

# Third Quarter Report 2023



UNITED PLANTATIONS BERHAD  
(Company Registration No. 191701000045 (240 A))  
Jendarata Estate • 36009 Teluk Intan • Perak Darul Ridzuan • Malaysia

# United Plantations Berhad

## Condensed Consolidated Statement of Comprehensive Income for the Nine Months Ended 30 September 2023 (The figures have not been audited)

(RM'000)	----- Quarter ended 30 September -----			----- 9 Months ended 30 September -----		
	2023	2022	Changes (%)	2023	2022	Changes (%)
Revenue	540,158	649,621	-16.9%	1,470,219	1,993,787	-26.3%
Operating expenses	(238,713)	(352,155)	-32.2%	(920,469)	(1,381,873)	-33.4%
Other operating income	(3,698)	(1,941)	90.5%	92,335	18,740	392.7%
Finance costs	(182)	(281)	-35.2%	(544)	(1,605)	-66.1%
Interest income	5,918	3,184	85.9%	19,498	5,643	245.5%
Share of results of joint ventures	2,432	3,550	-31.5%	2,081	2,956	-29.6%
<b>Profit before taxation</b>	<b>305,915</b>	<b>301,978</b>	<b>1.3%</b>	<b>663,120</b>	<b>637,648</b>	<b>4.0%</b>
Income tax expense	(69,207)	(104,894)	-34.0%	(153,958)	(193,230)	-20.3%
<b>Profit after taxation</b>	<b>236,708</b>	<b>197,084</b>	<b>20.1%</b>	<b>509,162</b>	<b>444,418</b>	<b>14.6%</b>
<b>Profit for the period</b>	<b>236,708</b>	<b>197,084</b>	<b>20.1%</b>	<b>509,162</b>	<b>444,418</b>	<b>14.6%</b>
Net profit attributable to:						
Equity holders of the parent	235,682	196,722	19.8%	506,787	441,047	14.9%
Non-controlling interests	1,026	362	183.4%	2,375	3,371	-29.5%
	<b>236,708</b>	<b>197,084</b>	<b>20.1%</b>	<b>509,162</b>	<b>444,418</b>	<b>14.6%</b>
Earnings per share						
(i) Basic - based on an average 414,784,984 (2022:414,784,984) ordinary shares (sen)	56.82	47.43	19.8%	122.18	106.33	14.9%
(ii) Fully diluted (not applicable)	-	-	-	-	-	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes and the Annual Audited Financial Statements for the year ended 31 December 2022.

# United Plantations Berhad

## Condensed Consolidated Statement of Comprehensive Income for the Nine Months Ended 30 September 2023 (The figures have not been audited)

(RM'000)	----- Quarter ended 30 September -----			----- 9 Months ended 30 September -----		
	2023	2022	Changes (%)	2023	2022	Changes (%)
Profit for the period	236,708	197,084	20.1%	509,162	444,418	14.6%
Other comprehensive income:						
Items that will be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation	(7,103)	7,131	-199.6%	22,504	10,624	111.8%
Cash flow hedge						
- changes in fair value	(4,280)	239,676	-101.8%	270,049	41,693	547.7%
- transfers to profit or loss	4,034	(27,815)	-114.5%	(290,100)	180,630	-260.6%
Withholding tax effect on dividend	(2,266)	-	-	(2,266)	-	-
<b>Total Comprehensive income</b>	<b>227,093</b>	<b>416,076</b>	<b>-45.4%</b>	<b>509,349</b>	<b>677,365</b>	<b>-24.8%</b>
Total comprehensive income attributable to:						
Equity holders of the parent	226,422	415,357	-45.5%	505,848	673,466	-24.9%
Non-controlling interests	671	719	-6.7%	3,501	3,899	-10.2%
	<b>227,093</b>	<b>416,076</b>	<b>-45.4%</b>	<b>509,349</b>	<b>677,365</b>	<b>-24.8%</b>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes and the Annual Audited Financial Statements for the year ended 31 December 2022.

