Third Quarter Report 2013

UNITED PLANTATIONS BERHAD

(Company no. 240-A)

Jendarata Estate • 36009 Teluk Intan • Darul Ridzuan • Malaysia

Condensed Consolidated Income Statements for the Nine Months Ended 30 September 2013

(The figures have not been audited)

	Individual Quarter 3 months ended 30 September		Cumulative Quarter 9 months ended 30 September	
(MYR '000)	**2013**	2012	**2013**	2012
Revenue	**212,350**	308,401	**669,876**	879,125
Operating expenses	**(149,863)**	(191,521)	**(481,444)**	(588,203)
Other operating income	**(5,113)**	10,881	**14,965**	28,682
Finance costs	**(7)**	(3)	**(20)**	(15)
Interest income	**6,688**	5,629	**20,044**	16,203
Share of results of jointly controlled entity	**(395)**	-	**(797)**	-
Profit before taxation	**63,660**	133,387	**222,624**	335,792
Income tax expense	**(24,547)**	(33,038)	**(61,828)**	(85,223)
Profit after taxation	**39,113**	100,349	**160,796**	250,569
Profit for the period	**39,113**	100,349	**160,796**	250,569
Net profit attributable to:				
Equity holders of the parent	**39,041**	100,318	**160,761**	250,033
Non-controlling interests	**72**	31	**35**	536
	39,113	100,349	**160,796**	250,569
Earnings per share				
(i) Basic - based on an average 208,134,266 (2012:208,134,266) ordinary shares (sen)	**18.76**	48.20	**77.24**	120.13

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2012.

Condensed Consolidated Statement of Comprehensive Income for the Nine Months ended 30 September 2013

(The figures have not been audited)

(MYR '000)	Individual Quarter 3 months ended 30 September **2013**	2012	Cumulative Quarter 9 months ended 30 September **2013**	2012
Profit for the period	**39,113**	100,349	**160,796**	250,569
Currency translation differences arising from consolidation	**(10,719)**	(472)	**(7,788)**	(444)
Total Comprehensive income	**28,394**	99,877	**153,008**	250,125
Total comprehensive income attributable to:				
Equity holders of the parent	**27,773**	99,908	**152,278**	249,688
Non-controlling interests	**621**	(31)	**730**	437
	28,394	99,877	**153,008**	250,125

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2012.

Condensed Consolidated Statement of Financial Position as at 30 September 2013

(The figures have not been audited)

(MYR '000)	**30 September 2013**	31 December 2012
Assets		
Non-Current Assets		
Biological assets	**380,313**	380,147
Property, plant and equipment	**915,894**	916,640
Land Use Rights	**32,679**	34,071
Associated company	**60**	50
Joint venture entity	**7,652**	3,333
Available for sale financial assets	**6,446**	6,446
Derivatives	**1,881**	-
Total non-current assets	**1,344,925**	1,340,687
Current Assets		
Inventories	**139,757**	178,722
Trade & other receivables	**63,180**	102,335
Prepayments	**467**	281
Tax recoverable	**2,943**	143
Derivatives	**-**	1,400
Cash, bank balances & fixed deposits	**800,226**	747,773
Total current assets	**1,006,573**	1,030,654
Total assets	**2,351,498**	2,371,341
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	**12,444**	20,927
Retained profits	**1,767,822**	1,739,747
	2,170,320	2,150,728
Non-controlling interests	**1,150**	420
Total Equity	**2,171,470**	2,151,148
Non-Current Liabilities		
Retirement benefit obligations	**11,300**	11,142
Provision for deferred taxation	**96,164**	86,108
Derivatives	**-**	283
Total non-current liabilities	**107,464**	97,533
Current Liabilities		
Trade & other payables	**56,912**	78,681
Tax Payable	**7,205**	28,055
Retirement benefit obligations	**834**	675
Derivatives	**7,595**	15,169
Bank borrowings	**18**	80
Total current liabilities	**72,564**	122,660
Total liabilities	**180,028**	220,193
Total equity and liabilities	**2,351,498**	2,371,341
Net assets per share (MYR)	**10.43**	10.33

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2012.

Condensed Consolidated Statement of Changes in Equity for the Nine Months Ended 30 September 2013

(The figures have not been audited)

(MYR '000)	Attributable to Equity Holders of the Parent: Share capital	Retained profits	Available for sale reserve	Share premium	Capital reserve	Translation reserve	Total	Non-controlling interests	Total equity
Balance at 1 January 2013	208,134	1,739,747	893	181,920	21,798	(1,764)	2,150,728	420	2,151,148
Total comprehensive income for the quarter	-	160,761	-	-	-	(8,483)	152,278	730	153,008
Dividends, representing total transaction with owners	-	(132,686)	-	-	-	-	(132,686)	-	(132,686)
Balance at 30 September 2013	**208,134**	**1,767,822**	**893**	**181,920**	**21,798**	**(10,247)**	**2,170,320**	**1,150**	**2,171,470**
Balance at 1 January 2012	208,134	1,584,827	893	181,920	21,798	(1,186)	1,996,386	207	1,996,593
Total comprehensive income for the quarter	-	250,033	-	-	-	(345)	249,688	437	250,125
Dividends, representing total transaction with owners	-	(124,881)	-	-	-	-	(124,881)	-	(124,881)
Balance at 30 September 2012	208,134	1,709,979	893	181,920	21,798	(1,531)	2,121,193	644	2,121,837

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 2012.

