



# Annual Report 2011



**United Malacca Berhad**  
(1319-V)



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## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Ninety-seventh Annual General Meeting of members will be held at the United Malacca Berhad Building , 6th Floor, No. 61, Jalan Melaka Raya 8, Taman Melaka Raya, 75000 Melaka on Friday, 26 August 2011 at 11.00 a.m. for the following business :-

### AGENDA

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 30 April 2011 and the Report of the Auditors thereon. [Resolution 1]
2. To declare a final single tier dividend of 17.5 sen per share in respect of the financial year ended 30 April 2011. [Resolution 2]
3. To approve an increase in Directors' fee from RM230,000 to RM335,000 for the financial year ended 30 April 2011. [Resolution 3]
4. To re-elect Mr. Tan Jiew Hoe, a Director retiring by rotation in accordance with Article 118 of the Company's Articles of Association. [Resolution 4]
5. To elect Dato' Tan Ang Meng, a Director retiring in accordance with Article 124 of the Company's Articles of Association. [Resolution 5]
6. To consider and, if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:-  
  

"That pursuant to Section 129(6) of the Companies Act 1965, Mr. Boon Weng Siew be and is hereby re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting."

[Resolution 6]
7. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. [Resolution 7]
8. As Special Business  

To consider and, if thought fit, to pass the following resolution with or without amendment as Ordinary Resolution:-

**ORDINARY RESOLUTION**

**- PROPOSED AUTHORITY TO GRANT RIGHTS AND OPTIONS TO DATO' TAN ANG MENG, THE INDEPENDENT NON-EXECUTIVE DIRECTOR OF UNITED MALACCA BERHAD (UMB)**

"THAT subject to the passing of Resolution 5 above, approval be and is hereby given to the Board of Directors, at any time, and from time to time to grant and allocate the rights and options to Dato' Tan Ang Meng, being the Independent Non-Executive Director of the Company, the rights to have a maximum of 105,000 UMB shares vested in and transferred to him and/or options to subscribe for up to a maximum of 270,000 UMB shares and if such options are accepted and exercised, to allot and issue, from time to time to the aforementioned Director, the maximum allowable allocation of up to 375,000 UMB shares available under the Company's Employee Share Scheme and to allot and issue any further UMB shares as may be required or permitted to be issued as a consequence of the adjustment pursuant to the provisions of the By-Laws governing and constituting the Employee Share Scheme."

[Resolution 8]
9. To transact any other business of which due notice shall have been given.

## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

### NOTICE OF DIVIDEND ENTITLEMENT

**NOTICE IS HEREBY GIVEN** a final single tier dividend of 17.5 sen per share in respect of the financial year ended 30 April 2011, if approved by the Shareholders at the forthcoming Annual General Meeting, be paid on 27 September 2011 to Shareholders whose names appear in the Record of Depositors and Register of Members at the close of business at 5.00p.m. on 12 September 2011.

A shareholder shall qualify for entitlement only in respect of:-

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 12 September 2011 in respect of transfers;
- (b) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 8 September 2011 in respect of shares which are exempted from mandatory deposit;
- (c) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

### By Order of the Board

**Leong Yok Mui**  
**Yong Yoke Hiong**  
Company Secretaries  
Melaka

Date: 2 August 2011

### NOTES:

- (1) The right of Foreign Depositors to vote in respect of their deposited securities with Bursa Malaysia Depository Sdn. Bhd. is subject to Section 41(1)(e) and Section 41(2) of the Securities Industry (Central Depositories) Act, 1991 and Securities Industry (Central Depositories)(Foreign Ownership) Regulations, 1996. The position of Depositors in this regard will be determined based on The General Meeting Record of Depositors. Depositors whose shares exceed the prescribed limit as at the date of The General Meeting Record of Depositors may attend the above Meeting but are not entitled to vote. Consequently, a proxy appointed by a Depositor who is not entitled to vote will also not be entitled to vote at the above meeting.
- (2) A member entitled to attend and vote at the general meeting is entitled to appoint one or more proxies to attend and vote in his stead. No person, however, who is not a member of the Company shall be appointed a proxy unless that person complies with the provision of Section 149(1)(b) of the Companies Act, 1965.
- (3) The instrument appointing a proxy must be deposited at the Registered Office of the Company at United Malacca Berhad Building, 6th Floor, No. 61, Jalan Melaka Raya 8, Taman Melaka Raya, 75000 Melaka not less than forty-eight hours before the time appointed for holding the Meeting or any adjournment thereof for the proxy to be valid.

### EXPLANATORY NOTES ON SPECIAL BUSINESS:

#### Resolution No. 8

The Company had established the Employee Share Scheme (ESS) for all the Directors and Eligible Employees on 18 June 2010 for a period of ten (10) years which was earlier approved by its shareholders at an Extraordinary General Meeting held on 29 August 2009. The ESS, which comprises of share grant and share option components, will enable the Company to provide an opportunity for Directors and Eligible Employees who have contributed to the growth and development of United Malacca Berhad Group to participate in the equity of the Company.

In accordance with the By-Laws, a Director of the Company shall be eligible to participate in the ESS. However, pursuant to the Listing Requirements, the specific allotment to be made to a Director of the Company must be approved by the Company in a general meeting.

Dato' Tan Ang Meng who was appointed an Independent Non-Executive Director of the Company on 16 December 2010, will be eligible to participate in the ESS. Subject to the passing Resolution 5 above, the Board proposes to seek shareholders approval for an authority to grant rights and/or options to Dato' Tan Ang Meng.

## STATEMENT ACCOMPANYING NOTICE OF NINETY-SEVENTH ANNUAL GENERAL MEETING

PURSUANT TO PARAGRAPH 8.27(2), APPENDIX 8A OF THE BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

The Directors who are standing for Re-appointment, Re-election and Election are as follows:-

- (1) Boon Weng Siew
- (2) Tan Jiew Hoe
- (3) Dato' Tan Ang Meng

Further details of individual Directors standing for re-appointment, re-election and election can be found in the Profile of Directors in pages 6 to 10 of this Annual Report. The holding of shares, direct or indirect in United Malacca Berhad by the Directors can be found in the Analysis of Shareholdings in page 124 of this Annual Report. The Directors do not have any interest in shares, direct or indirect in the subsidiaries of United Malacca Berhad.

The details of Directors' attendance at Board Meetings held during the financial year ended 30 April 2011 are as follows:-

Directors	Attendance
Choi Siew Hong (demised on 18 July 2011)	6 of 6 Meetings
Tan Sri Dato' Ahmad Bin Mohd Don	6 of 6 Meetings
Tan Siok Choo	6 of 6 Meetings
Boon Weng Siew	6 of 6 Meetings
Datuk Fong Weng Phak	6 of 6 Meetings
Tan Jiew Hoe	6 of 6 Meetings
Teo Leng	6 of 6 Meetings
Dato' Tan Ang Meng (appointed on 16 December 2010)	1 of 1 Meeting

## GROUP HIGHLIGHTS

	2011	2010
<b><u>PRODUCTION</u></b>		
	tonne	tonne
Crude palm oil	55,512	63,133
Palm kernel	13,011	14,472
Fresh fruit bunches	254,915	255,037
<b><u>FINANCIAL</u></b>		
	RM'000	RM'000
Revenue	205,715	178,527
Profit:		
Before tax	105,709	81,677 *
Net of tax	81,445	63,305 *
	sen	sen
Earnings per share:		
Basic/Fully diluted	40.4 ^	31.5 ^
Dividend per share:		
Gross	25.00 ^	23.33 ^
Net	25.00 ^	19.83 ^
	RM'000	RM'000
Total assets	1,120,325	1,041,122 *
	RM	RM
Net assets per share	5.03 ^	4.68 ^

\* Comparative figures for the previous financial year have been restated due to adoption of Amendments to FRS 117: *Leases*.

^ Calculated based on the enlarged share capital after bonus issue of 1 for 2 which was completed on 2 November 2010.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Choi Siew Hong (demised on 18 July 2011)  
(Chairman and Executive Director)

Tan Sri Dato' Ahmad bin Mohd Don

Ms. Tan Siok Choo

Boon Weng Siew

Datuk Fong Weng Phak

Tan Jiew Hoe

Teo Leng

Dato' Tan Ang Meng

### AUDIT COMMITTEE

Tan Sri Dato' Ahmad bin Mohd Don \*  
(Chairman)

Ms. Tan Siok Choo \*

Datuk Fong Weng Phak \*

Teo Leng \*

\* Independent Non-Executive Director

### SECRETARIES

Madam Leong Yok Mui

Ms. Yong Yoke Hiong

### AUDITORS

Ernst & Young  
Level 23A, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur  
Tel : 03-74958000  
Fax : 03-20955332

### SENIOR MANAGEMENT

Dr. Leong Tat Thim  
Chief Executive Officer/General Manager

Mr. Chong Seong Hoe  
General Manager (Sabah)

Madam Leong Yok Mui  
Assistant General Manager  
(Administration & Corporate Affairs)

Ms. Susan Lai Swee Kee  
Group Financial Controller

Mr. Sim Leong Teik  
Senior Plantation Controller

### HEAD OFFICE/REGISTERED OFFICE

6th Floor, No. 61, Jalan Melaka Raya 8  
Taman Melaka Raya  
75000 Melaka  
P.O.Box 117, 75720 Melaka  
Tel : 06-2823700  
Fax : 06-2834599  
E-Mail : umb@unitedmalacca.com.my  
Website : www.unitedmalacca.com.my

### SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.  
Level 6, Symphony House  
Block D13, Pusat Dagangan Dana 1  
Jalan PJU 1A/46, 47301  
Petaling Jaya, Selangor  
Tel : 03-78418000  
Fax : 03-78418008

### STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
Sector : Plantation  
Stock Short Name : UMCCA  
Stock Code : 2593

### DATE AND PLACE OF INCORPORATION

Incorporated on 27 April 1910 in Malaysia

## PROFILE OF DIRECTORS AS AT 26 JULY 2011



**MR. CHOI SIEW HONG** (demised on 18 July 2011)  
(Chairman and Executive Director)

Mr Choi Siew Hong, aged 90 and a Malaysian, was the Chairman and Executive Director. He joined the Board as Alternate Director on 7 May 1976 and was appointed as Director in 1979 and subsequently as Chairman in 1988. He was the Chairman of the Board Tender Committee, and also sat on the Boards of several subsidiaries of the Group, one of which is South-East Pahang Oil Palm Berhad.

He was a Director of Niro Ceramic (M) Sdn Bhd an associated company of United Malacca Berhad until 12 July 2011.

Mr Choi has enjoyed an illustrious career in the banking industry. Equipped with a First Class Honours Degree in Economics from the University of Malaya, he served Bank Negara as Secretary and Adviser from December 1958 to January 1966 and then as Deputy Governor to October 1972. He was appointed Executive Director of the World Bank to represent Malaysia and other countries in the South East Asia Voting Group from November 1972 to October 1975. He then assumed a senior executive position and later that of General Manager in the Malaysia Division of Oversea Chinese Banking Corporation Limited from 1976 to July 1986.

