



Preliminary Announcement of Annual Report  
(Fourth Quarter Report)

2009

COMPANY ANNOUNCEMENT

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(Company No. 240-A)

# United Plantations Berhad

## Condensed Consolidated Income Statements for the Year ended 31 December 2009

(The figures have not been audited)

(MYR'000)	Individual Quarter 3 months ended 31 December		Cumulative Quarter 12 months ended 31 December	
	2009	2008	2009	2008
Revenue	<b>200,967</b>	265,304	<b>819,763</b>	1,030,925
Operating expenses	<b>(120,020)</b>	(194,489)	<b>(498,923)</b>	(663,082)
Other operating income	<b>7,374</b>	7,848	<b>41,009</b>	21,735
Finance costs	<b>(24)</b>	-	<b>(176)</b>	(30)
Interest income	<b>2,511</b>	2,617	<b>9,591</b>	7,446
Investment income	<b>1,533</b>	824	<b>1,533</b>	824
Profit before taxation	<b>92,341</b>	82,104	<b>372,797</b>	397,818
Income tax expense	<b>(23,942)</b>	(20,855)	<b>(91,913)</b>	(98,259)
Profit after taxation	<b>68,399</b>	61,249	<b>280,884</b>	299,559
Extraordinary items	-	-	-	-
Profit for the period	<b>68,399</b>	61,249	<b>280,884</b>	299,559
Net profit attributable to:				
Equity holders of the parent	<b>68,293</b>	61,249	<b>281,475</b>	299,559
Minority interest	<b>(106)</b>	-	<b>(591)</b>	-
Net profit	<b>68,399</b>	61,249	<b>280,884</b>	299,559
Earnings per share				
(i) Basic - based on an average 208,134,266 (2008: 208,134,266) ordinary shares (sen)	<b>32.81</b>	29.43	<b>135.24</b>	143.93
(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 December 2009 (The figures have not been audited)

(MYR'000)	31 December 2009	31 December 2008
<b>Assets</b>		
Non-current assets		
Biological assets	325,909	241,345
Property, plant and equipment	489,163	388,414
Prepaid lease payments	384,304	380,866
Associated company	50	-
Amount due from associated company	48	48
Advances to a foreign company	-	19,182
Available for sale financial assets	10,553	9,071
<b>Total non-current assets</b>	<b>1,210,027</b>	<b>1,038,926</b>
Current assets		
Inventories	135,168	139,465
Trade & other receivables	55,925	93,920
Tax recoverable	477	487
Cash, bank balances & fixed deposits	428,125	372,285
<b>Total current assets</b>	<b>619,695</b>	<b>606,157</b>
<b>Total assets</b>	<b>1,829,722</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	20,542	18,809
Retained profits	1,227,549	1,024,124
	<b>1,638,145</b>	<b>1,432,987</b>
Minority interest	125	619
<b>Total equity</b>	<b>1,638,270</b>	<b>1,433,606</b>
Non-current liabilities		
Retirement benefit obligations	6,704	7,129
Provision for deferred taxation	62,286	59,094
<b>Total non-current liabilities</b>	<b>68,990</b>	<b>66,223</b>
Current liabilities		
Trade & other payables	56,952	75,471
Overdraft & short term borrowings	23	19
Retirement benefit obligations	1,178	1,424
Interim/final dividend declared	31,220	31,220
Provision for taxation	33,089	37,120
<b>Total current liabilities</b>	<b>122,462</b>	<b>145,254</b>
<b>Total liabilities</b>	<b>191,452</b>	<b>211,477</b>
<b>Total equity and liabilities</b>	<b>1,829,722</b>	<b>1,645,083</b>
Net assets per share (MYR)	7.87	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 Period ended 31 December 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	-	-	-	-	1,733	1,733	97	1,830
Net income/(expense) recognized directly in equity	-	-	-	-	1,733	1,733	97	1,830
Net profit for the period	-	281,475	-	-	-	281,475	(591)	280,884
Dividends	-	(78,050)	-	-	-	(78,050)	-	(78,050)
<b>Balance at 31 December 2009</b>	<b>208,134</b>	<b>1,227,549</b>	<b>181,920</b>	<b>21,798</b>	<b>(1,256)</b>	<b>1,638,145</b>	<b>125</b>	<b>1,638,270</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
Foreign currency translation	-	-	-	-	(1,029)	(1,029)	(53)	(1,082)
Net income/(expense) recognized directly in equity	-	-	-	-	(1,029)	(1,029)	(53)	(1,082)
Net profit for the period	-	299,559	-	-	-	299,559	-	299,559
Dividends	-	(62,024)	-	-	-	(62,024)	-	(62,024)
Balance at 31 December 2008	208,134	1,024,124	181,920	21,798	(2,989)	1,432,987	619	1,433,606