Condensed Consolidated Cash Flow Statements for the Nine Months Ended 30 September 2013

(The figures have not been audited)

(MYR '000)	9 months ended 30 September **2013**	2012
Operating Activities		
-Receipts from operations	**710,549**	890,382
-Operating payments	**(392,186)**	(502,465)
Cash flow from operations	**318,363**	387,917
Other operating receipts	**-**	32,014
Taxes paid	**(75,158)**	(87,405)
Cash flow from operating activities	**243,205**	332,526
Investing Activities		
- Proceeds from sale of property, plant and equipment	**2,928**	426
- Interest received	**21,226**	13,639
- Purchase of property, plant and equipment	**(45,590)**	(45,142)
- Pre-cropping expenditure incurred	**(30,560)**	(30,403)
- Prepaid lease payments made	**(855)**	(4,235)
- Investment in jointly controlled entity	**(5,126)**	-
Cash flow from investing activities	**(57,977)**	(65,715)
Financing Activities		
- Dividends paid	**(132,686)**	(124,881)
- Associated Company	**(7)**	3
- Interest paid	**(20)**	(15)
Cash flow from financing activities	**(132,713)**	(124,893)
Net Change in Cash & Cash Equivalents	**52,515**	141,918
Cash & Cash Equivalents at beginning of year	**747,693**	582,405
Cash & Cash Equivalents at end of period	**800,208**	724,323

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2012.

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 new 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 2015.

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 2015. For the financial year ending 31 December 2013, 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 2012. 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 2012.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2012, except for the adoption of the following new Financial Reporting Standards (FRS), Amendments to FRS and IC Interpretations with effect from 1 January 2013.

On 1 January 2013, the Group adopted the following FRS, Amendments to FRS and IC Interpretations:-

- Amendments to FRS 101 Presentation of Items of Other Comprehensive Income
- Amendments to FRS 101 Presentation of Financial Statements (Improvements to FRSs (2012))
- FRS 10 Consolidated Financial Statements
- FRS 11 Joint Arrangements
- FRS 12 Disclosure of interests in Other Entities
- FRS 13 Fair Value Measurement
- FRS 119 Employee Benefits
- FRS 127 Separate Financial Statements
- FRS 128 Investment in Associate and Joint Ventures
- Amendment to IC Interpretation 2 Members’ Shares in Co-operative Entities and Similar Instruments (Improvements to FRSs (2012))
- IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
- Amendments to FRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 1 First-time Adoption of Malaysian Financial Reporting Standards – Government Loans
- Amendments to FRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Improvements to FRSs (2012))
- Amendments to FRS 116 Property, Plant and Equipment (Improvements to FRSs (2012))
- Amendments to FRS 132 Financial Instruments: Presentation (Improvements to FRSs (2012))
- Amendments to FRS134 Interim Financial Reporting (Improvements to FRSs (2012))
- Amendments to FRS 10 Consolidated Financial Statements: Transition Guidance
- Amendments to FRS 11 Joint Arrangements: Transition Guidance
- Amendments to FRS 12 Disclosure of Interests in Other Entities: Transition Guidance

Notes to the Interim Financial Report

A1) Accounting Policies and Basis of Preparation - continued

Adoption of the above FRS, Amendments to FRS and IC Interpretations 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:

FRS, IC Interpretation and Amendments to IC Interpretations		**Effective for annual periods beginning on or after**
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 & FRS 127	Investment Entities	1 January 2014
FRS 9	Financial Instruments	1 January 2015

A2) Audit Report

The auditor's report on the financial statements for the financial year ended 31 December 2012 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.

A4) Exceptional and Extraordinary Items

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

Notes to the Interim Financial Report

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 on 5 June 2013 in respect of the financial year ended 31 December 2012:

Ordinary	(MYR '000)
Final Paid	
-30% less 25% Malaysian tax	46,830
Special Paid	
-55% less 25% Malaysian tax	85,856
Total	**132,686**

A8) Segmental Information

Segmental information for the current period:

(MYR '000)	Plantations	Refining	Other Segments	Elimination	Total
Segment Revenue:					
External Sales	302,089	366,584	1,203	-	669,876
Inter-segment Sales	142,091	-	-	(142,091)	-
	444,180	366,584	1,203	(142,091)	669,876
Segment Results:					
Profit before tax	234,458	19,674	(31,508)	-	222,624

Notes to the Interim Financial Report

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 2012.