He was a director of The Pacific Bank Berhad (now known as PacificMas Berhad) from 1976 to 1994 and Chairman of the Bank from 1988 to 1994. Thereafter he was the Chairman of OCBC Bank (Malaysia) Berhad until October 1997 when he was re-appointed as Chairman of Pacific Bank which, after the sale of its banking business at the end of 2000, was renamed PacificMas Berhad. He remained Chairman of PacificMas Berhad and of several of its subsidiaries until his retirement from that Group on 26 June 2008.

He served on the Board of Malaysia Smelting Corporation Berhad until May 2010 and as Chairman of Malaysian Trustees Berhad until 12 April 2011.

During the financial year ended 30 April 2011, he attended all the six meetings of the Board. He did not have any family relationship with any other director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the company. He has never been convicted of any offence.

## PROFILE OF DIRECTORS AS AT 26 JULY 2011 (cont'd)



**TAN SRI DATO' AHMAD  
BIN MOHD DON**

(Independent Non-Executive Director)

Tan Sri Dato' Ahmad Bin Mohd Don, aged 64 and a Malaysian was appointed as an Independent Non-Executive Director on 1 October 2006. He is the Chairman of the Audit Committee and the Nomination Committee.

Tan Sri Dato' Ahmad graduated with a Bsc. Econ. Honours degree from the University of Wales, Aberystwyth, United Kingdom in 1969. He is a Fellow of The Institute of Chartered Accountants in England and Wales and a Member of the Malaysian Institute of Certified Public Accountants.

Tan Sri Dato' Ahmad started his career with the Corp of Accountants, Government of Malaysia between 1972 and 1973 before joining the private sector. He served as the financial controller between 1973 and 1980 in companies such as Syarikat Jengka Sdn. Bhd, Mansfield Berhad and Pernas Securities Sdn. Bhd. where he was also the company secretary. In November 1980, he joined Permodalan Nasional Berhad as the Deputy General Manager and was involved in the planning and launching of the National Unit Trust Scheme in 1981. Subsequently in April 1982, he joined Malayan Banking Berhad as General Manager, Treasury. During his service with Malayan Banking Berhad, he rose through the ranks of Senior General Manager and Board Member, then as Executive Director and in January 1991 he was appointed the Group Managing Director and Chief Executive Officer, a position which he held until 1994.

In May 1994, he was appointed the Governor of Bank Negara Malaysia, initially for a period of 3 years and in May 1997 was re-appointed for a further period of 3 years. He resigned as the Governor of Bank Negara in August 1998. He is currently a Director of MAA Holdings Berhad Group and a Director of KAF Investment Bank Berhad, Hap Seng Plantations Holdings Berhad and J.P.Morgan Chase Bank Berhad.

He is not related to any Director and/or major shareholder of United Malacca Berhad and has no personal interest in any business arrangement involving the Company. He has attended all the six Board Meetings held in the financial year ended 30 April 2011. He has never been convicted of any offence.

## PROFILE OF DIRECTORS AS AT 26 JULY 2011 (cont'd)



**DATUK FONG WENG PHAK**  
(Independent Non-Executive Director)

Datuk Fong Weng Phak, aged 70, a Malaysian, is an Independent, Non-Executive Director who joined the Board since 1 October 1998. He is the Chairman of Remuneration Committee and Employee Share Scheme Committee, a member of the Audit and the Nomination Committees. He also sits on the Boards of several subsidiaries of the Group.

A graduate in Economics, his professional working life was roughly divided between being a research officer and administrator as a public sector employee in Bank Negara Malaysia and as a commercial banker. On retirement in 1998, he has not held any corporate executive position. He has served as a director in a numbers of companies and non-profit organizations involved in a variety of activities, including manufacturing, food and beverage production, investment and financial services and medical care. He is currently a Director of Great Eastern Life Assurance (Malaysia) Berhad, Great Eastern Capital (Malaysia) Berhad, Overseas Assurance Corporation (Malaysia) Berhad and Overseas Assurance Corporation (Holdings) Berhad.

He is not related to any Director and/or major shareholder of United Malacca Berhad and has no personal interest in any business arrangement involving the Company. He has attended all the six Board Meetings held in the financial year ended 30 April 2011. He has never been convicted of any offence that would disqualify him from being a director of a listed company.



**MS. TAN SIOK CHOO**  
(Independent Non-Executive Director)

A Malaysian, Ms Tan Siok Choo, aged 59, is a Independent Non-Executive Director who was appointed to the Board on 8 December 1988. She is a member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Employee Share Scheme Committee.

She holds a Bachelor of Law degree from the University of Bristol, U.K. and was admitted as a Barrister at Lincoln's Inn, London in 1976 and to the Malaysian Bar in 1977.

She has had a varied career in corporate finance, stockbroking, executive search and journalism. She was head of Corporate Finance in Southern Bank Berhad, worked as an investment analyst for two stockbroking firms - Rashid Hussain Securities as well as Morgan Grenfell Asia & Partners' Securities, did a short stint with the world's largest executive search firm, Korn Ferry International, and was employed as a business and economic journalist with Business Times and The Sunday Star.

She was appointed a Visiting Fellow of the Institute of Strategic and International Studies (ISIS) Malaysia on 1st September 1998 and was appointed a Director of OCBC Bank (Malaysia) Berhad on 27th July 2000 and a Director of OCBC AL-AMIN Berhad on 1 August 2008. She is currently a Director several private companies.

She is not related to any Director and/or major shareholder of United Malacca Berhad and has no personal interest in any business arrangement involving the Company. She has attended all the six Board Meetings held in the financial year ended 30 April 2011. She has never been convicted of any offence.

## PROFILE OF DIRECTORS AS AT 26 JULY 2011 (cont'd)



**MR. BOON WENG SIEW**  
(Independent Non-Executive Director)

Mr. Boon Weng Siew, aged 87 and a Malaysian, is an Independent, Non-Executive Director who joined the Board since 26 September 1989. He is also a member of the Board Tender, Remuneration and Employee Share Scheme Committees.

He has vast experience in the plantation industry from his present and previous appointments in a public listed company and various planting organizations and statutory bodies. He is a life member of the Agricultural Institute of Malaysia and member of the Incorporated Society of Planters.

He is currently the President of Malaysian Estate Owner's Association, the Vice Chairman of the Malaysian Palm Oil Association and was a member of the Board of RISDA from 1984 to 2005.

He is also a Director of several private companies. He was Chairman of The Malaysian Rubber Producers' Council in 1988. He has also served as Council member of The United Planting Association of Malaysia and was its President in 1987/1988, a member of the National Economic Consultative Council in 1988 to 1990 and a member of the Johor State Pardon Board from 1984 to 2000 and re-appointed from June 2003 to May 2006.

He is not related to any Director and/or major shareholder of United Malacca Berhad and has no personal interest in any business arrangement involving the Company. He has attended all the six Board Meetings held in the financial year ended 30 April 2011. He has never been convicted of any offence.



**MR. TAN JIEW HOE**  
(Independent Non-Executive Director)

Mr. Tan Jiew Hoe, aged 64 and a Singaporean, joined the Board as Alternate Director on 9 June 1997 and was subsequently appointed as Director on 30 March 2007. He is a member of Employee Share Scheme Committee.

He is currently a Director of several private companies in Malaysia and Singapore and also a keen plantsman. He is not related to any Director and/or major shareholder of United Malacca Berhad. He has no personal interest in any business arrangement involving the Company.

He has attended all the six Board Meetings held in the financial year ended 30 April 2011. He has never been convicted of any offence.

## PROFILE OF DIRECTORS AS AT 26 JULY 2011 (cont'd)



**MR. TEO LENG**  
(Independent Non-Executive Director)

Mr. Teo Leng, aged 59 and a Malaysian, was appointed as an Independent, Non-Executive Director on 1 September 2009. He is also a member of the Audit Committee and the Board Tender Committee.

Mr. Teo Leng graduated with First Class Honours in Bachelor of Agriculture Science in 1976 from University of Malaya and holds a Master of Science (Soil Chemistry) from University of Wisconsin @ Madison, USA.

He joined the Malaysian Agricultural Research and Development Institute (MARDI) in 1976 as a Research Officer and began his career at EPA Management Sdn Bhd, a subsidiary of Kulim (Malaysia) Berhad, as an Agronomist in 1983, rising in ranks to the position of Director of Research and Development in January 1996, and in January 2002, he was appointed Estate Director (Malaysia), a position which he held until his retirement in April 2008. He was a Consulting Advisor (Plantations) with Kulim (Malaysia) Berhad until March 2011.

During his 28 years' career at EPA Management Sdn. Bhd., he was responsible for the full implementation of requirements pertaining to certification under Roundtable for Sustainable Palm Oil (RSPO) and also involved in the development and commercialization of Mill Integrated Waste Management System (MIWAMAS), a green technology converting empty fruit bunches and palm oil mill effluent to biocompost.

He has been an active committee member of national associations involved in oil palm, rubber and cocoa industry in various agricultural organizations. He was a past Board member of Malaysian Palm Oil Board (MPOB). He was also a Council member of Malaysian Palm Oil Association (MPOA), The Malaysian Agricultural Producers Association (MAPA) and Environmental Quality Council (EQC) of Kementerian Sumber Asli & Alam Sekitar.

He is not related to any Director and/or major shareholder of United Malacca Berhad and has no personal interest in any business arrangement involving the Company. He has attended all the six Board Meetings held in the financial year ended 30 April 2011. He has never been convicted of any offence.



**DATO' TAN ANG MENG**  
(Independent Non-Executive Director)

Dato' Tan Ang Meng, aged 55 and a Malaysian, was appointed as an Independent, Non-Executive Director on 16 December 2010.

He is a Certified Public Accountant and was admitted to the membership of the Malaysian Institute of Certified Public Accountants in 1980.

Dato' Tan started his career in 1975 with PriceWaterhouseCoopers, Kuala Lumpur Office in the audit division. He left the firm in 1981 to join UMW. In 1983, he joined Guinness Malaysia Bhd. Following the merger between Guinness Malaysia Berhad and Malayan Breweries (M) Sdn Bhd, he was transferred to Malayan Breweries Limited in 1991 (which later changed its name to Asia Pacific Breweries Ltd) and served within the Group until January 2001. During that period, he held various senior management positions with his last position as Regional Director based in Singapore with responsibility for the brewery operations in China, Vietnam, Cambodia and Myanmar.

In March 2001, he was appointed Chief Executive Officer of the Fraser and Neave Holdings Berhad (F&N) a position which he held until his retirement in 30 November 2010. Dato' Tan is also a director of Mega First Corporation Berhad, a company listed on Bursa Malaysia.

He is not related to any Director and/or major shareholder of United Malacca Berhad and has no personal interest in any business arrangement involving the Company. Since his appointment on 16 December 2010, he attended the sole scheduled Board Meeting held in the financial year ended 30 April 2011. He has never been convicted of any offence.

