UNITED PLANTATIONS BERHAD

Third Quarter Report
2008

COMPANY ANNOUNCEMENT

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(Company No. 240-A)

Condensed Consolidated Income Statements for the Quarter ended 30 September 2008

(The figures have not been audited)

	Individual Quarter 3 months ended 30 September		Cumulative Quarter 9 months ended 30 September	
(MYR'000)	**2008**	2007	**2008**	2007
Revenue	**300,768**	182,938	**773,831**	465,201
Operating expenses	**(187,410)**	(115,218)	**(475,631)**	(332,967)
Other operating income	**5,473**	1,307	**12,832**	3,982
Finance costs	**(39)**	(13)	**(146)**	(98)
Interest income	**2,347**	1,208	**4,809**	3,547
Investment income	**-**	2,843	**19**	3,266
Profit before taxation	**121,139**	73,065	**315,714**	142,931
Income tax expense	**(31,188)**	(16,360)	**(77,404)**	(34,932)
Profit after taxation	**89,951**	56,705	**238,310**	107,999
Extraordinary items	**-**	-	**-**	-
Profit for the period	**89,951**	56,705	**238,310**	107,999
Net profit attributable to:				
Equity holders of the parent	**89,951**	56,718	**238,310**	108,012
Minority interest	**-**	(13)	**-**	(13)
Net profit	**89,951**	56,705	**238,310**	107,999
Earnings per share				
(i) Basic - based on an average 208,134,266 (2007: 208,134,266) ordinary shares (sen)	**43.22**	27.25	**114.50**	51.90
(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 2007.

Condensed Consolidated Balance Sheet
as at 30 September 2008
(The figures have not been audited)

(MYR'000)	**30 September 2008**	31 December 2007
Assets		
Non-current assets		
Biological assets	**242,527**	196,499
Property, plant and equipment	**373,085**	364,946
Prepaid lease payments	**385,356**	385,073
Associated company	**-**	-
Amount due from associated company	**7**	17
Advances to a foreign company	**28,068**	18,651
Available for sale financial assets	**8,247**	8,247
Total non-current assets	**1,037,290**	973,433
Current assets		
Inventories	**171,028**	118,034
Trade & other receivables	**55,682**	99,025
Tax recoverable	**541**	546
Financial assets at fair value	**-**	3,060
Cash, bank balances & fixed deposits	**317,884**	168,405
Total current assets	**545,135**	389,070
Total assets	**1,582,425**	1,362,503
Equity and liabilities		
Equity attributable to equity holders of the parent		
Share capital	**208,134**	208,134
Share premium	**181,920**	181,920
Other reserves	**20,537**	19,838
Retained profits	**994,095**	786,589
	1,404,686	1,196,481
Minority interest	**709**	672
Total equity	**1,405,395**	1,197,153
Non-current liabilities		
Retirement benefit obligations	**7,221**	2,958
Provision for deferred taxation	**60,947**	60,714
Total non-current liabilities	**68,168**	63,672
Current liabilities		
Trade & other payables	**58,787**	51,824
Overdraft & short term borrowings	**5**	232
Retirement benefit obligations	**906**	635
Interim/final dividend declared	**-**	30,804
Provision for taxation	**49,164**	18,183
Total current liabilities	**108,862**	101,678
Total liabilities	**177,030**	165,350
Total equity and liabilities	**1,582,425**	1,362,503
Net assets per share (MYR)	**6.75**	5.75

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2007.

Condensed Consolidated Statement of Changes in Equity for the Period ended 30 September 2008

(The figures have not been audited)

	Attributable to Equity Holders of the Parent							
(MYR'000)	Share capital	Retained profits	Share premium	Capital reserve	Translation reserve	Total	Minority interest	Total equity
Balance at 1 January 2008	208,134	786,589	181,920	21,798	(1,960)	1,196,481	672	1,197,153
Foreign currency translation	-	-	-	-	699	699	37	736
Net income/(expense) recognised directly in equity	-	-	-	-	699	699	37	736
Net profit for the year	-	238,310	-	-	-	238,310	-	238,310
Dividends	-	(30,804)	-	-	-	(30,804)	-	(30,804)
Balance at 30 September 2008	**208,134**	**994,095**	**181,920**	**21,798**	**(1,261)**	**1,404,686**	**709**	**1,405,395**
Balance at 1 January 2007	208,134	660,783	181,920	21,798	(534)	1,072,101	304	1,072,405
Increase in the paid-up share capital of a subsidiary company	-	-	-	-	-	-	456	456
Foreign currency translation	-	-	-	-	(673)	(673)	(36)	(709)
Net income/(expense) recognised directly in equity	-	-	-	-	(673)	(673)	420	(253)
Net profit for the year	-	108,012	-	-	-	108,012	(13)	107,999
Dividends	-	(22,791)	-	-	-	(22,791)	-	(22,791)
Balance at 30 September 2007	208,134	746,004	181,920	21,798	(1,207)	1,156,649	711	1,157,360

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 2007.