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 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 25 November 2013.

Notes to the Interim Financial Report

B1) Directors' Analysis of the Group's Performance for 9 Months Ended 30 September 2013

The Group's profit before tax dropped by 33.7% to MYR 222.6 million in the current period from MYR 335.8 million in the corresponding period in 2012 resulting from:

Plantations

This major segment of the Group's profit before tax declined by 29.7% to MYR 234.5 million in the current period from MYR 333.7 million in the corresponding period. The lower profit before tax was mainly due to lower production, higher production costs and lower selling prices of CPO and PK. The average selling prices of CPO and PK achieved for the period were as follows:

Countries	Products	**September 2013 Current Period (MYR/MT)**	September 2012 Corresponding Period (MYR/MT)
Malaysia	CPO	**2,651**	3,104
Indonesia	CPO	**2,095**	2,444
Average	CPO	**2,547**	2,994
Malaysia	PK	**1,212**	1,701
Indonesia	PK	**868**	1,139
Average	PK	**1,159**	1,627

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 and PK production dropped by 10.3% and 14.3% respectively in the current period from the corresponding period. The selling prices of CPO and PK declined by 14.9% and 28.7% respectively in the same period as a consequence of the fall in world vegetable oil prices. CPO and PK production costs increased by 15.2% and 4.6% in the current period from the corresponding period.

As CPO price was below the windfall gain tax threshold price of MYR 2,500/MT in the current period, no windfall tax was paid as compared to MYR 9.2 million incurred in the corresponding period.

Interest income for the Group recorded a 23.7% increase in the current period from the corresponding period due to higher cash balances.

Refinery

The profit before tax of the refinery increased by 21.4% in the current period from the corresponding period due to favourable hedging and trading positions in commodities.

Notes to the Interim Financial Report

B1) Directors' Analysis of the Group's Performance for 9 Months Ended 30 September 2013 - continued

Others

The IDR had weakened significantly by 12.7% against MYR since the beginning of the year. This was primarily due to the US Federal Reserve's indication that it would begin to taper the amount of monetary stimulus (quantitative easing). This would imply a rise in the US interest rates. Emerging economies saw an exodus of funds and Indonesia was one of the worst hit resulting in a sharp weakening of the Indonesian currency .

This has resulted in the holding companies' investments in Indonesia recording a whopping MYR 31.2 million unrealized foreign exchange loss from IDR loans extended to Indonesian subsidiaries in the current period as compared to MYR 25.8 million unrealized loss in the corresponding period.

B2) Comparison of Results with Preceding Quarter

Profit before tax decreased by 15.7% from MYR 75.6 million in the preceding quarter to MYR 63.7 million for the quarter under review. This was principally due to MYR 33.1 million unrealised foreign exchange loss incurred from the IDR loans extended by the holding companies to the Indonesia subsidiaries as compared to MYR 0.8 million gain in the preceding quarter due to the sharp deterioration of IDR against MYR in the current quarter. The 60.9% drop in profit before tax from the refinery unit from MYR 10.9 million in the preceding quarter to MYR 4.3 million in the current quarter due to a 38.9% decline in sales also contributed to the overall decline.

However, the declines as highlighted above were offset somewhat by the significant improvement from the plantation division. This division's profit before tax recorded a 44.8% jump from MYR 63.9 million in the preceding quarter to MYR 92.6 million in the current quarter. The higher profitability of this divison was due to higher production of CPO and PK by 22.5% and 19.9% and lower production costs of CPO and PK by 23.7% and 16.2% in the current quarter as compared to the preceding quarter.

Notes to the Interim Financial Report

B3) Prospects and Outlook

During the third quarter of 2013, palm oil prices ranged between MYR 2,200/MT and MYR 2,500/MT. However, as the Malaysian palm oil production in third quarter was lower than expected combined with Malaysian exports surpassing expectations the September 2013 end stocks were pegged at 1.78 million MT against September 2012 ending stocks of 2.48 million MT. As a result of the significantly lower than expected third quarter ending stocks, prices started to re-test the upper part of the range of MYR 2,500/MT.

Due to weather concerns and some disruption of harvesting and transportation of crop to the mills during the month of October in primarily the major oil-palm growing states of Sabah, Sarawak and Johor, palm oil prices recently moved out of the abovementioned trading range and reached MYR 2,615/MT in October, the highest level seen for more than nine months.

The US soybean crop experienced late plantings during the second quarter due to wet weather. As a result, the market priced in a "late harvest risk premium" expecting lower yields due to the risk of night frost. However, the US harvest weather during September and October has been beneficial for the soybean crop and yields resulting in soybean oil prices decreasing significantly reducing the huge premium over palm oil.