# United Plantations Berhad

## Condensed Consolidated Statement of Financial Position as at 30 September 2023

(The figures have not been audited)

(RM'000)	30 September 2023	31 December 2022
<b>ASSETS</b>		
Non-Current Assets		
Property, plant and equipment	1,252,028	1,241,751
Right-of-use assets	409,795	406,068
Associated company	50	50
Joint Ventures	55,581	53,499
Goodwill	356,856	356,856
Other receivables	708	692
Derivatives	-	11,342
Deferred tax assets	2,393	2,134
<b>Total non-current assets</b>	<b>2,077,411</b>	<b>2,072,392</b>
Current Assets		
Biological assets	53,535	45,643
Inventories	252,021	219,549
Trade & other receivables	165,800	160,664
Prepayments	7,719	6,515
Tax recoverable	17,862	37
Derivatives	14,617	34,486
Cash and bank balances	524,936	537,232
Short term funds	271,551	242,282
<b>Total current assets</b>	<b>1,308,041</b>	<b>1,246,408</b>
<b>Total assets</b>	<b>3,385,452</b>	<b>3,318,800</b>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to equity holders of the parent		
Share capital	390,054	390,054
Treasury shares	(18,668)	(18,668)
Other reserves	28,456	27,129
Retained profits	2,581,954	2,492,218
	<b>2,981,796</b>	<b>2,890,733</b>
Non-controlling interests	16,336	14,028
<b>Total equity</b>	<b>2,998,132</b>	<b>2,904,761</b>
Non-Current Liabilities		
Deferred tax liabilities	181,880	180,148
Retirement benefit obligations	15,315	12,805
Lease liabilities	12,508	11,969
<b>Total non-current liabilities</b>	<b>209,703</b>	<b>204,922</b>
Current Liabilities		
Trade & other payables	135,948	153,521
Tax payable	22,496	52,674
Retirement benefit obligations	976	2,674
Derivatives	18,197	-
Bank borrowings	-	248
<b>Total current liabilities</b>	<b>177,617</b>	<b>209,117</b>
<b>Total liabilities</b>	<b>387,320</b>	<b>414,039</b>
<b>Total equity and liabilities</b>	<b>3,385,452</b>	<b>3,318,800</b>
Net assets per share (RM)	7.19	6.96

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes and the Annual Audited Financial Statements for the year ended 31 December 2022.

# United Plantations Berhad

## Condensed Statement of Changes in Equity for the Nine Months Ended 30 September 2023 (The figures have not been audited)

	Attributable to Equity Holders of the Parent						Total	Non-controlling interests	Total equity
	Share Capital	Treasury shares	Retained profits	Cash flow hedge reserve	Capital reserve	Translation reserve			
(RM'000)									
Balance at 1 January 2023	390,054	(18,668)	2,492,218	31,160	21,798	(25,829)	2,890,733	14,028	2,904,761
Total comprehensive income for the period	-	-	504,521	(20,051)	-	21,378	505,848	3,501	509,349
Dividends, representing total transaction with owners	-	-	(414,785)	-	-	-	(414,785)	-	(414,785)
Dividends to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	(1,193)	(1,193)
<b>Balance at 30 September 2023</b>	<b>390,054</b>	<b>(18,668)</b>	<b>2,581,954</b>	<b>11,109</b>	<b>21,798</b>	<b>(4,451)</b>	<b>2,981,796</b>	<b>16,336</b>	<b>2,998,132</b>
Balance at 1 January 2022	390,054	(18,668)	2,407,380	(109,825)	21,798	(15,935)	2,674,804	10,669	2,685,473
Total comprehensive income for the period	-	-	441,047	222,323	-	10,096	673,466	3,899	677,365
Dividends, representing total transaction with owners	-	-	(352,567)	-	-	-	(352,567)	-	(352,567)
<b>Balance at 30 September 2022</b>	<b>390,054</b>	<b>(18,668)</b>	<b>2,495,860</b>	<b>112,498</b>	<b>21,798</b>	<b>(5,839)</b>	<b>2,995,703</b>	<b>14,568</b>	<b>3,010,271</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes and the Annual Audited Financial Statements for the year ended 31 December 2022.

