



First Quarter Report  
2009

COMPANY ANNOUNCEMENT

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# United Plantations Berhad

## Condensed Consolidated Income Statements for the Quarter ended 31 March 2009 (The figures have not been audited)

(MYR'000)	Individual Quarter 3 months ended 31 March		Cumulative Quarter 3 months ended 31 March	
	2009	2008	2009	2008
Revenue	207,336	226,448	207,336	226,448
Operating expenses	(139,714)	(145,983)	(139,714)	(145,983)
Other operating income	4,036	6,262	4,036	6,262
Finance costs	(49)	(51)	(49)	(51)
Interest income	2,168	984	2,168	984
Investment income	-	6	-	6
Profit before taxation	73,777	87,666	73,777	87,666
Income tax expense	(17,976)	(18,706)	(17,976)	(18,706)
Profit after taxation	55,801	68,960	55,801	68,960
Extraordinary items	-	-	-	-
Profit for the period	55,801	68,960	55,801	68,960
Net profit attributable to:				
Equity holders of the parent	55,797	68,960	55,797	68,960
Minority interest	4	-	4	-
Net profit	55,801	68,960	55,801	68,960
Earnings per share				
(i) Basic - based on an average 208,134,266 (2007:208,134,266) ordinary shares (sen)	26.81	33.13	26.81	33.13
(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 2008.**

# United Plantations Berhad

## Condensed Consolidated Balance Sheet as at 31 March 2009

(The figures have not been audited)

(MYR'000)	31 March 2009	31 December 2008
<b>Assets</b>		
Non-current assets		
Biological assets	257,222	241,345
Property, plant and equipment	388,433	388,414
Prepaid lease payments	380,726	380,866
Associated company	-	-
Amount due from associated company	48	48
Advances to a foreign company	20,630	19,182
Available for sale financial assets	9,071	9,071
<b>Total non-current assets</b>	<b>1,056,130</b>	<b>1,038,926</b>
Current assets		
Inventories	105,205	139,465
Trade & other receivables	79,904	93,920
Tax recoverable	5,926	487
Cash, bank balances & fixed deposits	367,392	372,285
<b>Total current assets</b>	<b>558,427</b>	<b>606,157</b>
<b>Total assets</b>	<b>1,614,557</b>	<b>1,645,083</b>
<b>Equity and liabilities</b>		
Equity attributable to equity holders of the parent		
Share capital	208,134	208,134
Share premium	181,920	181,920
Other reserves	18,731	18,809
Retained profits	1,079,921	1,024,124
	<b>1,488,706</b>	<b>1,432,987</b>
Minority Interest	619	619
<b>Total equity</b>	<b>1,489,325</b>	<b>1,433,606</b>
Non-current liabilities		
Retirement benefit obligations	7,400	7,129
Provision for deferred taxation	59,545	59,094
<b>Total non-current liabilities</b>	<b>66,945</b>	<b>66,223</b>
Current liabilities		
Trade & other payables	24,241	75,471
Overdraft & short term borrowings	12	19
Retirement benefit obligations	1,006	1,424
Interim/final dividend declared	-	31,220
Provision for taxation	33,028	37,120
<b>Total current liabilities</b>	<b>58,287</b>	<b>145,254</b>
<b>Total liabilities</b>	<b>125,232</b>	<b>211,477</b>
<b>Total equity and liabilities</b>	<b>1,614,557</b>	<b>1,645,083</b>
Net assets per share (MYR)	7.15	6.88

**The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2008.**

# United Plantations Berhad

## Condensed Consolidated Statement of Changes in Equity for the Year ended 31 March 2009 (The figures have not been audited)

	Attributable to Equity Holders of the Parent					Total	Minority interest	Total equity
	Share capital	Retained profits	Share premium	Capital reserve	Translation reserve			
(MYR'000)								
<b>Balance at 1 January 2009</b>	208,134	1,024,124	181,920	21,798	(2,989)	1,432,987	619	1,433,606
Foreign currency translation	-	-	-	-	(78)	(78)	(4)	(82)
Net income/(expense) recognised directly in equity	-	-	-	-	(78)	(78)	(4)	(82)
Net profit for the period	-	55,797	-	-	-	55,797	4	55,801
Dividends	-	-	-	-	-	-	-	-
<b>Balance at 31 March 2009</b>	<b>208,134</b>	<b>1,079,921</b>	<b>181,920</b>	<b>21,798</b>	<b>(3,067)</b>	<b>1,488,706</b>	<b>619</b>	<b>1,489,325</b>
<b>Balance at 1 January 2008</b>	208,134	786,589	181,920	21,798	(1,960)	1,196,481	672	1,197,153
<b>Foreign currency translation</b>	-	-	-	-	<b>(110)</b>	<b>(110)</b>	<b>(5)</b>	<b>(115)</b>
Net income/(expense) recognised directly in equity	-	-	-	-	(110)	(110)	(5)	(115)
Net profit for the period	-	68,960	-	-	-	68,960	-	68,960
Dividends	-	-	-	-	-	-	-	-
<b>Balance at 31 March 2008</b>	<b>208,134</b>	<b>855,549</b>	<b>181,920</b>	<b>21,798</b>	<b>(2,070)</b>	<b>1,265,331</b>	<b>667</b>	<b>1,265,998</b>

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 2008.