## MANAGEMENT TEAM



**Dr. Leong Tat Thim**  
Chief Executive Officer/  
General Manager



**Mr. Chong Seong Hoe**  
General Manager  
(Sabah)



**Madam Leong Yok Mui**  
Assistant General Manager  
(Administration & Corporate  
Affairs)



**Ms. Susan Lai Swee Kee**  
Group Financial Controller



**Mr. Sim Leong Teik**  
Senior Plantation Controller

### PROFILE OF CHIEF EXECUTIVE OFFICER/GENERAL MANAGER

#### Dr. Leong Tat Thim

Dr. Leong Tat Thim, aged 67 and a Malaysian, is the Chief Executive Officer/General Manager. He joined the Company on 1 March 2001. He was a Guthrie scholar, obtained his Diploma in Agriculture from Serdang College in 1968 (now known as University Putra Malaysia) and subsequently obtained his Bachelor of Agriculture Science degree (Honours) in 1972. He continued with his post graduate studies in University Malaya while working as a Research Officer with Guthrie Research Chemara and subsequently obtained his Master of Agriculture Science degree and later his Ph.D. in 1982.

He started his career as a planting assistant in Kumpulan Guthrie estates, went on to become a Research Officer in Guthrie Research Chemara and was subsequently promoted to Head of Rubber Research after which he joined IOI as Research Controller in 1995.

He has published and presented several research papers at local and international conferences and has patented two research findings.

He is currently a council member in Malaysian Palm Oil Association (MPOA) and also in The Malaysian Estate Owners' Association (MEOA). He was Chairman of Malaysian Rubber Producers Council (MRPC 1998/99) and was also Editor of MEOA's monthly bulletin. He also sits on the Board of seven subsidiaries of the Group, one of which is South-East Pahang Oil Palm Berhad.

His shareholding in the Company is 25,000 shares and he does not have any shareholding in the Company's subsidiaries.

He is not related to any Director or/and major shareholder of United Malacca Berhad and also has no personal interest in any business arrangement involving the Company. He has never been convicted of any offence.

## CHAIRMAN'S STATEMENT



“ On behalf of the Board of Directors of United Malacca Berhad, it is my pleasure to present the Annual Report and Audited Financial Statements of the Company and the Group for the financial year ended 30 April 2011.

”

## CHAIRMAN'S STATEMENT (cont'd)

### Financial Performance

The Group recorded an increase of 15% and 29% in revenue and pretax profit to RM205.72 million and RM105.71 million respectively as compared with RM178.53 million and RM81.68 million in the preceding year. The good results were due mainly to 24% higher CPO selling price at RM2,971 per tonne as against RM2,390 per tonne in the preceding year.

At the Company level, pretax profit for the current financial year ended 30 April 2011 increased by 15% to RM81.55 million from RM70.81 million in the preceding year.

In tandem with the increase in profit, the Group's earnings per stock unit for the current financial year rose by 28% to 40.4 sen from 31.5 sen in the preceding year.

During the financial year, the Company's paid up capital increased from RM134,005,001 to RM202,358,251 via issuance of 67,416,250 bonus shares of RM1 each to the shareholders on 1 November 2010 pursuant to the bonus issue of one new share for every two shares held which was approved at the Extraordinary General Meeting held on 27 September 2010. In addition, a total of 937,000 shares were issued under the Company's Employee Share Scheme.

### Dividends

The Board is recommending a final single tier tax exempt dividend of 17.5 sen for approval by the shareholders at the forthcoming Annual General Meeting. Together with the interim single tier tax exempt dividend of 7.5 sen per share paid on 25 January 2011, the total dividend for the financial year ended 30 April 2011 will amount to 25 sen per share (all single tier tax exempt) totalling RM50,594,000 compared with 35 sen gross or 29.75 sen net (or equivalent to 19.83 sen net after the enlarged share capital) totalling RM40,032,000 in the preceding financial year. The proposed dividend is payable on 27 September 2011.

### Plantation Operations

The Group had a planted area of 47,112 acres (19,066 hectares) at the close of financial year (FY) 2010/11. The planted area comprised 35,308 acres (14,289 hectares) or 75% of matured oil palms and 11,804 acres (4,777 hectares) or 25% of immature palms of less than 4 years old.

Production of fresh fruit bunches for financial year 2010/11 at 254,915 tonnes was about the same as in the previous year. The increase in production from maturing area was more than offset by the impact of very adverse weather conditions in the first three months of 2010 and again in the period from the end of 2010 to March 2011.

The yield per hectare per annum of 17.70 tonnes ffb was 1.6% lower than the industry average of 17.99 tonnes ffb per hectare per annum. However, excluding the production from the young plantings which have low yield in newly acquired Millian Labau Plantations, the 19.33 tonnes ffb per hectare was 7.5% higher than the industry average of 17.99 tonnes.

The Group continued to benefit from its expansion programme initiated in Sabah in 1997. The Sabah estates (Meridian & Millian Labau) with young and prime yielding palms contributed 141,342 tonnes ffb or 55.45% of total production for the Group.

## CHAIRMAN'S STATEMENT (cont'd)

Since its acquisition in December 2009, the total planted area of Millian Labau Plantations to date is 5,330 hectares (13,170 acres) out of the 10,102 hectares acquired. Aggressive development work is in progress to plant up the balance of the 4,772 hectares (11,792 acres) of undeveloped area and planting is expected to complete by end of 2012. This estate will contribute significantly to the Group in the years to come.

During the year, the Group acquired a small parcel of 60 acres industrial land together with an office complex and labour quarters located within Millian Labau Plantations for a cash consideration of RM5.5 million. This property is strategically located and ideal for a palm oil mill. Following this acquisition, planning for construction of another oil mill for the Group to process our own crop in the future has commenced.

For the FY 2010/11, the Group's two mills recorded a total production of 55,512 tonnes of CPO and 13,011 tonnes of palm kernel and achieved an average of 21.29% OER and 4.99% KER in FY 2010/11 as against industry's average of 20.29% OER and 5.08% KER respectively.

### Current Year Prospects

Although the stock inventory exceeded 2 million tonnes in July 2011, the CPO price was hovering above RM3,000 per tonne CPO. This is a good sign for the oil palm industry, owing to continuous strong demand of palm oil from Pakistan, India, China, EU and the US. Some analysts have suggested that stock inventory might fall back promptly due to supply disruption on the second half of this year. If this occur and coupled with CPO now trading at a significant US\$210 per tonne discount to soya bean oil, there is positive upside for palm oil price to move higher in the coming months.

The Group, as in the case of the oil palm industry, will continue to face labour shortage which can lead to poorer estate management practices. The Group will continue to address the labour shortage problem by outsourcing to contractors to supply labour as well as increasing efficiency in harvesting and other daily field operations.

For the current FY 2011/12, the operating costs are expected to be higher than the previous year because of increasing costs of fertilizers, transport, recruitment of foreign workers and higher wages. The Group is positioning itself to face these challenges by increasing FFB productivity. As 68% of planted palms are between the age of 4 to 15 years, the yield is expected to increase substantially in the current financial year. At the same time, management will step up efforts to contain and, where appropriate, to reduce production costs.

In addition to the objective of an efficiently run company, which is caring and environmentally friendly, the existing core values of integrity, hard work, good corporate governance and financial prudence will continue to be guiding principles for the Group to face the challenges ahead.



High yielding palm.



Good quality fresh fruits with thick meso carp.

## CHAIRMAN'S STATEMENT (cont'd)

### Directorate & Acknowledgement

Dato' Tan Ang Meng was appointed Non-Executive Director of the Company on 16 December 2010. We wish to welcome Dato' Tan Ang Meng who brings with him a wealth of experience that will benefit the Board and the Group.

Datuk Fong Weng Phak who retires as Director of the Company pursuant to Section 129(2) of the Companies act, 1965 at the conclusion of the forthcoming Annual General Meeting, does not offer himself for re-appointment.

On behalf of the Board of Director, I wish to place on record the Board's appreciation and gratitude to Datuk Fong Weng Phak for his invaluable guidance, support and contribution during his 13 years of service with the Group. We wish him happy retiral, good health and success in all his current and future endeavours.

I would like to take this opportunity to inform our Shareholders that I shall be retiring at the forthcoming Annual General Meeting and I do not wish to seek for re-appointment under section 129(6) of the Companies Act, 1965.

I am gratified that United Malacca Berhad has grown to become a medium size oil palm plantation Group having a total of 60,000 acres throughout in Peninsular and East Malaysia. The Company is financially strong with total assets of RM1,120,325,000 as at 30 April 2011 and its market capitalisation now surpasses one billion ringgit.

I wish to thank my fellow Directors for their wise counsel and guidance at Board deliberations and to the Management and Staff at all levels for their full hearted dedication to their responsibilities by giving their very best for the well being and success of the Company, without all of which the Company would not have attained its present position.

Lastly, to our valued shareholders, business associates and the regulatory authorities, I thank them sincerely for their confidence and support throughout the year.

**CHOI SIEW HONG, KMN, JMN**

Chairman

29 June 2011



Chairman, Director and Chief Executive Officer visited the Meridian Palm Oil Mill, Sabah.



Loading of crusher runs for grading and compacting estate road.

## PENYATA PENERUS

Bagi pihak Lembaga Pengarah United Malacca Berhad, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Syarikat dan Kumpulan yang telah diaudit bagi tahun kewangan berakhir 30 April 2011.

### Prestasi Kewangan

Perolehan dan keuntungan sebelum cukai Kumpulan meningkat sebanyak 15% dan 29% kepada RM205.72 juta dan RM105.71 juta berbanding RM178.53 juta dan RM81.68 juta pada tahun sebelumnya. Prestasi baik ini disumbangkan oleh peningkatan harga jualan minyak sawit mentah (MSM) sebanyak 24% iaitu RM2,971 setan metrik berbanding RM2,390 setan metrik pada tahun sebelumnya.

Pada peringkat Syarikat, keuntungan sebelum cukai bagi tahun berakhir 30 April 2011 meningkat sebanyak 15% kepada RM81.55 juta daripada RM70.81 juta tahun sebelumnya.

Seiring dengan peningkatan keuntungan, perolehan sesaham Kumpulan pada tahun kewangan semasa meningkat 28% kepada 40.4 sen daripada 31.5 sen tahun sebelumnya.

Pada tahun kewangan semasa, modal berbayar Syarikat meningkat daripada RM134,005,001 kepada RM202,358,251 melalui pemberian 67,416,250 saham bonus bernilai RM1.00 sesaham kepada para pemegang saham pada 1 November 2010 bersesuaian dengan satu unit saham bonus untuk setiap dua unit saham yang dimiliki, yang mana telah diluluskan pada Mesyuarat Agung Luarbiasa pada 27 September 2010. Sebagai tambahan, sejumlah 937,000 saham telah dikeluarkan di bawah Skim Saham Kakitangan Syarikat.

### Dividen

Lembaga Pengarah mencadangkan dividen "single-tier" tanpa cukai sebanyak 17.5 sen untuk kelulusan para pemegang saham pada Mesyuarat Agung Tahunan yang akan datang.