Condensed Consolidated Cash Flow Statements for the Nine-Month Period ended 30 September 2008

(The figures have not been audited)

(MYR'000)	9 months ended 30 September 2008	9 months ended 30 September 2007
Operating activities		
Receipts from operations	**792,272**	478,455
Operating payments	**(461,912)**	(343,324)
Cash flow from operations	**330,360**	135,131
Other operating receipts	**12,832**	3,982
Taxes paid	**(46,185)**	(39,732)
Cash flow from operating activities	**297,007**	99,381
Investing activities		
- Interest received	**4,809**	3,547
- Proceeds from sale of investment	**3,079**	169
- Proceeds from sale of property, plant and equipment	-	159
- Advances to a foreign company	**(9,417)**	-
- Purchase of property, plant and equipment	**(21,594)**	(12,180)
- Pre-cropping expenditure incurred	**(59,012)**	(25,097)
- Prepaid lease payments made	**(3,421)**	(23,763)
Cash flow from investing activities	**(85,556)**	(57,165)
Financing activities		
- Dividends paid	**(61,609)**	(45,582)
- Associated company	**10**	2
- Interest paid	**(146)**	(98)
Cash flow from financing activities	**(61,745)**	(45,678)
Net change in cash & cash equivalents	**149,706**	(3,462)
Cash & cash equivalents at beginning of year	**168,173**	156,857
Cash & cash equivalents at end of period	**317,879**	153,395

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2007.

Notes to the Interim 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 2007.

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 2007, except for the adoption of the following FRSs, Amendments to FRS and Issue Committee ("IC") Interpretations which became effective for financial periods beginning on or after 1 July 2007:

Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation

IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities

IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments

IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

IC Interpretation 6: Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

IC Interpretation 7: Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies

IC Interpretation 8: Scope of FRS 2

FRS 107: Cash Flow Statements

FRS 111: Construction Contracts

FRS 112: Income Taxes

FRS 118: Revenue

FRS 120: Accounting for Government Grants and Disclosures of Government Assistance

FRS 134: Interim Financial Reporting

FRS 137: Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above FRSs, Amendments to FRS and IC Interpretations does not have any significant financial impact on the Group.

Notes to the Interim Financial Report

A2) Audit Report

The auditor's report on the financial statements for the financial year ended 31 December 2007 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 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-Niño.

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.

A7) Dividends Paid

The following dividends were paid during the period in respect of the financial year ended 31 December 2007:

	MYR '000
Ordinary:	
Interim paid	
- 20% less 26% tax	30,804
Final Paid	
- 20% less 26% tax	30,805
	61,609

Notes to the Interim Financial Report

A8) Segmental Information

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

(MYR'000)	Plantations	Refining	Other Segments	Elimination	Total
Segment Revenue					
External Sales	442,103	331,143	585	-	773,831
Inter-segment Sales	45,863	-	770	(46,633)	-
	487,966	331,143	1,355	(46,633)	773,831
Segment Results					
Profit before tax	305,309	9,753	652	-	315,714

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 2007.

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.

A12) Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 15 November 2008.

Notes to the Interim Financial Report

B1) Directors' Review of the Group's Performance

The group's profit before tax for the current period under review surged 121% from that of the corresponding period in 2007 resulting from:

- Plantation

  The production of CPO and PK increased by 20.7% and 20.5% respectively; this coupled with higher selling prices of CPO and PK by 43.0% and 61.2% respectively for the current period contributed significantly to the increase in the profit before tax. Production of coconuts also increased by 7.4% with the selling price higher by 11.3% as compared to the corresponding period.

- Refinery

  Better margins from Palm Kernel and Palm Oil products improved the refinery's profit contribution as compared to the corresponding period.

B2) Comparison of Results with Preceding Quarter

Profit before tax increased by 13.3% from MYR 106.9 million in the preceding quarter to MYR 121.1 million for the quarter under review. The increase was due to higher production of CPO and PK by 8.0% and 11.2% respectively as compared to the preceding quarter.

