United Plantations Africa Limited

Unaudited Interim Report

for the Six Months ended 30th September 2008

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Unaudited Interim Report for the Half Year ended 30th September 2008

The Board of Directors presents its report based on the unaudited figures for the period 1st April 2008 to 30th September 2008.

Results

Whilst historically most of the citrus exports have been shipped by the end of the second quarter, and a large portion sold by then, the final accounting for sales by sales agents, reporting of prices, and receipt of proceeds takes place mainly in the third quarter of the year. Citrus export prices for sales up to 30th September are, therefore, estimates.

The unaudited results below are not indicative of the final results for the year which are discussed under prospects for 2008.

Production

Production figures for the year to date, together with comparative figures for the same period last year, and for the year ended 31st March 2008, are

	6 months to 30th September		Year to 31st March
Export Cartons ('000):	**2008**	2007	**2008**
Oranges	**809**	1,105	**1,118**
Grapefruit	**741**	695	**745**
Limes (5 kg cartons)	**-**	-	**13**
Industrial Exports (Tons)			
Oranges	**2,993**	2,141	**2,141**
Grapefruit	**162**	836	**836**
Local Sales (Tons)			
Citrus	**8,467**	7,801	**7,801**
Limes	**654**	791	**769**
Bananas	**3,829**	3,867	**6,647**
Sugar (Sucrose)	**5,244**	4,727	**5,851**

Ngonini Estate

Weather

In comparison to the previous year the water level/supply appeared to be better in the Lomati River, which in turn assisted with turbine power generation. Higher temperatures were experienced for the winter period, which has had an influence on banana production for the region as a whole. Numerous light hail storms were experienced reducing export volumes by 20% due to external damage to the fruit.

Citrus

Production in tons was marginally down on the 2007 crop, but the export percentage was significantly lower.

The occurrence of False Codling Moth (FCM) was significantly higher during this season and could be attributed to the higher temperatures. Although Citrus Black spot was less of a problem, FCM is considered to be a seriously threatening phytosanitary pest for most of the export markets.

Citrus Packing

Citrus packing was started later in order to utilize the packhouse more effectively and to decrease the risk of rind disorders.

Unfortunately, the packing season did not operate as efficiently as planned due to continued rind problems resulting in the season being extended by two weeks.

Bananas

With an additional 12 hectares of bananas planted in December 2007, banana yields are expected to be consistent with that of previous years.

Banana Packing

Due to the warmer weather, the peak production period increased and necessitated the harvesting and packing of fruit over a 24 hour period for three weeks. The hail damage has caused category 2 fruit to be higher than budgeted.

Tambuti Estate

Weather

The months before April 2008 were extremely dry and hot allowing for good fruit growth during this period. The entire winter was fairly mild with few really cold days, and winter rain only served to disrupt operations and delay in harvesting.

The Usutu River provides enough water, but it will be important for future security to ensure that the estate will be able to make use of the water in the newly built Lusip Dam.

Citrus

Picking started early again this year with select picking in the Star Ruby orchards, the only problem being the lack of containers in the port to ship the early fruit.

Grapefruit yields were reasonable with only those orchards which had extremely high yields in 2007 being below average.

Fruit size generally in all varieties was small and is still the main cull factor in the Packhouse. Certain older orchards have been identified where special attention will be made in fruit size improvement.

F.C.M. was a major influence as a cull in the Packhouse and this will have to be treated in next season.

Packing

Packing was influenced by rain delays during the season but downtime through mechanical problems was minimal. The anticipated power problems did not materialize.

Because of the problems encountered last season with pallet supply as well as the cost of pallets from South Africa Tambuti started its own pallet assembly plant, obtaining the timber locally.

Only one supplier of cartons was used this season and the boxes performed well with end pieces added for additional strength.

Sugar

Current yields are 4% below estimate. The replant programme was delayed but was completed by the end of September 2008.

General

Labour relations on the Estate are good, but Aids continues to create labour problems and affects staff at all levels.

The high oil price has had an impact on Estate inputs, the highest affected being fertilizer, the escalation of the local fuel price has impacted on other inputs. These high costs are also affecting the local community.

Marketing

Industry Background

During 2008, a volume of 90 million cartons was exported (91 m. in 2007) from southern African shores.