Bersama-sama dengan dividen interim "single-tier" tanpa cukai sebanyak 7.5 sen yang telah dibayar pada 25 Januari 2011, jumlah dividen bagi tahun kewangan semasa berakhir 30 April 2011 adalah 25 sen sesaham (semuanya "single-tier" tanpa cukai) dengan jumlah keseluruhan RM50,594,000 berbanding dengan 35 sen kasar atau 29.75 sen bersih (atau bersamaan dengan 19.83 sen bersih selepas mengambilkira peningkatan saham modal) berjumlah RM40,032,000 tahun sebelumnya. Dividen yang dicadangkan akan dibayar pada 27 September 2011.

### Operasi Perladangan

Pada akhir tahun kewangan 2010/2011, Kumpulan mempunyai kawasan perladangan seluas 47,112 ekar (19,066 hektar). Jumlah kawasan perladangan merangkumi 35,308 ekar (14,289 hektar) atau 75% kawasan kelapa sawit matang dan 11,804 ekar (4,777 hektar) atau 25% kawasan kelapa sawit belum matang yang mana usia pokok di bawah 4 tahun.

Penghasilan buah tandan segar (BTS) pada tahun kewangan 2010/2011 sebanyak 254,915 tan adalah lebih kurang sama dengan BTS yang dihasilkan pada tahun kewangan sebelumnya. Peningkatan pengeluaran dari kawasan kelapa sawit matang dibatasi oleh kesan keadaan cuaca yang tidak menentu pada 3 bulan pertama



Kerja-kerja pembangunan yang agresif sedang dijalankan di Estet Millian Labau, Sabah.



Nurseri diselenggara dengan baik di estet Meridian, Sabah

## PENYATA PENERUSI (samb.)

tahun 2010 dan juga penghujung tahun 2010 sehingga bulan Mac 2011.

Hasil BTS sebanyak 17.70 tan sehektar setahun adalah 1.6% lebih rendah berbanding purata industri iaitu 17.99 tan sehektar setahun. Walaubagaimanapun, jika tidak mengambilkira hasil dari kawasan perladangan muda yang mempunyai hasil yang rendah dari Millian Labau Plantations yang baru dibeli, 19.33 tan sehektar setahun adalah 7.5% lebih tinggi dari purata industri 17.99 tan sehektar setahun.

Kumpulan terus menikmati faedah dan kelebihan yang diperolehi dari program pengembangan di Sabah bermula tahun 1997. Estet-estet di Sabah (Meridian dan Millian Labau) yang muda dan berhasil tinggi telah menyumbang 141,342 tan BTS atau 55.45% daripada jumlah keseluruhan pengeluaran Kumpulan.

Sejak pengambilalihan pada Disember 2009, jumlah kawasan yang telah ditanam di Millian Labau Plantations sehingga kini ialah 5,330 hektar (13,170 ekar) dari kawasan keseluruhan 10,102 hektar yang diambilalih.

Kerja - kerja pembangunan yang agresif sedang berjalan untuk menanam baki 4,772 hektar (11,792 ekar) yang belum dibangunkan dan penanaman dijangka selesai pada penghujung tahun 2012. Pada tahun-tahun hadapan, estet ini akan menyumbang secara signifikan kepada Kumpulan.

Pada tahun semasa, Kumpulan mengambilalih kawasan tanah industri seluas 60 ekar termasuk kompleks pejabat dan kuarter pekerja dalam lingkungan kawasan Millian Labau Plantations secara tunai berjumlah RM5.5 juta. Lokasi kawasan ini sangat strategik dan sesuai untuk membina kilang kelapa sawit. Melalui pengambilalihan ini, perancangan untuk membina sebuah lagi kilang kelapa sawit Kumpulan bagi memproses BTS sendiri pada masa hadapan telah pun bermula.

Pada 2010/2011, kedua-dua kilang kelapa sawit Kumpulan mencatatkan pengeluaran MSM sebanyak 55,512 tan dan 13,011 tan isirong sawit. Purata kadar perahan yang dicatatkan pada tahun 2010/2011 adalah 21.29% untuk MSM manakala 4.99% untuk isirong sawit berbanding purata industri sebanyak 20.29% untuk MSM dan 5.08% untuk isirong sawit.

### Prospek Tahun Semasa

Walaupun inventori stok melebihi 2 juta metrik tan pada Julai 2011, harga MSM masih melepasi paras RM3,000 setan metrik. Ini merupakan petanda yang baik kepada industri kelapa sawit terutamanya permintaan MSM yang tinggi dari Pakistan, India, China, Kesatuan Eropah dan Amerika Syarikat. Penganalisis pasaran meramalkan inventori stok akan jatuh kembali disebabkan gangguan bekalan pada setengah tahun kedua tahun ini. Sekiranya ini berlaku dan tambahan pula MSM yang didagangkan pada USD\$210 setan metrik berbanding minyak kacang soya, kemungkinan besar harga MSM akan meningkat lagi pada bulan-bulan akan datang.

Kumpulan sebagaimana industri kelapa sawit akan terus mengalami masalah kekurangan pekerja yang akan memberi masalah kepada amalan pengurusan estet. Kumpulan akan terus mengatasi masalah kekurangan pekerja melalui urusan dengan kontraktor untuk membekalkan pekerja serta meningkatkan kecekapan pemotongan buah dan operasi harian estet.

Untuk tahun semasa 2011/2012, kos operasi dijangka lebih tinggi dari tahun sebelumnya disebabkan peningkatan kos baja, pengangkutan, pengambilan pekerja asing dan upah kerja yang tinggi. Kumpulan akan



Pembinaan rumah-rumah baru untuk kediaman pekerja di Estet Millian Labau, Sabah.



Penurapan jalan sentiasa dijalankan di estet Meridian, Sabah.

## PENYATA PENERUS (samb.)

bersedia untuk menghadapi cabaran-cabaran tersebut dengan meningkatkan penghasilan BTS. Hasil dijangka meningkat dengan ketara pada tahun semasa memandangkan 68% dari kawasan penanaman kelapa sawit berusia antara 4 - 15 tahun. Pada masa yang sama, pihak pengurusan akan menggandakan usaha untuk mengawal dan bilamana perlu, untuk mengurangkan kos pengeluaran.

Tambahan kepada objektif keberkesanan menjalankan operasi Syarikat, iaitu ambil berat dan persekitaran yang terpelihara, nilai asas sedia ada seperti beramanah, kerja keras, urus tadbir korporat yang baik dan pengurusan kewangan yang cermat akan terus menjadi prinsip asas kepada Kumpulan bagi menghadapi cabaran mendatang.

### Direktorat & Penghargaan

Syarikat telah melantik Dato' Tan Ang Meng sebagai Pengarah Bukan Eksekutif pada 16 Disember 2010. Kami mengucapkan selamat datang kepada Dato' Tan Ang Meng yang memiliki pengalaman yang luas yang akan memberi faedah kepada Lembaga Pengarah dan juga Kumpulan.

Datuk Fong Weng Phak akan bersara sebagai Pengarah Syarikat mengikut Seksyen 129 (2) Akta Syarikat 1965 pada Mesyuarat Agung Tahunan yang akan datang dan tidak menawarkan diri untuk perantaraan semula.

Bagi pihak Lembaga Pengarah, saya ingin merakamkan penghargaan dan terima kasih kepada Datuk Fong Weng Phak di atas nasihat yang tidak ternilai, sokongan dan sumbangan beliau kepada Kumpulan selama 13 tahun. Kami mengucapkan selamat bersara dan senantiasa sihat serta berjaya kepada beliau pada masa kini dan usaha akan datang.

Saya ingin mengambil kesempatan untuk mengumumkan kepada para pemegang saham yang saya akan bersara pada Mesyuarat Agung Tahunan yang akan datang dan tidak berhasrat untuk perantaraan semula di bawah Seksyen 129 (6) Akta Syarikat 1965.

Saya berasa bangga kerana United Malacca Berhad telah berkembang kepada Syarikat Perladangan bersaiz sederhana dengan memiliki 60,000 ekar kawasan perladangan di Semenanjung Malaysia dan Malaysia Timur. Syarikat mempunyai kedudukan kewangan yang kukuh dengan jumlah asset sebanyak RM1,120,325,000 setakat 30 April 2011 serta modal pasaran terkini berjumlah RM1 bilion.

Saya ingin merakamkan terima kasih kepada rakan – rakan Pengarah atas nasihat, sumbangan idea yang bernas dan penglibatan secara aktif semasa perbincangan Lembaga Pengarah, juga kepada pihak pengurusan dan semua kakitangan di semua peringkat di atas usaha dan komitmen yang tidak berbelah bahagi bagi melaksanakan tanggungjawab dengan sebaik mungkin demi kejayaan dan kesejahteraan Syarikat yang mana Syarikat tidak akan berada pada kedudukan semasa tanpa usaha-usaha tersebut.

Akhirnya, kepada para pemegang saham, rakan - rakan sekutu perniagaan dan pihak - pihak berkuasa, saya mengucapkan terima kasih di atas keyakinan dan sokongan yang diberikan sepanjang tahun ini.

### Choi Siew Hong, KMN, JMN

Pengerusi

29 Jun 2011



Taklimat oleh Pengurus Kilang Kelapa Sawit Meridian, Sabah kepada Pengerusi dan Ketua Pegawai Eksekutif.



Pemerhatian Pengerusi dan Ketua Pegawai Eksekutif pada kemajuan penanaman di Estet Millian-Labau, Sabah.

# A tribute to the Late Chairman, Mr. Choi Siew Hong, KMN, JMN

On behalf of the Board of Directors, I would like to record our heartfelt appreciation of the late Mr. Choi Siew Hong's long and able stewardship of United Malacca Berhad.

Mr Choi Siew Hong passed away on 18 July 2011 after serving more than 23 years as Chairman of United Malacca. His tenure as chairman was second only to that of my grandfather, the late Tun Tan Cheng Lock, who founded the company in April 1910 and remained at the helm for 47 years.

The late Mr. Choi joined the board as an alternate Director in 1976, became a Director in 1979, and took over as Chairman in March 1988, when his predecessor, my father, the late Tun Tan Siew Sin passed away. Mr Choi was also an Executive Director of United Malacca. As Chairman, Mr Choi successfully surmounted two major challenges. The first challenge was the government's acquisition of Gelang Patah estate in Johore, which is now part of Nusajaya township. At that time, Gelang Patah was United Malacca's largest estate, accounting for 22% of the company's total acreage/hectareage.

Using the compensation awarded to the company, Mr Choi embarked on the progressive acquisition of 16,915 acres (6,845 hectares) of land in Sabah. Planted with oil palms, the estate is now known as Meridian Plantations.

United Malacca also acquired Syarikat Penanaman Bukit Senorang Sdn. Bhd. and South-East Pahang Oil Palm Berhad in Pahang, which boosted United Malacca's plantation by 3,248 hectares.

The second challenge was the sale of shares in PacificMas Berhad (formerly Pacific Bank), a financial institution in which United Malacca had a 20.85% share. Despite the sale of PacificMas in 2008, United Malacca's profit growth was unimpaired.

