Interim 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 Six Months Ended 30 June 2015

(The figures have not been audited)

	Individual Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
(RM '000)	**2015**	2014	**2015**	2014
Revenue	**255,692**	247,815	**489,608**	508,839
Operating expenses	**(175,323)**	(179,844)	**(344,840)**	(356,515)
Other operating income	**3,587**	(11,535)	**16,768**	7,045
Finance costs	**(7)**	(7)	**(15)**	(18)
Interest income	**6,740**	6,552	**13,548**	13,263
Share of results of jointly controlled entity	**(609)**	38	**(3,302)**	50
Profit before taxation	**90,080**	63,019	**171,767**	172,664
Income tax expense	**(19,853)**	(16,647)	**(40,228)**	(38,116)
Profit after taxation	**70,227**	46,372	**131,539**	134,548
Profit for the period	**70,227**	46,372	**131,539**	134,548
Net profit attributable to:				
Equity holders of the parent	**69,685**	45,842	**130,835**	133,587
Non-controlling interests	**542**	530	**704**	961
	70,227	46,372	**131,539**	134,548
Earnings per share				
(i) Basic - based on an average 207,792,492 (2014:207,792,492) ordinary shares (sen)	**33.54**	22.06	**62.96**	64.29
(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 2014.

Condensed Consolidated Statement of Comprehensive Income for the Six Months ended 30 June 2015

(The figures have not been audited)

	Individual Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
(RM '000)	**2015**	2014	**2015**	2014
Profit for the period	**70,227**	46,372	**131,539**	134,548
Currency translation differences arising from consolidation	**66**	(2,721)	**239**	(269)
Total Comprehensive income	**70,293**	43,651	**131,778**	134,279
Total comprehensive income attributable to:				
Equity holders of the parent	**69,751**	43,251	**131,074**	133,574
Non-controlling interests	**542**	400	**704**	705
	70,293	43,651	**131,778**	134,279

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 30 June 2015

(The figures have not been audited)

(RM '000)	**30 June 2015**	31 December 2014
Assets		
Non-Current Assets		
Biological assets	**409,989**	398,720
Property, plant and equipment	**929,232**	921,362
Land Use Rights	**33,143**	32,042
Associated company	**50**	50
Joint venture entity	**13,349**	14,651
Available for sale financial assets	**6,446**	6,446
Total non-current assets	**1,392,209**	1,373,271
Current Assets		
Inventories	**121,304**	98,765
Trade & other receivables	**145,033**	116,517
Prepayments	**2,001**	466
Tax recoverable	**2,764**	6,352
Cash, bank balances & fixed deposits	**703,003**	738,381
Total current assets	**974,105**	960,481
Total assets	**2,366,314**	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	**19,747**	19,508
Retained profits	**1,729,744**	1,723,584
	2,130,910	2,124,511
Non-controlling interests	**3,121**	2,417
Total Equity	**2,134,031**	2,126,928
Non-Current Liabilities		
Retirement benefit obligations	**11,791**	10,728
Provision for deferred taxation	**105,252**	105,389
Derivatives	**1,953**	9,686
Total non-current liabilities	**118,996**	125,803
Current Liabilities		
Trade & other payables	**89,284**	60,693
Tax Payable	**12,910**	11,911
Retirement benefit obligations	**718**	820
Derivatives	**10,375**	6,802
Bank borrowings	**-**	795
Total current liabilities	**113,287**	81,021
Total liabilities	**232,283**	206,824
Total equity and liabilities	**2,366,314**	2,333,752
Net assets per share (RM)	**10.26**	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 Six Months Ended at 30 June 2015

(The figures have not been audited)

(RM '000)	Share capital	Treasury shares	Retained profits	Available for sale reserve	Share premium	Capital reserve	Translation reserve	Total	Non-controlling interests	Total equity
	------------------Attributable to Equity Holders of the Parent----------------									
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 period	-	-	130,835	-	-	-	239	131,074	704	131,778
Dividends, representing total transaction with owners	-	-	(124,675)	-	-	-	-	(124,675)	-	(124,675)
Balance at 30 June 2015	**208,134**	**(8,635)**	**1,729,744**	**893**	**181,920**	**21,798**	**(2,944)**	**2,130,910**	**3,121**	**2,134,031**
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 period	-	-	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

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 Six Months Ended 30 June 2015

(The figures have not been audited)