Prices

Prices of fruit during 2008 have not seen the levels of 2007. That fact, combined with a heavy increase in costs, has had a significant negative effect on expectations for the year ending 31st March 2009. Prices were particularly poor in Japan and the export of fruit to Japan will depend on the successful negotiation of fixed prices in future.

Logistics

Transport to port by road has seen annual increases of almost 35% in cost per load. This cost had to be very carefully managed between transport providers and two-way deliveries throughout the season.

Shipping will remain one of the cost challenges of the future. The rates of shipping have remained constant, while the cost of the fuel surcharge has escalated massively. Fuel surcharges alone accounted for the price of shipping increasing by over USD 100 per pallet.

Packaging

The problems of collapsing cartons have been resolved at a substantial additional cost. Two of the three suppliers in the 2007 season that supplied defective boxes have settled with the Company. The third supplier whose cartons were below specifications in all respects has yet to respond favourably.

Volumes

The company packed a total of 1,5 million cartons of citrus.

Financial Results

Unaudited revenue and expenditure for the six months ended 30th September 2008.

The unaudited revenue and expenditure for the six months to 30th September 2008, together with figures for the same period in 2007 and the summarized figures extracted from the audited results for the year ended 31st March 2008, are set out below:

(All figures expressed in ZAR 000's)

	6 months to 30th September 2008		6 months to 30th September 2007		12 months to 31st March 2008	
	Group	Company	Group	Company	Group	Company
Revenue	77,154	25	78,000	-	127,284	225
Expenditure	79,324	298	67,297	146	102,498	493
Net Profit before taxation	(2,170)	(273)	10,703	(146)	24,786	(268)
Taxation	-	-	-	-	601	-
Net Profit/(Loss)	(2,170)	(273)	(10,703)	(146)	24,185	(268)

Revenue and expenditure are based upon the actual local sales and costs incurred to date, and export sales for the period at estimated delivered in port (DIP) selling prices and on confirmed DIP sales prices where sales have been completed. Expenditure includes financing costs.

The net profit at 30th September 2008 is a reflection of the citrus seasonal income received up to that date plus estimates of future sales prices for fruit still unsold at that date. The costs for the remaining six months of the year are not absorbed by further citrus income, and the half-year profit is, therefore, not an indicator of the final profit that will be achieved for the year.

Prospects for the Year ending March 2009

Grapefruit fruit prices have not been as good overall as in 2007, while orange prices obtained during the season were very poor compared with previous years. Higher oil prices have increased freight costs in 2008, which along with increased packaging, fertilizer, and chemical costs, as well as port and other logistics expenses, has raised the cost of sales substantially.

Banana revenues are expected to meet budget.

Sucrose tonnage is expected to fall to 5% below budget while sugar prices are volatile due to the economic uncertainties in the commodity markets.
A forecast based on known citrus fruit prices for unsold fruit at 30th September 2008 coupled with high costs indicates a poor result for citrus for the year.

Prospects for the New Season 2009

While it is too early in the year to predict the prices for the 2009 citrus season, current crop set is good and this will provide a good platform for the coming season.

Due to increasing competition from South Africa and Mozambique in the local banana market, quality is increasingly important in achieving good prices. The objective will be to improve on class 1 volumes and to produce a good fruit size.

Sugar will remain much the same as in 2008 and should benefit from the depreciation of the South African rand against all trading currencies.

Post 30th September event: At Tambuti estate, the application of Blackspot spray chemicals has caused crop damage through a phytotoxic chemical burn which has led to a blemish on most of the fruit from several orchards. It is estimated that the damage is equivalent to 250 000 cartons of the Company´s best Star Ruby and 100 000 cartons of its best Marsh grapefruit. This fruit will have to be sold as factory fruit for juicing at a significantly lower net return than for exported fruit. A claim is being prepared for submission to the chemical suppliers.

Dividends

The Board has adopted a policy of not recommending dividends until such time as all orchards producing at sub-optimal levels have been replaced under the replanting programme, debt levels have been substantially reduced, and working capital requirements have been met.

Exchange Rates

The Rand (ZAR) exchange rates as at 30th September 2008 were ZAR 14.964 per Pound Sterling, ZAR 11.826 per Euro, and ZAR 1.585 per Danish Kroner.

By Order of the Board

J Hebbert
Secretary

20 November 2008