The proceeds from the sale of PacificMas has enabled United Malacca to further expand its hectareage in 2009 with the acquisition of 10,102 hectares of estate land partially planted with oil palm in East Malaysia. The estate is now known as Millian Labau Plantations.

As Chairman, Mr Choi transformed United Malacca from a mix of rubber and oil palm company to a 100% oil palm plantation and tripled its plantation area to 60,000 acres (24,280 hectares) in Peninsular and East Malaysia.

Thanks to Mr Choi's stewardship, United Malacca is financially strong and its market capitalization now surpasses one billion ringgit - a hefty jump from about RM100 million when he took over as chairman.

Although Mr Choi was the oldest person on the board, his fitness surpassed all the other directors. He visited all the estates regularly and was able to climb the hilly areas without difficulty. When the directors visited Meridian Plantations in 2009, Mr Choi skillfully rowed a boat on the lake, with Tan Sri Ahmad Don and myself as passengers, a feat that impressed all of the directors and senior management.

Mr Choi will be remembered for his integrity, financial prudence and unwavering efforts in leading United Malacca to its present position of strength while his dedication to high standards of governance is in keeping with the trend set by my grandfather and father.

On behalf of the Board of Directors, shareholders, management and staff of United Malacca Berhad, I wish to extend our deepest condolences to the family of our late Chairman, whose guidance will be missed by all within the Group.

**TAN SIOK CHOO (Ms)**  
Chairperson  
2 August 2011



## CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to Corporate Social Responsibility (CSR) by integrating it into the way the business is run. The key CSR initiatives undertaken by United Malacca Berhad Group in 2010/2011 were as follows:-

At the workplace, safety-related programmes for employees and training programmes to upgrade employees' skills and competency were conducted. The Group provides its employees and families in the estates with quality facilities and amenities to live and work comfortably. Medical care and hospitalization insurance cover for employees and families are also provided.



Talk on Raw Water Treatment at Palm Oil Mill conducted by the Millivest Sdn Bhd.



Health screening programme for employees.



Employees enjoying a tasty meal at Meridian Palm Oil Mill's gathering.



Briefing by in-house safety officer to the estate workers.

## CORPORATE SOCIAL RESPONSIBILITY (cont'd)

The Group's contributions to the community are by way of donations to charitable organizations, offer of scholarships for higher education and providing job opportunities offered to Locker Community particularly in Sabah.

The Group is aware of the importance of conserving and preserving our natural environment. The Group's business responsibility, while geared towards increasing profitability, is also to implement good agricultural practices in an endeavour to protect the environment and adhere to the national environmental policies. Proper soil and water conservation measures coupled with sound agronomic practices will ensure the sustainability and environmental friendly nature of oil palm cultivation.



Employees participating in the Relay for Life Event organised by the Melaka Cancer Society.



Morning exercise by Meridian Palm Oil Mill's workers to promote health culture.



Fire fighting rescue training for the Emergency Rescue Team (ERT) of United Malacca Berhad at the head office.



Health awareness talks organised by Pejabat Kesihatan Nabawan, Sabah for estate workers.

## FIVE YEARS' FINANCIAL STATISTICS

	2011 RM'000	2010 RM'000 (Restated)	2009 RM'000 (Restated)	2008 RM'000 (Restated)	2007 RM'000 (Restated)
<b>REVENUE</b>					
Plantation	205,715	170,609	178,304	214,367	125,408
Investment holding	- #	7,918	14,348	7,819	4,237
	<b>205,715</b>	<b>178,527</b>	<b>192,652</b>	<b>222,186</b>	<b>129,645</b>
<b>GROUP PROFIT</b>					
Oil palm products	97,788	71,006 *	81,041 *	109,752 *	44,728
Replanting expenses	(3,798)	(5,675) *	(7,962) *	(4,552) *	(6,050)
Profit from plantation activities	93,990	65,331	73,079	105,200	38,678
Deficit on disposal of an associate	-	-	-	(8,173)	-
Investment income	3,245	5,565	1,155	7,507	12,183
Interest income	3,754	6,695	12,351	5,841	2,716
Others	-	(1,327)	(7)	(7)	(7)
Operating profit	100,989	76,264	86,578	110,368	53,570
Share of results of associates	4,720	5,413	4,393	7,738	9,506
Profit before tax	105,709	81,677	90,971	118,106	63,076
Income tax expense	(24,264)	(18,372) *	(20,427) *	(21,567) *	(11,173)
Profit net of tax	81,445	63,305	70,544	96,539	51,903

# Effective from the beginning of the financial year ended 30 April 2011, interest and dividend income of the Group are classified as OTHER INCOME instead of REVENUE as such income have become insignificant.

\* Comparative figures for the prior financial years have been restated due to adoption of Amendments to FRS 117: Leases.

## FIVE YEARS' FINANCIAL STATISTICS (cont'd)

	2011 RM'000	2010 RM'000 (Restated)	2009 RM'000 (Restated)	2008 RM'000 (Restated)	2007 RM'000 (Restated)
<b>ASSETS</b>					
Property, plant and equipment	436,981	430,467 *	296,230 *	292,546 *	189,403 *
Biological assets	406,144	392,229 *	274,961 *	272,233 *	78,152
Prepaid land lease payments	4,231	4,426 *	4,621 *	4,803 *	4,985 *
Development expenditure	-	-	1,295	1,295	1,264
Goodwill on consolidation	18,628	18,628	18,628	18,628	18,628
Investment in associates	28,199	24,798	20,376	16,874	166,629
Available-for-sale investments	50,264	15,822	15,962	15,962	15,447
Current assets	174,203	154,752	382,281	379,198	158,788
Non-current asset held for sale	1,675	-	-	113	-
<b>Total assets</b>	<b>1,120,325</b>	<b>1,041,122</b>	<b>1,014,354</b>	<b>1,001,652</b>	<b>633,296</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Issued and paid-up share capital	202,358	134,005	134,005	134,005	134,005
Capital reserves	301,357	276,791 *	278,016 *	279,266 *	48,832
Revenue reserves	513,361	529,026 *	504,697 *	488,179 *	412,886
<b>Total equity</b>	<b>1,017,076</b>	<b>939,822</b>	<b>916,718</b>	<b>901,450</b>	<b>595,723</b>
<b>Liabilities</b>					
Deferred tax liability	81,839	80,863 *	79,763 *	78,161 *	21,536
Current liabilities	21,410	20,437	17,873	22,041	16,037
<b>Total liabilities</b>	<b>103,249</b>	<b>101,300</b>	<b>97,636</b>	<b>100,202</b>	<b>37,573</b>
<b>Total equity and liabilities</b>	<b>1,120,325</b>	<b>1,041,122</b>	<b>1,014,354</b>	<b>1,001,652</b>	<b>633,296</b>
<b>PER SHARE STATISTICS ^</b>					
Earnings - net (sen)	40.4	31.5	35.1	48.0	25.8
Dividend - gross (sen)	25.0	23.3	26.7	36.7	20.7
Dividend - net of tax (sen)	25.0	19.8	20.0	27.4	15.1
Dividend cover (number of times)	1.6	1.6	1.8	1.8	1.7
Net assets (RM)	5.0	4.7	4.6	4.5	3.0

\* Comparative figures for the prior financial years have been restated due to adoption of Amendments to FRS 117: Leases.

^ Per share statistics are calculated based on the enlarged share capital after bonus issue of 1 for 2 which was completed on 2 November 2010.

## GROUP TITLED AREA STATEMENT

AS AT 30 APRIL 2011

	HECTARAGE	%
<b>OIL PALM</b>		
Mature		
4 to 7 years	6,747	35
8 to 15 years	6,334	33
16 to 20 years	710	4
21 to 25 years	222	1
> 26 years	276	2
	14,289	75
Immature		
< 4 years	4,777	25
	19,066	100
TOTAL OIL PALM PLANTED AREA		
Development in progress	2,519	
Unplanted area	2,319	
Reserve land, building sites, etc	230	
	24,134	
<b>TOTAL GROUP TITLED AREA</b>	<b>24,134</b>	

## FIVE YEARS' PLANTATION STATISTICS

	2011	2010	2009	2008	2007
<b><u>ESTATES</u></b>					
FFB production (tonne)	254,915	255,037	260,922	240,102	208,657
Yield per weighted average mature hectare (tonne/ha)	17.70	20.33	25.41	24.13	23.06
<b><u>MILLS</u></b>					
FFB processed (tonne)	260,720	294,289	292,111	311,490	313,077
Production					
- Crude palm oil (tonne)	55,512	63,133	62,251	65,938	65,639
- Palm kernel (tonne)	13,011	14,472	15,095	15,661	16,106
Oil extraction rate (%)	21.29	21.45	21.31	21.17	20.97
Kernel extraction rate (%)	4.99	4.92	5.17	5.03	5.14
<b><u>AVERAGE SELLING PRICE</u></b>					
Crude palm oil (RM/tonne)	2,971	2,390	2,420	2,857	1,669
Palm kernel (RM/tonne)	2,195	1,256	1,234	1,722	956
FFB (RM/tonne)	640	477	477	609	334

# AUDIT COMMITTEE REPORT

## 1.0 Introduction

Pursuant to Paragraph 15.15 of the Bursa Malaysia Securities Berhad's Listing Requirement, the Board of Directors of United Malacca Berhad is pleased to present the Audit Committee Report for the financial year ended 30 April 2011.

## 2.0 Composition

The Audit Committee of the Board of Directors was established since January 1991 and comprises the following members:

Chairman : Tan Sri Dato' Ahmad bin Mohd Don  
(Independent Non - Executive Director)

Members : Ms Tan Siok Choo  
(Independent Non - Executive Director)  
Datuk Fong Weng Phak  
(Independent Non - Executive Director)  
Mr Teo Leng  
(Independent Non - Executive Director)

- (i) The Audit Committee shall be appointed by the Board of Directors from amongst the Directors and comprise not less than three (3) members. All the Audit Committee members must be Non - Executive Directors, with a majority of them being Independent Directors.
- (ii) The members of the Committee shall elect the Chairman, who is an Independent Director from among the members.
- (iii) If the number of members for any reason falls below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members required to fulfil the minimum requirement.
- (iv) At least one (1) member of the Audit Committee:
  - a. Must be a member of The Malaysian Institute of Accountants (MIA); or
  - b. If he or she is not a member of MIA, he or she must have at least three (3) years' working experience and;
    - i. must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    - ii. must be a member of one (1) of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
  - c. Fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

## 3.0 Objectives

- (i) The Audit Committee is to serve as a focal point for communication between Directors, External Auditors, Internal Auditors and the Senior Management on matters pertaining to financial accounting, reporting and controls.

## AUDIT COMMITTEE REPORT (cont'd)

### 3.0 Objectives (cont'd)

- (ii) The Audit Committee is to assist the Board of Directors in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and all subsidiaries, and the sufficiency of auditing of the Group.
- (iii) It is to be the Board of Directors principal agent in ensuring the independence of the Company's External Auditors and the adequacy of disclosures to shareholders.

