as there were 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

SSegmental information for the current quarter:

(RM '000)	Plantations	Refining	Other Segments	Elimination	Total
Segment Revenue:					
External Sales	104,647	128,759	510	-	233,916
Inter-segment Sales	51,823	-	-	(51,823)	-
	156,470	128,759	510	(51,823)	233,916
Segment Results:					
Profit before tax	80,180	3,500	(1,993)	-	81,687

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 2014.

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 quarter including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

Notes to the Interim Financial Report

A12) Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 25 April 2015.

B1) Directors' Analysis of the Group's Performance for 3 Months Ended 31 March 2015

The Group's profit before tax dropped by 25.5% in the current quarter to RM81.7 million from RM109.6 million in the corresponding quarter resulting from:

Plantations

This major segment of the Group's profit before tax for the quarter decreased by 6.1% to RM80.2 million from RM85.4 million from the corresponding quarter. The drop in profit before tax was mainly due to the significantly lower CPO and somewhat lower PK prices as well as higher costs of production for these two products. The drop was however mitigated somewhat by the non-recurring gain of RM9.9 million from lands acquisition by the government authorities in relation to the new West Coast Express way. The average selling prices of CPO and PK achieved for the quarter were as follows:-

Countries	Products	**March 2015 Current Period (RM/MT)**	March 2014 Corresponding Period (RM/MT)
Malaysia	CPO	**2,149**	2,484
Indonesia	CPO	**2,154**	2,505
Average	CPO	**2,150**	2,489
Malaysia	PK	**1,774**	1,750
Indonesia	PK	**1,415**	1,491
Average	PK	**1,701**	1,706

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.

The Group's CPO production increased by 3.2% whereas PK production decreased marginally by 1.2% in the current quarter from the corresponding quarter. The CPO and PK selling prices dropped by 13.6% and 0.3% respectively whereas CPO and PK production costs increased by 9.7% and 6.4% respectively in the same period. The higher CPO production cost was mainly due to higher manuring cost in the current quarter.

No windfall gain tax was incurred in the current quarter as compared to RM0.8 million incurred in the corresponding quarter as the market monthly average prices of CPO were below the windfall gain tax threshold price of RM2,500/MT in the current quarter.

Interest income for the Group was marginally higher by 1.4% in the current quarter from the corresponding quarter due to higher rates obtained.

Notes to the Interim Financial Report

Refinery

The profit before tax of the refinery suffered a 57.3% drop in the current quarter from the corresponding quarter mainly due to fair valuation of forward foreign exchange hedging position. However, a major portion of this provision is expected to be reversed within the current year when receivables in foreign currency are received.

Notwithstanding the above, it must be noted that the Malaysian refinery sector has been under extreme pressure in the current quarter with margins coming under pressure due to the overcapacity within the Malaysian refinery sector coupled with the intense competition from the downstream sector of Indonesia.

Others

The holding companies' investments in Indonesia recorded a RM0.3 million unrealized foreign exchange gain from IDR loans extended to Indonesian subsidiaries in the current quarter as compared to unrealized gain of RM16.3 million reported in the corresponding quarter.

B2) Comparison of Results with Preceding Quarter

Profit before tax decreased by 5.9% from RM86.8 million in the preceding quarter to RM81.7 million for the quarter under review. The drop was mainly due to lower production of CPO and PK by 1.5% and 2.7% respectively as well as higher production costs of CPO and PK by 43.7% and 4.9% respectively in the same period.

This was further compounded by the lower unrealised foreign exchange gain of RM0.3 million in the current quarter as compared to the much higher RM9.9 million unrealised foreign exchange gain in the preceding quarter from IDR loans extended to Indonesian subsidiaries.

However, the decrease was mitigated by the non-recurring gain of RM9.9 million from lands acquisition by the government authorities in relation to the new West Coast Expressway.

The profit before tax of the refinery unit dropped marginally by 1.7% in the current quarter from the preceding quarter. Both quarters were affected by provisioning of foreign exchange losses due to the weakening of RM against USD.