The South American soybean crop is planted during the fourth quarter and recent beneficial rains in both Brazil and Argentina have improved planting conditions. As a result of better than expected weather conditions, the future crop outlook is looking good.

With the palm oil supply experiencing challenges versus expectations of abundant soybean oil supply the markets are double-edged. We expect the palm oil production to decline compared to last year, however, with soybean oil supply from first the US and then South America anticipated to be good, we do not foresee any dramatic price rallies.

The Group has embarked on a large replanting programme in Malaysia in 2013 in accordance with its replanting policy. This combined with a general downtrend of our Malaysian production has contributed to lower than anticipated production during the year. Shortage of guest workers, especially for harvesting operations, have compounded the fall in production. This fall is partially compensated by the production from our Indonesian estates as all areas have come into maturity. Nevertheless, it is anticipated that the Group's overall production in 2013 will be lower than in 2012.

During the third quarter of 2013, the Indonesian Rupiah depreciated approximately 10% against the Malaysian Ringgit which has had a significant negative impact on the Group's results in the form of unrealized foreign exchange loss as mentioned in Note B1) above.

Due to the above factors, the Board of Directors is of the opinion that the results for 2013 will be lower than in 2012.

B4) Profit Forecasts

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

Notes to the Interim Financial Report

B5) Taxation

The charge for taxation for the period ended 30 September 2013 comprises:

(MYR '000)	Current Quarter	Current year-to-date
Current taxation	20,079	51,508
Deferred taxation	4,468	10,320
	24,547	61,828
Profit before taxation	63,660	222,624
Tax at the statutory income tax rate of 25%	15,915	55,656
Tax effects of expenses not deductible/(income not taxable) in determining taxable profit :		
Depreciation on non-qualifying assets	270	810
Double deductions for research and development	(156)	(468)
Overprovision of tax expense in prior years	(28)	(864)
Utilisation of previously unrecognized tax losses and unabsorbed capital allowances	(741)	(859)
Others	9,287	7,553
Tax expense	**24,547**	**61,828**

B6) Corporate Proposals

There were no corporate proposals which were announced but not completed as at 25 November 2013.

B7) Group Borrowings

All Group borrowings were unsecured, short term and denominated in Ringgit Malaysia only and outstanding balance as at 30 September 2013 was MYR 18,000.

B8) Material Litigation

There was no material litigation as at 25 November 2013.

B9) Proposed Dividends

The Directors have on 25 November 2013 declared an interim dividend of 25% gross per share less 25% tax or 18.75 sen net per share (2012: 25% gross per share less 25% tax or 18.75 sen net per share) and a special dividend of 12.495% gross per share less 25% tax or 9.37 sen net per share(2012: 15% gross per share less 25% tax or 11.25 sen net per share) and, a single tier dividend of 2% or 2 sen per share (2012: Nil) for the year ending 31 December 2013 on the issued ordinary share capital of the Company. The dividend is payable on 20 December 2013.

Notes to the Interim Financial Report

B10) Earnings Per Share (EPS)

The calculation of EPS is based on profit attributable to the ordinary equity holders of the parent company of MYR 160,761,000 (2012: MYR 250,033,000) and the weighted average number of ordinary shares of 208,134,266 (2012: 208,134,266) in issue during the period.

B11) Disclosure of Realised and Unrealised Profits/Loss

(MYR' 000)	**As at 30/09/2013**	As at 31/12/2012
Total retained profits of the Company and its subsidiaries:		
- Realised	**1,882,241**	1,852,149
- Unrealised	**(58,651)**	(57,868)
	1,823,590	1,794,281
Total share of accumulated losses from an jointly controlled entity:		
- Realised	**(433)**	(33)
Associated company:		
- Realised	**(51)**	(51)
	1,823,106	1,794,197
Consolidation adjustments	**(55,284)**	(54,450)
Total Group retained profits as per consolidated financial statements	**1,767,822**	1,739,747

Notes to the Interim Financial Report

B12) Others

As the Group is also listed in NASDAQ OMX Copenhagen A/S (Nasdaq CPH) and to comply with the directive of the Danish Business Authority, the Directors have under Note 10 (a) of the Annual Report 2012 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 September 2013 reassessed these assumptions and are of the opinion that these have not changed significantly and the fair value is therefore not materially different from the valuation made as at 31 December 2012.

The Directors will continue to review these key assumptions every quarter. However, the valuation will be updated at year end or earlier only if any of these assumptions change significantly, resulting in a material change to the valuation.

At the Extraordinary General Meeting held on 12 November 2013, the shareholders had approved the delisting of the Company from Nasdaq CPH subject to approval from Nasdaq CPH.

By Order of the Board

A. Ganapathy
Company Secretary

Jendarata Estate
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25 November 2013

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