### 4.0 Authority

The Audit Committee shall have the following authority as empowered by the Board of Directors:

- (i) To investigate any activity within its objectives and functions.
- (ii) Unrestricted access to all information and documents relevant to its activities as well as direct communication to External Auditors, Internal Auditors and the Senior Management of the Group.
- (iii) To obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- (iv) The Audit Committee shall have the resources, which are required to perform its duties.
- (v) The Audit Committee shall have direct communication channels with the auditors.
- (vi) The Audit Committee shall have the authority to convene meetings with the External Auditors, Internal Auditors or both excluding the attendance of others Directors and employees of the Company, whenever deemed necessary.

### 5.0 Functions

The functions of the Audit Committee shall be:

- (i) To keep under review the quality and effectiveness of the accounting and systems of internal control as well as the efficiency of the Group's operations.
- (ii) To review the audit plan, scope of examination and audit observations of the External and Internal Auditors, and ensure that Management takes appropriate action in respect of the audit observations and the Audit Committee's recommendations.
- (iii) To review the quarterly and annual consolidated financial statement of the Group before submit to the Board of Directors for approval. The review should focus primarily on compliance with accounting standards as well as other regulatory requirements and the adequacy of information disclosure for a fair and full presentation of the financial affairs of the Group.
- (iv) To recommend to the Board the appointment of the External Auditors, the audit fees, other terms of engagement and to consider any letter of resignation from the External Auditors (if any).
- (v) To consider whether there is reason (supported by grounds) to believe that the External Auditors are not suitable for re-appointment.

## AUDIT COMMITTEE REPORT (cont'd)

### 5.0 Functions (cont'd)

- (vi) To approve the appointment of Head of Internal Audit and ensure the adequacy of the scope, functions, competency and resources of the internal audit functions, and that it has the necessary authority to carry out its work.
- (vii) To review financial information and press releases relating to financial matters of importance.
- (viii) To review any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of Management integrity.
- (ix) To ensure employees of the Company extend their assistance to the External Auditors.
- (x) To meet at least twice a year with the External Auditors in a private session to discuss any matters without the presence of Management and any executive members of the Board of Directors.
- (xi) To perform many other related duties as directed by the Board of Directors.

### 6.0 Meetings

The Audit Committee met on five (5) occasions during the FY 2010/2011 and the attendance of each member of the Audit Committee is as follows:

Directors	No. of Meetings Attended During Director's Tenure In Office
Tan Sri Dato' Ahmad bin Mohd Don	5 out of 5 meetings
Ms Tan Siok Choo	4 out of 5 meetings
Datuk Fong Weng Phak	5 out of 5 meetings
Mr Teo Leng	5 out of 5 meetings

The Company Secretary acts as Secretary to the Audit Committee. Minutes of each meeting are circulated to the Audit Committee members and to all other members of the Board of Directors. The Chairman may call for additional meeting at any time at his discretion. The Chairman of the Audit Committee reports on key issues discussed at each meeting to the Board of Directors.

- (i) Meeting
 

Meetings shall be held not less than four (4) times a year. The Chairman may call for additional meeting at any time at his discretion.
- (ii) Quorum
 

The quorum for a meeting shall be two (2) members and the majority of members present must be Independent Directors.
- (iii) Attendance At Meeting
 

The Chief Executive Officer, Group Financial Controller, Company Secretary, Internal Auditor and External Auditors shall attend meetings by invitation of the Audit Committee.

## AUDIT COMMITTEE REPORT (cont'd)

### 7.0 Summary of Activities

Activities undertaken by the Audit Committee during FY 2010/2011 were:

- (i) Reviewing and recommending for Board of Directors approval the quarterly financial statements for announcement to the Bursa Malaysia Securities Berhad in compliance with the Revamped Quarterly Reports pursuant to Bursa Malaysia Listing Requirements.
- (ii) Reviewing the audit report and observations made by the External Auditors on the audited financial statements that require appropriate actions and the Management's response thereon and reporting them to the Board of Directors.
- (iii) Reviewing and recommending for Board of Directors approval the overall presentation of the annual audited accounts in line with the spirit of the new framework for corporate governance to promote greater transparency and disclosure to enable the interested public and especially the shareholders to have a better insight into the operations of the Group.
- (iv) Reviewing and approving the Audit Plan for FY 2010/2011 and appraising the audit scope, audit reports and recommended actions to be taken by the Management.
- (v) Reviewing the scope of work and audit plan of the External Auditors for FY 2010/2011.
- (vi) Reviewing the impact of new or proposed changes in accounting standards and regulatory requirements to the Company.
- (vii) Reviewing any related party transactions and conflict of interest situation that may arise within the Company or Group.
- (viii) Reviewing and recommending for Board of Directors approval the draft Audit Committee Report for disclosure in the Group's Annual Report.
- (ix) Reviewing and recommending for Board of Directors adoption the Group Risk Management Committee quarterly report on the risk profiles and Management action plans.
- (x) Verifying and confirming the allocation of share options pursuant to the Employee Share Scheme (i.e. ESS) as complying with the criteria established in the By-Laws of the ESS.

For the financial year under review, the Audit Committee held two (2) meetings with the External Auditors without the presence of the Management to discuss any issues or significant matters, which the External Auditors wished to raise.

### 8.0 Internal Audit

The main role of the internal audit function is to review the effectiveness of the Group's systems of internal control and this is performed with impartiality, proficiency and due professional care. Internal Audit Department adopts a risk based auditing approach by focusing on reviewing identified high risk areas for compliance with control policies and procedures, identifying business risk which have not been appropriately addressed and evaluating the adequacy and integrity of controls.

Submission of the audit results to the Management and Audit Committee would ensure that the Management is implementing the value added recommendations for continuous improvement.

## AUDIT COMMITTEE REPORT (cont'd)

### 8.0 Internal Audit (cont'd)

In compliance with Paragraph 30, Appendix 9C of the Bursa Malaysia Securities Berhad's Listing Requirement, the Group has in place an Internal Audit Department headed by a Senior Manager and supported by two (2) Executives. The Senior Manager and one (1) Executive is registered member of The Institute of Internal Auditors Malaysia.

The Internal Audit Department is responsible for the overall internal audit function of the Group, and reports directly to the Audit Committee to ensure its independence status within the Group. Total staff cost incurred in respect of the internal audit function during the financial year ended 30 April 2011 was RM268,223.

Internal Audit Department assists the Audit Committee in discharging its duties and responsibilities with respect to the adequacy and integrity of the systems of internal control within the Group. For FY 2010/2011, Internal Audit Department had undertaken the following activities in accordance with the approved Audit Plan.

- (i) Carrying out the audit of the Group's operating units including its subsidiaries by reviewing the unit's business activities and processes to ensure compliance with internal control procedures, highlighting control weaknesses and proposing appropriate value added recommendations for continuous improvements and to strengthen controls.
- (ii) Facilitating the improvement of business processes within the Group and its subsidiary companies.
- (iii) Establishing a follow up process in monitoring the implementation of audit recommendations by Management.
- (iv) Monitoring the effectiveness of the Group's risk management systems by reviewing the implementation of the risk assessment action plans by Management.
- (v) Drafting the Audit Committee Report and Statement on Internal Controls for disclosure in the Group's Annual Report.
- (vi) Reviewing and verifying the allocation of share options under the Employee Share Scheme (i.e. ESS).
- (vii) Conducting investigation audits or special assignments from time to time as requested by the Management.

This report is made in accordance with a resolution of the Board of Directors dated 29 June 2011.

# STATEMENT ON CORPORATE GOVERNANCE

## INTRODUCTION

The Board of Directors recognizes that the practice of good corporate governance is fundamental to the Group's continued success. The Board remains fully committed to ensuring the highest standards of corporate governance based on the Principles and Best Practices set out in the Malaysian Code on Corporate Governance (Revised 2007) ("the Code") issued by the Securities Commission on 1 October 2007 are applied in all aspects of the Group's business with the objective of safeguarding and enhancing long-term shareholders' value and investors' interests.

Pursuant to Paragraph 15.25 of the Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements ("Listing Requirement"), the Board of Directors is pleased to report to the Shareholders the manner in which the Company has applied the Principles of the Code and complied with the Best Practices of the Code throughout the financial year ended 30 April 2011.

## 1. BOARD OF DIRECTORS

### 1.1 Board Responsibilities

The Board recognises the key role it plays in charting the strategic direction and development of the Group and assumes the six primary responsibilities prescribed in the Code to facilitate the effective discharge of its responsibilities. This includes the responsibility for reviewing and adopting strategic plans for the Group, overseeing the corporate governance and conduct of the Group's business, ensuring the implementation of appropriate systems to manage principal risks, reviewing the adequacy and integrity of the Group's internal control systems and the implementation of an investor relations programme. Established structures and procedures are in place to facilitate the Board in carrying out its stewardship responsibility.

### 1.2 Board Composition

On 16 December 2010, an addition to the Board was made with the appointment of Dato' Tan Ang Meng as an Independent Non-Executive Director. The new composition of the Board continues to provide the Group with a wealth of knowledge and experience to draw from a comprehensive mix of skills which includes financial, corporate, economic, legal, accounting and plantation expertise that is important for the continued successful direction of the Group.

The Board currently has eight Directors and comprises the Chairman who is the Executive Director and seven Independent Non-Executive Directors. The Board composition complies with the requirements of the Code and paragraph 15.02 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements. The composition and size of the Board are being reviewed by the Nomination Committee annually to ensure its appropriateness.

The Board is satisfied that the current Board size is appropriate for the complexity and scale of operations of the Company

The balance between Executive and Independent Non-Executive Directors together with the support from Management is to ensure that there is an effective representation for the shareholders.

The roles of the Chairman and Chief Executive Officer are segregated and each has clearly accepted division of responsibilities. The Chairman is responsible for representing the Board to shareholders, ensuring the integrity and effectiveness of the governance process of the Board and overseeing Management in the conduct of the Group's operation. The Chief Executive Officer is responsible for the day to day Management of the Group's operation and effective implementation of strategic business plan, annual operating plan, budget, policies and decisions as approved by the Board.

The presence of Independent Non-Executive Directors who form a majority of the Board provide a broader view and independent judgement to the decision making of the Board and Board Committees. The role of these Independent Non-Executive Directors is important in ensuring that all business strategies proposed by Management are fully deliberated and take into account the long term interest, not only of shareholders but also employees and the local communities in which the Group operates. The Board is thus ensured of a balanced and independent view at all Board deliberations. Datuk Fong Weng Phak, is the Senior Independent Non-Executive Director to whom concerns may be conveyed.

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

### 1. BOARD OF DIRECTORS

#### 1.2 Board Composition

The profiles of the Directors are set out in this Annual Report on pages 6 to 10.