# United Plantations Berhad

## Condensed Consolidated Cash Flow Statements for the Nine Months Ended 30 September 2023

(The figures have not been audited)

(RM'000)	9 Months ended 30 September	
	2023	2022
Operating Activities		
-Receipts from operations	1,476,548	1,984,122
-Operating payments	(832,193)	(1,225,999)
- (Placement)/recovery of deposits in derivative operations	(34,711)	166,443
Cash flow from operations	609,644	924,566
Other operating receipts	91,338	14,049
Taxes paid	(196,155)	(127,507)
Cash flow from operating activities	504,827	811,108
Investing Activities		
- Proceeds from sale of property, plant and equipment	997	573
- Interest received	19,644	5,714
- Purchase of property, plant and equipment	(85,356)	(88,560)
- Payment for right-of-use assets	(2,407)	(211)
- Net change in short term funds	(29,269)	(209,557)
Cash flow from investing activities	(96,391)	(292,041)
Financing Activities		
- Dividends paid	(414,785)	(352,567)
- Dividends paid to non-controlling shareholders of a subsidiary	(1,193)	-
- Finance costs paid	(5)	(1,605)
- Associated company	1	(8)
- Joint ventures	(4,502)	20,866
Cash flow from financing activities	(420,484)	(333,314)
<b>Net Change in Cash &amp; Cash Equivalents</b>	<b>(12,048)</b>	<b>185,753</b>
Cash & Cash Equivalents at beginning of year	536,984	299,661
Cash & Cash Equivalents at end of period	524,936	485,414

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2022.

Short Term Funds of RM271,551,000 (2022: RM387,727,000) are excluded from Cash Flow Statements due to reclassification of Short Term Funds from Cash & Cash Equivalents.

# United Plantations Berhad

## Notes To The Interim Financial Report

### A1) ACCOUNTING POLICIES AND BASIS OF PREPARATION

The interim financial statements of the Group for the financial period ended 30 September 2023 are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 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 2022. 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 2022.

At the date of authorization of these interim financial statements, the following MFRSs were issued but not yet effective and have not been applied by the Group:

<u>MFRS</u>	<u>Effective for annual periods beginning on or after</u>
• Amendments to MFRS 101: Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)	1 Jan 2024
• Amendments to MFRS 16: Leases (Lease Liability in a Sale and Leaseback)	1 Jan 2024
• Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures (Supplier Finance Arrangements)	1 Jan 2024
• Amendments to MFRS 121 – Lack of exchangeability	1 Jan 2025
• Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

### A2) AUDIT REPORT

The auditor’s report on the financial statements for the financial year ended 31 December 2022 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/April, 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 and La Nina.

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.

### A5) CHANGES IN ESTIMATES

There were no material changes to estimates made in prior period.

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## Notes To The Interim Financial Report

### A6) EQUITY AND DEBT SECURITIES

As at 30 September 2023, the number of treasury shares held was 1,483,548 shares as there were no share buy-back nor any cancellation, re-sale or distribution of treasury shares in the current period. There was also no issuance of new shares or debt instruments in the current period.