B3) Prospects and Outlook

The first quarter of 2008 saw record high prices for CPO and PK and many other vegetable oils. However, bearish sentiment set-in in July 2008 following downward corrections in fuel oil prices as well as other vegetable oils. The global financial crisis and fears of global recession have exerted downward pressure on crude oil and overall vegetable oil demand which resulted in steep declines in prices. The high Malaysian CPO inventories also contributed to the bearish trend.

After the recent sharp setback, prices have recovered slightly, at least for the time being. The Malaysian Government has taken steps to raise CPO prices by encouraging replanting with a subsidy scheme, hoping that by increasing replanting, production will be reduced in the near term. Also, the Malaysian Government has announced a 5% biodiesel blending programme with effect from February 2009 for vehicles, starting with government vehicles, public transport and later on for private vehicles.

The Company's production of CPO and PK for the first three quarters of 2008 has been encouraging but production in the 4th quarter is trending lower with the beginning of the lower production period normally experienced during November, December and January.

Under the Company's forward sales policy, some CPO was sold forward for 2008 thus cushioning the impact of the prevailing lower CPO prices. Based on the foregoing, we expect 2008 to be a satisfactory year.

Notes to the Interim 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 30 September 2008 comprises:

(MYR '000)	Current Quarter	Current year-to-date
Current taxation	30,655	77,171
Deferred taxation	533	233
	31,188	77,404
Profit before taxation	121,139	315,714
Tax at the statutory income tax rate of 26%	31,496	82,085
Tax effects of expenses not deductible/(income not taxable) in determining taxable profit:		
Investment income	-	(92)
Depreciation on non-qualifying assets	165	498
Claims for reinvestment allowance and research and development	(130)	(390)
Utilisation of previously unrecognized tax losses and unabsorbed capital allowances	(474)	(2,536)
Overprovision of tax expense in prior years	-	(2,897)
Others	131	736
Tax expense	31,188	77,404

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

There were no sales of any unquoted shares during the current quarter. Gain arising from the acquisition of land by the government was MYR 20,000 for the period under review.

Notes to the Interim Financial Report

B7) Purchases and Disposal of Quoted Securities

(a) The following are details on the sales of quoted investments at 30 September 2008:

	(i) No. of shares sold Units	(ii) Sales Proceeds MYR '000	(iii) Profit on Sales MYR '000
Quoted shares sold:	765,900	3,079	19

There were no purchases of quoted investments for the period.

(b) There were no investments in quoted securities as at 30 September 2008.

B8) Corporate Proposals

Status of Corporate Proposal

Proposed Acquisition of Indonesian Investment in PT. Sawit Seberang Seberang ("PT SSS2")

As at the date of this report, the approvals of the relevant Indonesian and Malaysian authorities are still pending.

B9) Group Borrowings

All outstanding Group borrowings as at 30 September 2008 were unsecured, short term and denominated in Ringgit Malaysia only.

They consist of the following items:

	MYR
Bank Overdrafts	5,000

There were no long term borrowings in the Group as at 15 November 2008.

Notes to the Interim Financial Report

B10) Financial Instruments with Off Balance Sheet Risk

The amounts of financial instruments used for hedging purposes and outstanding as at 10 November 2008 were:

Type of Instrument	Currency	Maturity from reporting date Within 1 yr MYR '000	1 – 2 years MYR '000	Over 2 years MYR '000	Total Contract Amount MYR '000	Cash Require-ment MYR '000
i) Forward foreign exchange contracts: Sales	USD	43,688	-	-	43,688	-
ii) Forward foreign exchange contracts: Purchases	EUR	4,142	-	-	4,142	-
iii) Commodity contracts: Sales	MYR	301,142	129,122	58,946	489,210	9,657
iv) Commodity contracts: Purchases	MYR	283,394	125,645	57,428	466,467	-

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 15 November 2008.

Notes to the Interim Financial Report

B11) Material Litigation

There was no material litigation as at 15 November 2008.

B12) Proposed Dividends

The Directors have on 15 November 2008 declared an interim dividend of 20% per share less 25% tax or 15.00 sen net per share for the year ending 31 December 2008 (2007: 20% per share less 26% tax or 14.80 sen net per share) on the issued ordinary share capital of the Company. The dividend is payable on 5 February 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 MYR 238,310,000 (2007: MYR 108,012,000) and the weighted average number of ordinary shares of 208,134,266 (2007: 208,134,266) in issue during the period.

By Order of the Board

A. Ganapathy
Company Secretary

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15 November 2008