**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.**

# United Plantations Berhad

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

(MYR'000)	12 months 31 December 2009	12 months 31 December 2008
Operating activities		
Receipts from operations	858,836	1,016,788
Operating payments	(432,007)	(592,685)
Cash flow from operations	426,829	424,103
Other operating receipts	16,199	21,496
Taxes paid	(92,752)	(80,883)
Cash flow from operating activities	350,276	364,716
Investing activities		
- Interest received	7,845	7,427
- Investment income	123	123
- Proceeds from sale of property, plant and equipment	112	116
- Proceeds from sale of investment	-	3,079
- Advances to a foreign company	-	(531)
- Purchase of property, plant and equipment	(125,104)	(43,894)
- Pre-cropping expenditure incurred	(94,129)	(64,164)
- Prepaid lease payments made	(5,061)	(1,110)
Cash flow from investing activities	(216,214)	(98,954)
Financing activities		
- Dividends paid	(78,050)	(61,608)
- Associated company	-	(31)
- Interest paid	(176)	(30)
Cash flow from financing activities	(78,226)	(61,669)
Net change in cash & cash equivalents	55,836	204,093
Cash & cash equivalents at beginning of year	372,266	168,173
<b>Cash &amp; cash equivalents at end of period</b>	<b>428,102</b>	<b>372,266</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.

# United Plantations Berhad

## Note: Acquisition of Subsidiary

During the current year under review, the Group acquired 93% of the equity interest in PT Sawit Seberang Seberang.

The fair value of assets acquired and liabilities assumed were as follows:

MYR '000	31 December 2009
Cash	1
Inventories	1,167
Property, plant and equipment	761
Biological assets	11,712
Prepaid lease	13,499
Accounts payable	(27,039)
Minority interest	(17)
Total purchase consideration	84
Less: Cash of PT Sawit Seberang Seberang at date of acquisition	(1)
Net cash flow on acquisition	83

**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 are 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 the El Niño phenomenon.

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 year.

There were no issuances of debt instruments during the year.

# United Plantations Berhad

## Notes to the Financial Report

### A7) Dividends Paid

The following dividends were paid during the year in respect of the financial year ended 31 December 2008:

	MYR '000
Ordinary:	
Interim paid	
- 20% less 25% tax	31,220
Final paid	
- 20% less 25% tax	31,220
Special paid	
- 10% less 25% tax	15,610
<b>Total</b>	<b>78,050</b>

### A8) Segmental Information

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

(MYR '000)	Plantations	Refining	Other Segments	Elimination	Total
Segment Revenue:					
External Sales	539,244	276,698	3,821	-	819,763
Inter-segment Sales	17,361	-	350	(17,711)	-
	556,605	276,698	4,171	(17,711)	819,763
Segment Results:					
Profit before tax	346,104	1,243	25,450	-	372,797

### 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.

## Notes to the Financial Report

### A11) Changes in the Composition of the Group

The Group completed the acquisition of 93% equity interest in PT Sawit Seberang Seberang on 6 November 2009.

Other than as stated above, there were no changes in the composition of the Group for the year 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 20 February 2010.

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

The Group's profit before tax for the current year under review dropped 6.3% from that of the corresponding year 2008 resulting from:

- Plantation  

Lower CPO and PK production by 2.4% and 4.3% respectively and lower selling prices of CPO and PK by 5.3% and 39.0% respectively for the current year as compared to 2008.
- Refinery  

Lower sales and depressed margins of all divisions of the refinery.

Furthermore, the Group also made the following provisions for impairment:

- i) MYR 5.2 million in respect of over-aged oil palm seedlings in Kalimantan operations resulting from the delays caused by the Indonesian authorities in issuing the spatial planning maps;
- ii) MYR 12.6 million in respect of the land set aside for conservation and social commitments in accordance with the Group's commitment towards the environment, the local communities and regulations in Indonesia.