B3) Prospects and Outlook

With the recent drop on commodities prices, the operating environment has become more challenging. In accordance with its replanting policy, United Plantations will continue to replant large areas of its older and less productive oil palm stands in Malaysia during 2015. All areas in its Indonesian operations are in production in 2015 which is expected to compensate for the crop loss from the replanted areas in Malaysia.

The improved growing conditions for South East Asia oil palm growers coupled with expectation of a favorable soya bean harvest in USA and South America is likely to increase the supply of vegetable oils globally and with that the world stocks of the seventeen oils and fats. This will very likely have a negative effect on prices as supply will increasingly exceed the demand. In addition, the Malaysian and Indonesian production has been better than anticipated during the current quarter resulting in higher than anticipated stocks thereby pressuring prices further.

Notes to the Interim Financial Report

The significant decline in mineral oil prices is also expected to dampen vegetable oil prices further as it is likely that less vegetable oils will be converted into biofuel which over the last several years has accounted for 35-40% of the net export growth in the demand of the seventeen oils and fats.

However, the recent announcement by the Indonesian Government to introduce a new export levy of USD50/MT of CPO whenever the palm oil prices are below the export tax threshold of USD750/MT has supported prices. This new export levy is to fund biodiesel subsidies and is in addition to the existing export tax that is applied whenever CPO prices are above USD750/MT. Furthermore the depreciation of the Malaysian Ringgit against the USD has further supported CPO prices in Malaysian Ringgit which is expected to continue into 2015 as the finalization of the quantitive easing programme by the US Federal Reserve and the likely first interest rate hike is poised to take place.

In view of the above, and with the current prevailing prices of palm oil and palm kernel in the market, the Board of Directors is of the view that the future looks more challenging. Nevertheless, with the prices contracted under our forward sales policy and with the Indonesian production partly compensating for the drop from the replanted areas in Malaysia, the Board of Directors expects that the results for 2015, will nevertheless 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 2015 comprises:

(RM '000)	Current Quarter	Current year-to-date
Current taxation	18,332	18,332
Deferred taxation	2,043	2,043
	20,375	20,375
Profit before taxation	81,687	81,687
Tax at the statutory income tax rate of 25%	20,422	20,422
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)
Overprovision of taxes in prior years	-	-
Others	(161)	(161)
Tax expense	**20,375**	**20,375**

B6) Corporate Proposals

There were no corporate proposals which were announced but not completed as at 25 April 2015.

Notes to the Interim Financial Report

B7) Group Borrowings

All Group borrowings were unsecured, short term and denominated in Ringgit Malaysia only and outstanding balance as at 31 March 2015 was RM1,300,000.

B8) Material Litigation

There was no material litigation as at 25 April 2015.

B9) Proposed Dividends

No interim dividend has been declared or proposed for the year ending 31 December 2015.

B10) Earnings Per Share (EPS)

The calculation of EPS is based on profit attributable to the ordinary equity holders of the parent company of RM61,150,000 (2014: RM87,745,000) and the weighted average number of ordinary shares of 207,792,492 (2014: 207,792,492) in issue during the quarter.

B11) Disclosure of Realised and Unrealised Profits/Loss

(RM' 000)	**As at 31/03/2015**	As at 31/12/2014
Total retained profits of the Company and its subsidiaries:		
- Realised	**1,878,135**	1,812,800
- Unrealised	**(82,315)**	(80,590)
	1,795,820	1,732,210
Total share of accumulated losses from an jointly controlled entity:		
- Realised	**(1,300)**	(1,695)
Associated company:		
- Realised	**(51)**	(51)
	1,794,469	1,730,464
Consolidation adjustments	**(9,735)**	(6,880)
Total Group retained profits as per consolidated financial statements	**1,784,734**	1,723,584

Notes to the Interim Financial Report

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 2014 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 2015 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 2014.

By Order of the Board

A. Ganapathy
Company Secretary

Jendarata Estate
36009 Teluk Intan
Perak Darul Ridzuan
Malaysia

25 April 2015

Contact information

United Plantations Berhad
Jendarata Estate
36009 Teluk Intan
Perak Darul Ridzuan
Malaysia

Company Secretary:	Mr. A. Ganapathy
E-mail:	up@unitedplantions.com
Phone:	006 05 6411411
Fax:	006 05 6411876
Website:	www.unitedplantations.com