#### 1.3 Board Meetings

All Board meetings for the year are scheduled in advance at the beginning of each calendar year to enable Directors to fit the year's meetings into their own schedule. The Board holds at least four (4) regular scheduled meetings annually with additional meetings for special or major issues convened as and when deemed necessary. During the financial year, the Board had held six meetings. The details of attendance are disclosed in the Profile of Directors on pages 6 to 10 of this Annual Report. All the Directors have complied with the minimum 50% attendance as required by Paragraph 15.05 of the Bursa Malaysia Securities Berhad's Listing Requirements.

In addition, there is a formal schedule of matters reserved to itself for decision, which includes approval of strategic business plans and budgets, acquisitions and disposal of material assets, major investments, evaluation of the Group's performance against budgets, authority limits and approval of the Group's quarterly and annual financial statements for announcement to Bursa Malaysia Securities Berhad. All matters arising from and deliberations and conclusions of the meetings of the Board are clearly and accurately recorded in minutes of meetings by the Company Secretary, confirmed by the Board and signed as a correct record by the Chairman.

#### 1.4 Supply of Information

Board meetings are structured with a pre-set Agenda. Prior to the meetings, all Directors receive a set of Board papers which include reports and information relevant to the issues in the Agenda to give Directors sufficient time to consider and deliberate on the issues to be discussed at the meetings. At each Board meeting, the Chief Executive Officer briefed the Board on the progress of the Group's operations and updates on developments in the plantation industry. Senior management staff or external advisors may be invited to attend the Board meetings to advise the Board and to furnish the Directors with information and clarification needed on relevant issues on the agenda to enable them to arrive at a considered decision. In addition, monthly reports on financial performance of the Company and Group, updates on new statutory and regulatory requirements are circulated to the Directors.

In between Board meetings, the Chief Executive Officer and Senior Management meets regularly with the Chairman to review the performance of the Group's various operating units and to keep him informed of current developments affecting the Group. The Directors also visit operating centers to allow them to have better assessments of the progress of the Group's operation.

Directors have full access to all information and records of the Company and also have direct access to the advice and services of the Company Secretaries and the Senior Management. It is the Company's practice that Directors, whether as a full board or in their individual capacity, who wish to seek independent professional advice, where necessary and in appropriate circumstances, in furtherance of their duties, may do so at the Company's expense.

#### 1.5 Board Committees

In discharging its fiduciary duties, the Board is assisted by Board Committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee, the Tender Committee and the Employee Share Scheme Committee. The Board has delegated specific responsibilities to these Board Committees which operate within clearly defined terms of reference that comply with the recommendations of the Code. The Chairman of the respective Committees will report to the Board on matters discussed at the Committee meetings and minutes of these meetings are circulated to the full Board. In addition the Group Risk Management Committee consisting of Senior Executives reports to the Board through the Audit Committee.

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

### 1. BOARD OF DIRECTORS (cont'd)

#### 1.6 Appointments to the Board

There is in place a formal and transparent procedure for appointment of new Directors to the Board. The Nomination Committee is responsible for making recommendations for new appointments to the Board and ensuring that it recruits to the Board only individuals of sufficient calibre, knowledge and experience to fulfill the duties of a Director appropriately. On appointment, the new Director is provided with information about the Group and is encouraged to visit the Group's estates and meet with Senior Management to familiarize with the Group's business.

The Nomination Committee meets annually to review the Board structure, size and composition and the mix of skills and core competencies required for the Board to discharge its duties effectively. The Nomination Committee is responsible for assessing the effectiveness of the Board as a whole, and all Board Committees, the contribution of each individual Director as well as the annual performance of the Chief Executive Officer.

The Nomination Committee comprises three Independent Non-Executive Directors. The members are:-

Chairman	Tan Sri Dato' Ahmad Bin Mohd Don <i>Independent Non-Executive Director</i>
Members	Ms. Tan Siok Choo <i>Independent Non-Executive Director</i>
	Datuk Fong Weng Phak <i>Independent Non-Executive Director</i>

The Company Secretary ensures all appointments are properly effected and the necessary information is obtained from the Directors, both for the Company's records and in compliance with relevant regulatory and statutory obligations

#### 1.7 Re-election and Re-appointment of Directors

Article 118 of the Company's Articles of Association provides that at least one - third of the Directors or the number nearest to but not exceeding one third, are subject to retirement by rotation at each Annual General Meeting and that all Directors shall retire once in every three years. Article 124 also provides that a Director who is appointed by the Board during the year shall be subject to re-election at the next Annual General Meeting to be held following his appointment.

Directors over seventy years of age are required to seek re-appointment annually in accordance with Section 129 (6) of the Companies Act 1965. Currently there is one Director who is subject to such re-appointment.

The Nomination Committee reviews the suitability, competencies and contributions of Directors for re-election and re-appointment before recommending them to the Board for submission to shareholders for approval at the Company's Annual General Meeting.

The names of Directors seeking for re-appointment, re-election and election at the forthcoming Annual General Meeting are disclosed in the Notice of Annual General Meeting in this Annual Report.

#### 1.8 Directors' Training

The Board will continue to assess the training need of its Directors to ensure that they are equipped with the requisite knowledge and competencies to make effective contribution to the board's functioning and to keep abreast with the relevant changes and developments in the plantation industry and regulatory requirements.

During the year the training programmes attended by the Directors were the Sustainability Programme for Corporate Malaysia organized by Bursa Malaysia Securities Berhad, Oils and Fats Industry: Challenges and Innovative Solutions organized by Malaysian Oil Scientists' and Technologists' Association, Legislating for a More Competitive Malaysia by Zaid Ibrahim & Co., briefing by Messrs Ernst & Young on the impact of the adoption of Financial Reporting Standard 2: Share Based Payment.

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

### 1. BOARD OF DIRECTORS (cont'd)

#### 1.8 Directors' Training (cont'd)

Directors are encouraged to visit the Group's operating centres for an insight to the Group's business activities. For the year under review, Directors had visited the Meridian Estates, Millian Labau Plantations and Palm Oil Mill in Sabah to view the operations.

Directors also received regular briefings by Ernst & Young on updates in financial reporting and new accounting standards affecting the Group. The Board is kept informed on new developments affecting the plantation industry by two of its Board members who also sit on the Council of the Malaysian Palm Oil Association.

### 2. DIRECTOR'S REMUNERATION

The objective of the Company's framework for Directors' remuneration is to attract and retain Directors of the calibre needed to successfully manage the Group's business. In this regard, the Remuneration Committee is responsible for reviewing annually and recommending to the Board the remuneration framework, policy and remuneration packages of the Executive Director, the Chief Executive Officer and key senior management officers of the Group. Such recommendations take into consideration the level of responsibilities and contribution to the respective Boards within the Group.

The Board as a whole determines the remuneration of Non-Executive Directors and individuals concerned are required to abstain from discussion of their own remuneration at the Board level. The Directors' fees payable are subject to approval of shareholders at the Annual General Meeting.

The Remuneration Committee comprises the following Directors: -

Chairman	Datuk Fong Weng Phak <i>Independent Non-Executive Director</i>
Members	Mr. Boon Weng Siew <i>Independent Non-Executive Director</i>
	Ms. Tan Siok Choo <i>Independent Non-Executive Director</i>

On the recommendation of the Remuneration Committee, the Board is proposing an increase in Directors' fees for the Directors of the Company from RM230,000 to RM335,000 for the financial year ended 30 April 2011 for the approval of the Company's shareholders at the forthcoming Annual General Meeting. The increase in Directors' fees reflects the increased responsibilities and involvement of the Directors following the recent expansion of the Group.

The remuneration of the Directors for the financial year ended 30 April 2011 categorised into appropriate components and the number of Directors whose remuneration falls into each band of RM50,000 are set out on page 85 of this Annual Report.

### 3. SHAREHOLDERS

The Board recognizes the importance of accurate and timely dissemination of information to shareholders on all material business affecting the Group. Announcements on various disclosures and timely release of quarterly financial results to the Bursa Malaysia Securities Berhad and distribution of interim and annual reports provide the shareholders and investing public with an overview of the Group's performance and operations.

The Annual General Meeting is the principal forum for dialogue between the Company and the shareholders. At the Annual General Meeting, shareholders are given the opportunity to participate effectively and vote on matters in the Agenda. Members of the Board, Senior Management and the Auditors of the Company are present at the meeting to respond to questions from shareholders. Upon requests from institutional investors and research analysts, Senior Management also meets them to explain to them the Group's operations so as to give them a better understanding of the Group's business.

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

### 4. ACCOUNTABILITY AND AUDIT

#### Financial Reporting

The Board takes responsibility for presenting a balanced and clear assessment of the Group's financial position and prospects in its release of quarterly and annual financial statements to shareholders. In discharging the Board's responsibility to ensure quality financial reporting to its shareholders, investors and regulatory authorities, the Audit Committee assists the Board in scrutinizing information for disclosure to ensure compliance with accounting standards, accuracy, adequacy and completeness.

#### Statement of Directors' responsibility in respect of audited financial statements

The Companies Act 1965 requires Directors to prepare financial statements which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year. In preparing the Group's financial statements, the Directors have ensured that appropriate accounting policies are consistently applied, supported by reasonable and prudent judgment and estimates, all applicable approved accounting standards have been followed and any material departures have been disclosed and explained in the financial statements.

The Directors are responsible for ensuring that the Company and Group keep proper accounting records which disclose with reasonable accuracy the financial position of the Group and that the financial statements comply with the Companies Act 1965.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to detect and prevent fraud and other irregularities.

#### Internal Control

The Board is responsible for ensuring that the Group maintains a sound system of Internal Control and risk management framework including regular reviews of the adequacy and integrity of those systems in order to safeguard shareholders' investment and the Group's assets.

The Group has in place an internal audit unit and a risk management committee to assist the Board in ensuring that the ongoing process for identifying, evaluating and managing the significant risks faced by the Group is in place throughout the financial year.

The Statement on Internal Control as set out in pages 37 to 40 in this Annual Report provides an overview of the state of internal controls within the Group.

#### Relationship with Auditors

The Company has established a transparent and appropriate relationship with the Group's internal and external auditors through the Audit Committee. Both the internal and external auditors attend all the Audit Committee meetings to present their audit plans and reports, findings and recommendations in respect of their audit of the Group, highlighting matters that require the attention of the Audit Committee and the Board.

A summary of the activities of the Audit Committee during the year, including evaluation of the independent audit process, is set out in the Audit Committee Report on pages 26 to 30 of this Annual Report.

The Statement is made in accordance with the resolution of the Board of Directors passed on 29 June 2011.

## OTHER INFORMATION

### PURSUANT TO THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD

#### 1. Utilisation of Proceeds

There were no rights issue or issuance of bonds carried out during the financial year ended 30 April 2011 to raise any cash proceeds. However, the Company has issued 937,000 ordinary shares under the Employee Share Scheme (“ESS”) for a cash consideration of RM7,321,065 during the financial year. The proceeds arising from the exercise of the share options pursuant to the ESS were utilised for working capital purposes.

#### 2. Share Buy-Backs

There was no share buy-back by the Company during the financial year under review.

#### 3. Options, Warrants, or Convertible Securities Exercised

There were no other options, warrants, or convertible securities exercised in respect of the financial year ended 30 April 2011.