### A7) DIVIDENDS PAID

The following dividends were paid on 17 May 2023 in respect of the financial year ended 31 December 2022: -

	RM'000
Final Dividend of 70 sen paid	290,350
Special Dividend of 30 sen paid	<u>124,435</u>
Total	<u>414,785</u>

### A8) SEGMENTAL INFORMATION

The revenues and profit generated by each of the Group's operating segments and segment assets and liabilities are summarised as follows:

(RM'000)	9 months ended 30 September 2023				Total
	Plantations	Refining	Other Segments	Elimination	
<b>Segment Revenue:</b>					
External sales	533,375	936,844	-	-	1,470,219
Inter-segment sales	418,658	-	-	(418,658)	-
	952,033	936,844	-	(418,658)	1,470,219
<b>Segment Results:</b>					
Operating profit/(loss)	523,595	118,745	(255)	-	642,085
Investment and interest income	10,732	8,482	313	(29)	19,498
Interest expense	(543)	(30)	-	29	(544)
Share of results of joint ventures	(4)	2,085	-	-	2,081
Profit before tax	533,780	129,282	58	-	663,120
Taxation	(122,958)	(31,007)	7	-	(153,958)
Profit after tax	410,822	98,275	65	-	509,162
<b>Assets:</b>					
Segment assets	2,552,209	771,505	6,107	-	3,329,821
Investment in an associated company	-	-	50	-	50
Investment in joint ventures	(5)	55,586	-	-	55,581
Consolidated assets					<u>3,385,452</u>
Consolidated liabilities	319,203	68,081	36	-	<u>387,320</u>



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## Notes To The Interim Financial Report

9 months ended 30 September 2022					
(RM'000)	Plantations	Refining	Other Segments	Elimination	Total
<b>Segment Revenue:</b>					
External sales	566,180	1,427,607	-	-	1,993,787
Inter-segment sales	397,687	-	-	(397,687)	-
	963,867	1,427,607	-	(397,687)	1,993,787
<b>Segment Results:</b>					
Operating profit/(loss)	517,040	114,683	(1,069)	-	630,654
Investment and interest income	10,354	1,339	193	(6,243)	5,643
Interest expense	(1,603)	(6,245)	-	6,243	(1,605)
Share of results of joint ventures	-	2,956	-	-	2,956
Profit/(loss) before tax	525,791	112,733	876	-	637,648
Taxation	(155,988)	(37,227)	(15)	-	(193,230)
Profit/(loss) after tax	369,803	75,506	(891)	-	444,418
<b>Assets:</b>					
Segment assets	2,627,782	926,157	6,775	-	3,560,714
Investment in an associated company	-	-	50	-	50
Investment in joint ventures	-	43,158	-	-	43,158
Consolidated assets					3,603,922
Consolidated liabilities	386,562	207,070	19	-	593,651

### 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 2022.

### 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 16 November 2023.

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## Notes To The Interim Financial Report

### B1) DIRECTORS' ANALYSIS OF THE GROUP'S PERFORMANCE FOR 9 MONTHS ENDED 30 SEPTEMBER 2023

The Group's revenue for the current period at RM1,470.2 million was lower by 26.3% as compared to RM1,993.8 million recorded in the corresponding period, due to the decreases in revenues for the plantation and refinery segments by 1.2% and 34.4% respectively in the current period as a function of lower CPO and PK prices.

The Group's profit before tax at RM663.1 million for the current period was higher by 4.0% as compared to RM637.6 million in the corresponding period due to higher contribution from both the plantation and refinery segments.

The income tax expense despite higher profit before tax was 20% lower than the corresponding period because of the one-off Prosperity Tax of 33% for chargeable income above RM100 million in 2022.

The analysis of the performance in accordance with the segments is as follows:

#### Plantations

The revenue from the major segment of the Group in the current period despite higher production was marginally lower by 1.2% when compared to the corresponding period last year due to the significantly lower PK price. The average PK price at RM1,968/MT was 32.3% lower than last year.

The average selling prices of CPO and PK for the current and corresponding periods were as shown below.