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## Condensed Consolidated Cash Flow Statements for the Quarter ended 31 March 2009 (The figures have not been audited)

(MYR'000)	31 March 2009	31 March 2008
Operating activities		
Receipts from operations	234,176	218,815
Operating payments	(159,030)	(183,269)
Cash flow from operations	75,146	35,546
Other operating receipts	4,036	6,262
Taxes paid	(27,542)	(12,615)
Cash flow from operating activities	51,640	29,193
Investing activities		
- Interest received	2,168	984
- Proceeds from sale of investment	-	1,605
- Advances to a foreign company	(1,448)	(5,188)
- Purchase of property, plant and equipment	(4,809)	(1,052)
- Pre-cropping expenditure incurred	(20,277)	(22,403)
- Prepaid lease payments made	(891)	(1,974)
Cash flow from investing activities	(25,257)	(28,028)
Financing activities		
- Dividends paid	(31,220)	(30,804)
- Associated company	-	(3)
- Interest paid	(49)	(51)
Cash flow from financing activities	(31,269)	(30,858)
Net change in cash & cash equivalents	(4,886)	(29,693)
Cash & cash equivalents at beginning of year	372,266	168,173
<b>Cash &amp; cash equivalents at end of quarter</b>	<b>367,380</b>	<b>138,480</b>

**The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2008.**

## Notes to the Financial Report

### A1) Accounting Policies and Basis of Preparation

The interim financial report is unaudited.

The interim financial report has been prepared in accordance with the Financial Reporting Standards (FRS) 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB) and Chapter 9.22 part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2008.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the year ended 31 December 2008.

### A2) Audit Report

The auditor's report on the financial statements for the financial year ended 31 December 2008 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 control of the Group but are determined by the global supply and demand situation for edible oils and it is highly correlated to the price of mineral oil.

Crop production is seasonal. Based on statistics, the Group's production of 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 and year to date.

### 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.

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## Notes to the Financial Report

### A7) Dividends Paid

The following dividend was paid during the period in respect of the financial year ended 31 December 2008:

	MYR'000
Ordinary: Interim paid - 20% less 25% tax	31,220
Total	31,220

### A8) Segmental Information

Segmental information for the current financial year-to-date:

	Plantations MYR '000	Refining MYR '000	Other Segments MYR '000	Elimination MYR '000	Total MYR '000
Segment Revenue:					
External Sales	126,260	80,918	158	-	207,336
Inter-segment Sales	3,259	-	139	(3,398)	-
	129,519	80,918	297	(3,398)	207,336
Segment Results:					
Profit before tax	73,402	166	209	-	73,777

### 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 2008.

### 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 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.

## Notes to the Financial Report

### A12) Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 16 May 2009.

### B1) Directors' Review of the Group's Performance

The group's profit before tax for the current period under review dropped 16.3% from that of the corresponding period in 2008 resulting from:

- Plantation  
Decrease in production of CPO and PK by 10.9% and 8.6% and lower selling prices of CPO and PK by 3.4% and 47.4% respectively for the current period as compared to the corresponding period in 2008.
- Refinery  
Depressed margins of all divisions of the refinery.

### B2) Comparison of Results with Preceding Quarter

Profit before tax decreased by 10.1% from MYR82.1 million in the preceding quarter to MYR73.8 million for the quarter under review. The decrease was mainly due to lower production of CPO and PK by 16.1% and 17.0% respectively as compared to the preceding quarter. The depressed margins from the refinery also contributed to the decrease.

### B3) Prospects and Outlook

The current global economic slowdown will doubtless affect world demand for commodities including biodiesel and thus lower CPO prices are anticipated compared to the record prices achieved in 2008. However, current tight supplies in soyabean and palm oil have contributed to the recent price rally in the vegetable oil complex.

The company's production of FFB is expected to trend lower than last year due to the impact of the biological yield cycle as a resting period is expected to materialize in 2009 following the record production in 2008. This has been evident in the first quarter of 2009.

As a result of the above, the Directors are of the opinion that the Group's results for the current financial year ending 31 December 2009 will be lower than last year's record results. Under the forward sales policy, a substantial quantity of CPO has been sold for 2009. Accordingly, the Board expects the results for 2009 to be lower but still satisfactory.