### B2) Comparison of Results with Preceding Quarter

Profit before tax decreased by 23.2% from MYR 120.3 million in the preceding quarter to MYR 92.3 million for the quarter under review. The decrease was mainly due to lower production of CPO and PK by 6.4% and 4.0% respectively and lower selling price of CPO by 3.8% as compared to the preceding quarter.

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## Notes to the Financial Report

### B3) Prospects and Outlook

The global economy is still on the mend and demand for goods and services has not fully recovered. The current seasonal low production of FFB will help to reduce the present high stock levels of palm oil which will have a positive impact on the prices in the shorter term. However, the anticipated record production of soybeans is expected to have a bearish impact on the vegetable oil complex during the second half of 2010.

The Group plans to replant approximately 2,700 hectares in Malaysia in 2010 in accordance with its replanting policy. Even though some areas in Indonesia will be maturing in 2010, this production will not compensate for the crop loss from the replanted areas. The total production for 2010 will therefore be less than in 2009.

As a result of the above, the Directors are of the opinion that the Group's profit for the current financial year ending 31 December 2010 would be lower than in 2009.

### B4) Profit Forecasts

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

### B5) Taxation

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

(MYR '000)	Current Quarter	Current year-to-date
Current taxation	22,899	88,721
Deferred taxation	1,043	3,192
	23,942	91,913
Profit before taxation	92,341	372,797
Tax at the statutory income tax rate of 25%	23,085	93,199
Tax effects of expenses not deductible/(income not taxable) in determining taxable profit :		
Depreciation on non-qualifying assets	677	1,326
Claims for reinvestment allowance and research and development	(979)	(1,369)
Utilization of previously unrecognized tax losses and unabsorbed capital allowances	356	(311)
Overprovision of tax expense in prior years	-	(1,100)
Effect of taxation on temporary differences excluded on initial recognition	(2,000)	(2,000)
Others	2,803	2,168
Tax expense	23,942	91,913

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## Notes to the Financial Report

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

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

### B7) Purchases and Disposal of Quoted Securities

There were no purchase or sale of investments in quoted securities for the year.

### B8) Corporate Proposals

Status of Corporate Proposal

- a) *Proposed Acquisition of Indonesian Investment in PT Sawit Seberang Seberang ("PT SSS2")*

The above acquisition of 93% equity interest was completed on 6 November 2009.

### B9) Group Borrowings

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

They consist of the following items:

	MYR'000
Bank Overdrafts	23

There were no long term borrowings in the Group as at 20 February 2010.

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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 17 February 2010 were:

Type of Instrument	Currency	Maturity from reporting date			Total Contract Amount MYR'000	Cash Requirement MYR'000
		Within 1 yr MYR'000	1 – 2 years MYR'000	Over 2 years MYR'000		
i) Forward Foreign Exchange Contracts:						
Sales	USD	76,940	-	-	76,940	-
Purchases	USD	6,082	-	-	6,082	-
ii) Commodity Contracts:						
Sales	MYR	301,260	42,170	1,455	344,885	3,081
iii) Commodity Contracts:						
Purchases	MYR	263,017	41,000	10,574	314,591	-

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 20 February 2010.

### B11) Material Litigation

There was no material litigation as at 20 February 2010.

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## Notes to the Financial Report

### B12) Proposed Dividends

- a) The Directors recommend a final dividend of 20% gross less 25% or 15.00 sen net per share (2008: 20% gross less 25% tax or 15.00 sen net per share) and a special dividend of 30% gross less 25% or 22.50 sen net per share (2008:10% gross less 25% tax or 7.5 sen net per share) for the year ended 31 December 2009.
- b) Total dividends declared/recommended for the year ended 31 December 2009 are:

(sen)	2009 Net	2008 Net
Interim dividend		
- 20% gross less 25% tax (2008: 20% less 25% tax)	15.00	15.00
Recommended final dividend		
- 20% gross less 25% tax (2008: 20% less 25% tax)	15.00	15.00
Recommended special dividend		
- 30% gross less 25% tax (2008: 10% less 25% tax)	22.50	7.50
Total	52.50	37.50

### 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 281,475,000 (2008: MYR 299,559,000) and the weighted average number of ordinary shares of 208,134,266 (2008 : 208,134,266) in issue during the year.

By Order of the Board

**A. Ganapathy**  
Company Secretary

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20th February 2010