Countries	Products	September 2023 Current Period (RM/MT)	September 2022 Corresponding Period (RM/MT)
Malaysia	CPO	4,063	3,852
Indonesia	CPO	3,312	3,780
Average	CPO	3,927	3,839
Malaysia	PK	2,052	2,927
Indonesia	PK	1,607	2,815
Average	PK	1,968	2,905

Despite the lower revenue, the profit before tax of this segment increased by 1.5% in the current period, mainly due to higher average CPO price and lower windfall tax incurred. CPO price at RM3,927/mt was 2.3% higher than last year whereas CPO windfall tax at RM19.1 million was 65.6% lower than last year due to lower MPOB CPO average price in the current period.

Group net interest income at RM19.5 million was 245.5% higher than RM5.6 million recorded in the corresponding period as a result of much higher deposits in the current period and higher interest rates obtained from the banks.

#### Refinery

The revenue for the refinery segment decreased by 34.4% to RM936.8 million in the current period from RM1,427.6 million in the corresponding period mainly due to lower average selling prices as a result of lower CPO/PK prices. However, this segment despite the lower revenue recorded a 14.79% increase in profit before tax in the current period. The positive results were mainly because of net hedging gains realised through buy back of earlier sold BMD futures in a falling market as opposed to the huge hedging losses incurred in the corresponding period in a rising market.

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## Notes To The Interim Financial Report

The profit before tax of the refinery segment as reported above includes the share of results of the joint-venture, Unifuji Sdn Bhd which has been equity accounted. The share of results of the joint venture in the current period is a profit of RM2.08 million in the current period compared to a profit of RM2.96 million in the corresponding period.

### B2) COMPARISON OF RESULTS WITH PRECEDING QUARTER

(RM'000)	Current Quarter 30/9/2023	Preceding Quarter 30/6/2023	Changes %
Revenue	540,158	470,074	14.9%
Interest income	5,918	7,108	(16.7%)
Profit Before Tax	305,915	207,171	47.7%
Profit After Tax	236,708	159,995	47.9%

The Group's revenue for the current quarter at RM540.2 million was higher by 14.9% as compared to RM470.1 million recorded in the preceding quarter mainly as a result of the higher revenues from the plantation and refinery segments by 29.2% and 12.0% respectively.

The profit before tax for the current quarter at RM305.9 million was higher by 47.7% as compared to RM207.2 million recorded in the preceding quarter due to higher profits from both the plantation and refinery segments. The quarterly segmental analysis is as follows:

#### Plantations

The revenue for plantation segment increased by 29.2% in the current quarter from the preceding quarter due to higher production and higher CPO and PK prices. CPO and PK production increased by 27.8% and 35.7% respectively, and the average CPO and PK prices were higher by 6.4% and 2.3% respectively.

These, coupled with the lower cost of production resulted in the increase in profit before tax by 40.8% in the current quarter from the preceding quarter. The higher CPO production in the current quarter resulted in a 32.5% higher CPO windfall tax incurred when compared with the preceding quarter.

Interest income for the Group decreased by 16.7% in the current quarter from the preceding quarter due to lower deposits in the current quarter.

#### Refinery

The refinery segment recorded a 12.0% increase in revenue in the current quarter due to higher sales volume.

The profit before tax of RM56.7 million for this segment in the current quarter was 89.8% higher than the preceding quarter. This was due to higher contribution from higher sales volume and the stronger US Dollar in the current quarter.

The profit before tax of the refinery segment as reported above includes a share of profit of the joint-venture, Unifuji Sdn Bhd which has been equity accounted. The share of results of the joint venture in the current quarter is a profit of RM2.4 million, against a share of loss of RM1.3 million profit in the preceding quarter mainly due to lower foreign exchange losses in the current quarter.

## Notes To The Interim Financial Report

### B3) PROSPECTS AND OUTLOOK

During the third quarter of 2023, prices have traded in a wide range between RM3,637/MT and a high of RM4,209/MT for the third month position. With the seasonal increase in production in Malaysia and Indonesia prices started to come under pressure, notably in tandem with rising stocks reaching the highest level in more than a year. This combined with the negative sentiments associated with rising interest rates has dampened the outlook for the world economy including the demand for general commodities.