(RM '000)	6 months ended 30 June **2015**	2014
Operating Activities		
-Receipts from operations	**483,523**	454,744
-Operating payments	**(335,228)**	(267,563)
Cash flow from operations	**148,295**	187,181
Other operating receipts	**10,929**	4,229
Taxes paid	**(35,460)**	(28,710)
Cash flow from operating activities	**123,764**	162,700
Investing Activities		
- Proceeds from sale of property, plant and equipment	**11,020**	773
- Interest received	**13,941**	13,383
- Purchase of property, plant and equipment	**(36,021)**	(21,050)
- Pre-cropping expenditure incurred	**(20,491)**	(22,231)
- Prepaid lease payments made	**(106)**	(866)
- Investment in jointly controlled entity	**(2,000)**	(4,601)
Cash flow from investing activities	**(33,657)**	(34,592)
Financing Activities		
- Dividends paid	**(124,675)**	(132,468)
- Interest paid	**(15)**	(18)
Cash flow from financing activities	**(124,690)**	(132,486)
Net Change in Cash & Cash Equivalents	(34,583)	**(4,378)**
Cash & Cash Equivalents at beginning of year	737,586	778,652
Cash & Cash Equivalents at end of period	703,003	**774,274**

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 2011-2013 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.

Notes to the Interim Financial Report

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 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
• 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 period.

A5) Changes in Estimates

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

A6) Equity and Debt Securities

As at 30 June 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 period. There was also no issuance of new shares or debt instruments in the current period.

A7) Dividends Paid

The following dividends were paid on 15 May 2015 in respect of the financial year ended 31 December 2014:

Ordinary	RM'000
Final 20.0% Paid	41,558
Special 40.0% Paid	83,117
Total	124,675

A8) Segmental Information

Segmental information for the current period:

(RM '000)	Plantations	Refining	Other Segments	Elimination	Total
Segment Revenue:					
External Sales	216,365	272,300	943	-	489,608
Inter-segment Sales	101,137	-	-	(101,137)	-
	317,502	272,300	943	(101,137)	489,608
Segment Results:					
Profit before tax	162,635	10,690	(1,558)	-	171,767

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.

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 22 August 2015.

B1) Directors' Analysis of the Group's Performance for 6 Months Ended 30 June 2015

The Group's profit before tax of RM171.8 million recorded in the current period was marginally lower than RM172.7 million achieved in the corresponding period. The segmental analysis of the group's performance for the period is as follows:

Plantations

This segment recorded an increase in profit before tax by 2.5% to RM162.6 million in the current period from RM158.7 million in the corresponding period. This was achieved despite CPO and PK prices being 14.3% and 10.2% lower than in the same period. The average selling prices of CPO and PK achieved for the period were as follows:-

Countries	Products	**June 2015 Current Period (RM/MT)**	June 2014 Corresponding Period (RM/MT)
Malaysia	CPO	**2,153**	2,508
Indonesia	CPO	**2,070**	2,416
Average	CPO	**2,131**	2,486
Malaysia	PK	**1,614**	1,768
Indonesia	PK	**1,311**	1,528
Average	PK	**1,546**	1,722

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 increase in profit before tax in the current period was mainly due to the recognition of the non-recurring gain of RM9.9 million from land acquisition by the government authorities in relation to the new West Coast Highway. The higher profit was also due to higher production as well as lower cost of production in the current period as compared to the corresponding period. CPO, PK and coconuts production increased by 11.3%, 8.9% and 19.1% respectively whereas the costs of production were lower by 8.5%, 9.1% and 2.7% respectively in the current period when compared with the corresponding period.

Notes to the Interim Financial Report

No windfall gain tax was incurred in the current period as compared to RM1.2 million incurred in the corresponding period as the market monthly average prices of CPO were below the windfall gain tax threshold price of RM2,500/MT in the current period.

Interest income for the Group was marginally higher by 2.1% in the current period from the corresponding period due to higher rates obtained.

Refinery

The profit before tax of the refinery suffered a 19.2% drop in the current period from the corresponding period mainly due to slower sales as the result of the increasing competition from local/Indonesian refiners and 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.

Others

The holding companies' investments in Indonesia recorded a RM0.63 million unrealized foreign exchange gain from IDR loans extended to Indonesian subsidiaries in the current period as compared to unrealized gain of RM2.8 million reported in the corresponding period.