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## Notes to the Financial Report

### B4) Profit Forecasts

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

### B5) Taxation

The charge for taxation for the quarter ended 31 March 2009 comprises:

	Current Quarter MYR '000	Current year-to-date MYR '000
Current taxation	17,525	17,525
Deferred taxation	451	451
	17,976	17,976
Profit before taxation	73,777	73,777
Tax at the statutory income tax rate of 25 %	18,444	18,444
Tax effects of expenses not deductible / (income not taxable) in determining taxable profit :		
Depreciation on non-qualifying assets	165	165
Claims for reinvestment allowance and research and development	(130)	(130)
Utilisation of previously unrecognized tax losses and unabsorbed capital allowances	(41)	(41)
Overprovision of tax expense in prior years	(933)	(933)
Effect of taxation on temporary differences excluded on initial recognition	-	-
Others	471	471
Tax expense	17,976	17,976

### B6) Profit/Loss on Sale of Unquoted Investments and/or Properties

There were no sales of any unquoted shares during the current quarter.

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## Notes to the Financial Report

### B7) Purchases and Disposal of Quoted Securities

There were no purchase or sale of investments in quoted securities as at 31 March 2009.

### B8) Corporate Proposals

Status of Corporate Proposal

- a) Proposed Acquisition of Indonesian Investment in PT Sawit Seberang Seberang ("PT SSS2")
- i) As at the date of this report, the approvals of the relevant Indonesian and Malaysian authorities are still pending.
- ii) As at 31 March 2009, the Group had advanced amounts totalling MYR20,630,000 (2008: MYR19,182,000) to PT SSS2 for the purpose of securing land rights and plantation development in Kalimantan, Indonesia. These advances are unsecured, interest-free and are not expected to be recalled within the next 12 months.
- b) In the Group's Annual Report 2007 dated 21 May 2008, it was mentioned that the plan was to ultimately develop a total land bank of 35,000 – 40,000 hectares under oil palm. Whilst the Board remains committed to the expansion into Indonesia, it has nevertheless been decided, in view of the current economic slow down as well as the Group's desire not to compromise on its 100 year old culture of practicing high agricultural standards to tone down the development plans and to focus on completing and consolidating the first phase of development. The second phase will only commence after the satisfactory completion of the first phase and only upon the relevant authorities issuing the new spatial planning map for Central Kalimantan. It is envisaged that upon completion of both development phases, the Group will have a planted area of about 19,000 – 20,000 hectares.

To date approximately 7,150 hectares have been planted and are developing in a satisfactory manner. Upon completion of the first phase, about 11,000 - 12,000 hectares of oil palms will have been planted and about 4,000 - 5,000 hectares of permanent conservation areas established in tune with the Group's commitment towards conservation.

### B9) Group Borrowings

All outstanding Group borrowings as at 31 March 2009 were unsecured, short term and denominated in Ringgit Malaysia only.

They consist of the following items:

	MYR'000
Bank Overdrafts	12

There were no long term borrowings in the Group as at 16 May 2009.

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## Notes to the Financial Report

### B10) Financial Instruments with Off Balance Sheet Risk

The amounts of financial instruments used for hedging purposes and outstanding as at 12 May 2009 were:

Type of Instrument	Currency	Maturity from reporting date			Total Contract Amount	Cash Requirement
		Within 1 yr MYR '000	1 – 2 years MYR '000	Over 2 years MYR '000		
i) Forward Foreign Exchange Contracts: Sales	USD	23,971	-	-	23,971	-
ii) Forward Foreign Exchange Contracts: Purchases	EUR	9,201	-	-	9,201	-
iii) Commodity Contracts: Sales	MYR	255,724	79,479	29,519	364,722	4,240
iv) Commodity Contracts: Purchases	MYR	224,105	78,093	28,700	330,898	-

Forward foreign exchange sale contracts were entered into as hedges for committed and expected sales denominated in foreign currencies to minimize the exposure to fluctuations in foreign exchange rates.

The commodity contracts were entered into with the objective of managing and hedging the exposure of the Group's plantation and refining segments to adverse price movements in vegetable oil commodities.

Credit Risk is controlled by the application of authority and trading limits and dealing with well established counter parties and regular monitoring procedures.

Market Risk is minimized by daily monitoring of financial markets, supply and demand for crude palm oil and world vegetable oils in general. Regular production and sales as well as cash flow forecasts are carried out to establish hedging requirements. There are also 'stop loss' procedures in place to minimize possible losses.

There are no significant credit and market risks posed by the above off balance sheet financial instruments as at 16 May 2009.

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## Notes to the Financial Report

### B11) Material Litigation

There was no material litigation as at 16 May 2009.

### B12) Proposed Dividends

- (a) The Directors have recommended a final dividend of 20% gross less 25% tax or 15.00 sen net per share and a special dividend of 10% gross less tax or 7.50 sen net per share (2007 – 20% gross less 26% tax or 14.80 sen net per share) in respect of the year ended 31 December 2008.
- (b) No interim dividends have been declared or proposed for the year ending 31 December 2009.

### B13) Earnings Per Share (EPS)

The calculation of EPS is based on profit attributable to the ordinary equity holders of the parent company of MYR55,797,000 (2008: MYR68,960,000) and the weighted average number of ordinary shares of 208,134,266 (2008 : 208,134,266) in issue during the period.

By Order of the Board

**A. Ganapathy**  
Secretary

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16 May 2009