As a result, palm oil prices briefly dropped to RM3,637/MT for the third month position in September 2023. However, prices recovered due to drier weather in East Malaysia, vast parts of Kalimantan and Southern Sumatra resulting in a lower-than-expected output of palm oil during the month of September. This combined with the concerns arising from El Nino manifesting itself in the palm oil growing region of South East Asia has suddenly changed the overall sentiments thereby supporting higher palm oil prices. As of now it is nevertheless still too early to ascertain the full consequences of the severity of this El Nino and the impact this will have on the production in 2024

The other price-making factors to consider are the developments in North and South America in relation to the soybean production and the planting season respectively. The soybean harvest has started in the US and whilst production is anticipated to be slightly lower than last year, the planting intentions for the south America Soyabean Crop remain record high.

Based on the above, UP is mindful of the challenges which the final part of 2023 will bring, especially amidst the consequences of higher inflation and recession fears combined with the escalation of global conflicts both in Ukraine and now also the Middle East. These conflicts will need to be monitored closely as they will have an impact on global trade and supply chains.

Whilst costs of energy, fertilisers, chemicals, building materials and spare parts have come down from earlier highs, they are still above the levels experienced a few years ago, resulting in our cost of production rising to its highest levels ever.

Concerted efforts have nevertheless been taken by Management to address this surge in our cost base by investing in means to increase our overall productivities and yields all of which are bearing fruit.

Whilst labour shortages and field operations have improved significantly with the reopening of borders, special attention as well as resources are being directed towards focusing on up-skilling and on-boarding our new guest workers failing which productivities and field losses will increase.

In this connection, Management will relentlessly continue to direct further attention towards implementing greater levels of mechanization combined with efforts to execute and complete our replanting program thereby taking full advantage of our latest high yielding planting materials produced at our research department. Based on the current palm oil prices and the Company's efforts on securing the budgeted crop in the final quarter of 2023, the Board of Directors expects that the results for the year will be very satisfactory.

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## Notes To The Interim Financial Report

### B4) PROFIT FORECASTS

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

### B5) OPERATING PROFIT

Included in the operating profit are the following:

<i>(RM'000)</i>	<i>Current Quarter</i>	<i>Current year-to-date</i>
Depreciation and amortisation	(27,871)	(81,281)
Realised foreign exchange losses	(3,844)	(10,891)
Realised (losses)/gains on commodities futures contracts	(15,633)	70,218
Fair value gains/(losses):		
- Forward foreign exchange contracts	3,318	(11,635)
- Commodities futures contracts	(1,929)	(5,914)
Gains on disposal of property, plant and equipment	370	978

### B6) TAXATION

The charge for taxation for the period ended 30 September 2023 comprises:

<i>(RM '000)</i>	<i>Current Quarter</i>	<i>Current year-to-date</i>
Current taxation	52,855	145,944
Deferred taxation	16,352	8,014
	69,207	153,958
Profit before taxation	305,915	663,120
Tax at the statutory income tax rate of 24%	73,420	159,149
Tax effect of different tax rate in other country	(468)	(1,209)
Tax effects in determining taxable profit:		
Tax effects on share of results of joint ventures	(584)	(500)
Effect of reinvestment allowance	(780)	(780)
Double deductions for research and development	(125)	(375)
Under / (over) provision of income tax in prior financial year	(742)	(742)
Income not subject to tax	(2,131)	(2,187)
Expenses not deductible	617	602
Tax expense	69,207	153,958

### B7) CORPORATE PROPOSALS

There were no corporate proposals announced as at 16 November 2023.

# United Plantations Berhad

## Notes To The Interim Financial Report

### B8) GROUP BORROWINGS

There were no group borrowing as at 30 September 2023.