B2) Comparison of Results with Preceding Quarter

Profit before tax increased by 10.3% from RM81.7 million in the preceding quarter to RM90.1 million for the quarter under review. The increase was mainly due to higher production of CPO and PK by 10.6% and 11.4% respectively as well as lower production costs of CPO and PK by 25.5% and 17.0% respectively in the current quarter .

The higher profit before tax in the quarter was also due to better performance of the refinery unit. The refinery unit as the result of better trading and hedging gains recorded a jump in profit before tax by 105.4% in the current quarter from the previous quarter.

B3) Prospects and Outlook

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 the remaining part of 2015. All areas in its Indonesian operations are currently in production which is expected to partly compensate for the crop loss from the replanted areas in Malaysia.

The world vegetable oil markets have during the second quarter been heavily influenced by mainly El Nino weather uncertainties, the collapse in mineral crude oil prices and fluctuating currencies. In May it was officially announced that the world would experience an El Nino during 2nd half of 2015 and maybe into 1st half 2016, however, the farmers in both India and South East Asia have so far not experienced a severe drought apart from dry weather in a few areas. With a smaller than expected impact of the El-Nino, combined with significantly lower mineral oil prices that have resulted in a reduction of Biodiesel production, there has been a significant downward pressure on global vegetable oil prices.
Nevertheless, the significant depreciation of the Malaysian Ringgit against the USD of approximately 30% over the past year has supported CPO prices in Malaysian Ringgit terms. The weakness in the Malaysian Ringgit is expected to continue during the remaining part of 2015 as the US Federal Reserve may start increasing their interest rate.

Notes to the Interim Financial Report

The Chinese central bank recently surprised the markets by devaluing its currency, after a period of weaker than expected Chinese economic data, with exports tumbling more than 8% in July. The aim is likely to boost China's competitiveness through devaluing its currency , however, this is expected to have a negative effect on both oils and grain imports.

The improved climatic growing conditions for South East Asia´s oil palm growers coupled with expectation of a favorable soya bean harvest in the USA and South America is likely to increase the supply of vegetable oils globally and with that the world stocks of the 17 oils and fats. This would very likely have a negative effect on prices as supply is likely to exceed the current demand subject to no serious weather calamities taking 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 will be significantly more challenging. Nevertheless, with the prices contracted under our forward sales policy and with the Indonesian production partly compensating for the drop arising from the areas undergoing replanting in Malaysia, the Board of Directors expects that the results for 2015, will be satisfactory.

B4) Profit Forecasts

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

B5) Taxation

The charge for taxation for the period ended 30 June 2015 comprises:

(RM '000)	Current Quarter	Current year-to-date
Current taxation	21,715	40,047
Deferred taxation	(1,862)	181
	19,853	40,228
Profit before taxation	90,080	171,767
Tax at the statutory income tax rate of 25%	22,520	42,942
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 taxes in prior years	283	283
Others	(3,064)	(3,225)
Tax expense	**19,853**	**40,228**

B6) Corporate Proposals

There were no corporate proposals which were announced but not completed as at 22 August 2015.

Notes to the Interim Financial Report

B7) Group Borrowings

All Group borrowings were unsecured, short term and denominated in Ringgit Malaysia only and there were no outstanding balance as at 30 June 2015.

B8) Material Litigation

There was no material litigation as at 22 August 2015.

B9) Proposed Dividends

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

In the corresponding period, an interim extraordinary special dividend of 75% or 75 sen per share for the year ended 31 December 2014 amounting to RM155.8 million was declared and paid on 25 September 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 RM130,835,000 (2014: RM133,587,000) and the weighted average number of ordinary shares of 207,792,492 (2014: 207,792,492) in issue during the period.

B11) Disclosure of Realised and Unrealised Profits/Loss

(RM' 000)	**As at 30/06/2015**	As at 31/12/2014
Total retained profits of the Company and its subsidiaries:		
- Realised	**1,822,896**	1,812,800
- Unrealised	**(80,453)**	(80,590)
	1,742,443	1,732,210
Total share of accumulated losses from an jointly controlled entity:		
- Realised	**(1,766)**	(1,695)
Associated company:		
- Realised	**(51)**	(51)
	1,740,626	1,730,464
Consolidation adjustments	**(10,882)**	(6,880)
Total Group retained profits as per consolidated financial statements	**1,729,744**	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 30 June 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

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36009 Teluk Intan
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22 August 2015

Contact information

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