### B9) FINANCIAL INSTRUMENTS

#### a) Derivatives

##### Derivatives not designated as hedging instruments

The Group uses forward currency contracts and commodity futures contracts to manage its exposure to currency and price risks, as well as to take advantage of favourable market conditions. The forward currency contract is not designated as cash flow or fair value hedges and is entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

##### Derivatives designated as hedging instruments – Cash flow hedge

Commencing from 1 October 2018, the Group has designated certain commodity futures contracts as hedging derivatives to reduce the volatility attributable to price fluctuations of crude palm oil ("CPO"). Hedging of the price volatility of forecast CPO is in accordance with the risk management strategy outlined by the Board of Directors.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the commodity price and commodity forward contracts match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships between the CPO sold and the forward commodity contracts as the underlying risk of the commodity price and commodity forward contracts are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The fair values of these derivatives as at 30 September 2023 are as follows:

	Contract/ Notional Amount RM'000	Assets RM'000	Liabilities RM'000
<b>Current</b>			
<b>Non-hedging derivatives:</b>			
Forward currency contracts	407,988	-	(14,767)
Commodity futures contracts	54,263	-	(3,430)
<b>Hedging derivatives:</b>			
Commodity futures contracts	25,560	14,617	-
		<u>14,617</u>	<u>(18,197)</u>
Total derivatives		<u>14,617</u>	<u>(18,197)</u>

There is no change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the financial year ended 31 December 2022.

## Notes To The Interim Financial Report

The description, notional amount and maturity profile of each derivative are shown below:

i) Forward currency contracts

Forward currency contracts are used to hedge the Group's sales and purchases denominated in USD for which firm commitments existed at the reporting date.

The forward currency contracts are stated at fair value. Fair value of the forward currency contracts is determined by reference to the difference between the contracted rate and the market rate as at the reporting date.

As at 30 September 2023, the notional amount, fair value and maturity tenor of the forward currency contracts are as follows:

	Contract/ Notional Amount RM'000	Fair Value Assets/ (Liabilities) RM'000
- less than 1 year	407,988	(14,767)
- 1 year to less than 3 years	-	-
- more than 3 years	-	-
	<u>407,988</u>	<u>(14,767)</u>

ii) Commodity futures contracts

Commodity futures contracts are used to manage and hedge the Group's exposure to adverse price movements in vegetable oil commodities.

The commodity futures contracts are stated at fair value. Fair value of the commodity futures contracts is determined by reference to the difference between the contracted rate and the forward rate as at the reporting date.

As at 30 September 2023, the notional amount, fair value and maturity tenor of the commodity futures contracts are as follows:

	Contract/ Notional Amount RM'000	Fair Value Assets/ (Liabilities) RM'000
- less than 1 year	79,823	11,187
- 1 year to less than 3 years	-	-
- more than 3 years	-	-
	<u>79,823</u>	<u>11,187</u>

b) **Fair Value Changes of Financial Liabilities**

Other than derivatives which are classified as liabilities only when they are at fair value loss position as at the end of the reporting period, the Group does not remeasure its financial liabilities at fair value after the initial recognition.

B10) **MATERIAL LITIGATION**

There was no material litigation as at 16 November 2023.

## Notes To The Interim Financial Report

### B11) PROPOSED DIVIDENDS

The Directors have, in accordance to the Dividend Policy, declared an interim dividend of 40 sen per share and an extraordinary dividend of 40 sen per share (2022: interim dividend of 40 sen per share) for the year ending 31 December 2023 on the issued ordinary share capital of the Company. The dividend is payable on 14 December 2023.

### B12) EARNINGS PER SHARE (EPS)

The calculation of EPS is based on profit attributable to the ordinary equity holders of the parent company of RM506,787,000 (2022: RM441,047,000) and the weighted average number of ordinary shares of 414,784,984 (2022: 414,784,984) in issue during the period.

By Order of the Board

**Ng Eng Ho**  
Company Secretary

Jendarata Estate  
36009 Teluk Intan  
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Malaysia

16 November 2023



## Contact information

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