#### 4. American Depository Receipt (“ADR”) or Global Depository Receipt (“GDR”)

The Company has not sponsored any ADR or GDR programme for the financial year ended 30 April 2011.

#### 5. Sanctions and/or Penalties

The Company and its subsidiaries, Directors and management have not been imposed with any sanctions and/or penalties.

#### 6. Non-Audit Fees

During the financial year under review, the Group’s non-audit fees paid or payable to the external auditors amounted to RM98,300 (please refer to page 84 of the audited financial statements).

#### 7. Variation in Results

There is no material variance between the results for the financial year ended 30 April 2011 and the unaudited results previously announced by the Company.

#### 8. Profit Guarantee

The Company did not issue any profit forecast or profit guarantee for the year ended 30 April 2011.

#### 9. Revaluation Policy

Revaluations are performed with sufficient regularity to ensure that the fair value of landed properties does not differ materially from that which would be determined using fair value at the reporting date.

#### 10. Material Contracts Involving Directors and Major Shareholders

There is no material contract involving the Company and its subsidiaries with Directors and major shareholders of the Company either still subsisting at the end of the financial year ended 30 April 2011 or entered into since the end of that financial year.

# STATEMENT ON INTERNAL CONTROL

## 1. Introduction

The Board of Directors of United Malacca Berhad is pleased to present the Statement on Internal Control pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad Listing Requirements, which outlines the Group's key elements of internal control system for the financial year ended 30 April 2011.

## 2. Board Responsibility

The Board acknowledges its responsibility in maintaining a sound system of internal controls and risk management practices to safeguard shareholders' investment and the Group's assets, and for reviewing the adequacy and integrity of the system. However, the Board recognises that reviewing of the Group's system of internal controls is a concerted and on-going process whereby such system is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives. In pursuing these objectives, the system of internal controls, can only provide reasonable and not absolute assurance against any material misstatement or loss.

The Board confirms that there is a continuous process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of the Group's business objectives. This process is being regularly reviewed by the Board.

The Board does not review the internal control systems of its associated companies, as the Board does not have any direct control over their operations. Notwithstanding the above, the Group's interests are served through representation on the Board of the respective associated companies and review of their management accounts, and enquiries thereon. These processes provide the Board with relevant information for timely decision making on the continuity of the Group's investment in its associated companies.

## 3. Key Elements of Internal Control Systems

### 3.1 Risk Management Framework

A formal risk management framework has been in place since 2002 to facilitate the management of high impact risks at various levels within the Group. With the establishment and adoption of Risk Management Policies and Procedures Manual, the framework ensures that significant risks are continuously identified and that instituted controls are appropriate and effectively applied by the Management to address the exposures consistent with risk profiles acceptable to the Group.

The Management has set up a Group Risk Management Committee led by the Chief Executive Officer with the responsibility to continuously identify and communicate regularly to the Board the critical risks faced by the Group, their changes and the Management action plans to mitigate these risks.

During the financial year under review, the following risk management activities have been carried out:

- (i) Maintaining an updated inventory of all business risks and controls in the form of a detailed risk management report. The likelihood of the risks occurring and the magnitude of impact are periodically monitored and risk mitigation action plans are drawn up.
- (ii) Reviewing and assessing all business risks identified and preparing quarterly reports on the Group's risk profiles and Management action plans for the review of the Audit Committee prior to submission to the Board for approval.

## STATEMENT ON INTERNAL CONTROL (cont'd)

### 3. Key Elements of Internal Control Systems (cont'd)

#### 3.1 Risk Management Framework (cont'd)

- (iii) Identifying and assessing new risks faced by the Group's business in view of expansion of business operations and competitive business environment. Mitigating plans and control measures have been formulated and implemented to address these risks.

#### 3.2 Internal Audit

The Group's Internal Audit Department provides support to the Audit Committee in discharging its duties regarding the adequacy and effectiveness of risk management, system of internal controls and governance processes. During the financial year under review, the Internal Auditors conduct independent reviews of the key activities within the Group's operating units based on an approved annual internal audit plan as well as ad-hoc audits requested by the Audit Committee.

Further, the Internal Audit Department also monitors the Group's risk management system by reviewing the risk action plans implemented by the Management and communicating the results of the review to the Audit Committee.

The Internal Audit Department advises the Management on areas for improvement and subsequently reviews the extent to which their recommendations have been implemented. The reports are submitted regularly to the Audit Committee, who reviews the findings with Management during its meetings.

In addition, the External Auditors' management letters, if any, recommendations and the responses of Management provide added assurance that appropriate control procedures are in place and being followed. In assessing the adequacy and effectiveness of the Group's system of internal controls, the Audit Committee in turn reports to the Board of Directors its assessment and recommendations.

### 4. Other Key Elements of Internal Control Systems

Apart from risk management and internal audit, the Group's system of internal controls also comprises the following key elements:

#### (i) Organisational Structure

The Group has a well-defined organisational structure with clear line of responsibilities and accountability. Following the business expansion in Sabah, the Board of Directors has engaged an independent human resource consultant to carry out a review of the organisational and compensation structure of the Group.

#### (ii) Centralised Functions

The Group has various support functions comprising finance, treasury, administration, human resource, agronomic, marketing and purchasing which are centralised to ensure that uniform policies and procedures are implemented throughout the Group.

#### (iii) Control Procedures

A Policy and Procedures Operating Manual setting out the policies, procedures and practices that have been adopted by all companies in the Group, ensures clear accountability and control procedures are in place for all operating units.

## STATEMENT ON INTERNAL CONTROL (cont'd)

### 4. Other Key Elements of Internal Control Systems (cont'd)

#### (iii) Control Procedures (cont'd)

These policies and procedures are reviewed regularly and updated by Management when necessary. The control procedures cover the following key activities:

##### a. Authorisation Levels and Approval Limits

The Group has established authorisation levels and approval limits for the Management to follow and those requiring the Board approval in line with changing risks or to resolve operational deficiencies.

##### b. Budgeting

Each operating unit prepares its own annual budget which includes the financial and operating targets, capital expenditure proposals and performance indicators for the forthcoming year based on guidelines issued by the head office. Meetings are held between the head of operating unit, senior management and the Chief Executive Officer to finalise the draft budget before submit to the Executive Director for review. Thereafter, the annual budgets are presented to the Board for final review and approval.

##### c. Tender Committee

Major purchases of goods and/or services and contract works are required to be tendered out. In this respect, the Management Tender Committee comprising senior management staff carries out the tendering exercise according to the approved terms of reference and submits recommendations to the Chief Executive Officer for tenders below RM200,000 and to the Board Tender Committee for tenders above RM200,000 for review and approval.

#### (iv) Performance Review and Reporting

The Group's management teams carry out monthly monitoring and review of financial results and forecasts for all businesses within the Group, including monitoring and reporting thereon, of performance against the operating plans and annual budgets. Written queries are sent to head of operating unit to seek clarification for any exception noted. The Group's management teams also monitor operations including marketing and the financial performance as well as formulating action plans to focus on areas of concern.

Scheduled management meetings between senior management and heads of operating units are carried out to discuss various operational issues with the aim to continuously improving quality of produce, cost effectiveness, efficiency of operations and profitability.

Monthly financial and performance reports are submitted to the Board which includes the monitoring of results against budgets, with major variances being explained. Monthly marketing report is also submitted to the Board detailing crude palm oil and palm kernel price movement and sales contract committed. Quarterly and annual financial statements with detailed analysis of financial results are reviewed by the Audit Committee and recommended to the Board for approval prior to submission to Bursa Malaysia. Reports on the performance of the estates and palm oil mills, progress report on development of newly acquired estate, financial position of the Group, as well as treasury and fund management are presented to the Board at their meetings.

## STATEMENT ON INTERNAL CONTROL (cont'd)

### 4. Other Key Elements of Internal Control Systems (cont'd)

#### (v) Investment Appraisal

Investment proposals covering the acquisition of property and long term investments are thoroughly appraised by the Board. Post implementation reviews on these investments are conducted by the Management and reported to the Board on a regular basis.

#### (vi) Estate Visits

Regular visits to the estates and palm oil mills are made by the Executive Director, Chief Executive Officer and Senior Management to observe the state of affairs of the operations. In addition, during the year, the Group has also engaged independent plantation and palm oil mill advisors to assess and evaluate the operational and managerial status of the estates and the mills and to recommend appropriate corrective measures on areas that require improvement or enhancement. Besides the visit by the internal auditors, the Group Finance team also makes regular visit to estates and mills to enhance the compliance of procedures and proper record keeping.

In ensuring good standards of agronomic practices are consistently carried out throughout the Group, an in-house agriculture policy has been established to guide the estate management to better manage the estate operations.

#### (vii) Coverage and Safeguarding of Major Assets

Yearly review of insurance risk and adequacy of coverage is carried out by the senior management and physical safeguarding of major assets are in place to ensure these assets are sufficiently covered against any mishap that may result in material losses to the Group.

### 5. Review by the External Auditors

The External Auditors have reviewed this statement pursuant to Paragraph 15.23 of the Listing Requirements and in accordance with the Recommended Practice Guide ("RPG") 5, Guidance for Auditors on the Review of Directors' Statement on Internal Control.

### 6. Conclusion

The Board believes that the Group's system of internal controls only provides reasonable and not absolute assurance that weaknesses or deficiencies are identified on a timely basis and dealt with appropriately. The Board affirms its responsibility for maintaining a sound system of internal controls and therefore recognises that the system is to be enhanced continuously to support the Group's operations.

The Board confirms that it has reviewed the effectiveness of the system of internal controls through the monitoring process set out above and is not aware of any significant weakness or deficiency in the Group's system of internal controls for the year under review and to the date of this statement.

This statement is made in accordance with the resolution of the Board of Directors dated 29 June 2011.



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## DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 April 2011.

### PRINCIPAL ACTIVITIES

The principal activities of the Company consist of cultivation of oil palm and investment holding.

The principal activities of the subsidiaries are described in Note 17 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

### RESULTS

	Group RM'000	Company RM'000
Profit net of tax	81,445	75,647

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the changes in accounting policies due to the adoption of the following standards:

(a) *FRS 2: Share-based Payment*

The adoption of this standard has resulted in a decrease in the Group's and the Company's profit net of tax by RM6,412,000 and RM3,109,000 respectively as disclosed in Note 2.2 to the financial statements.

(b) *Amendments to FRS 17: Leases*

The adoption of these amendments has resulted in a decrease in the Group's and the Company's profit net of tax by RM870,000 and RM482,000 respectively as disclosed in Note 2.2 to the financial statements.

### DIVIDENDS

The amounts of dividends paid by the Company since 30 April 2010 were as follows:

	RM'000
<b>In respect of the financial year ended 30 April 2010 as reported in the directors' report of that year:</b>	
Final dividend of 25% consisting of gross dividend of 11% less 25% tax, tax exempt dividend of 4.5% and tax exempt (single-tier) dividend of 9.5%, on 134,750,501 ordinary shares, declared on 27 September 2010 and paid on 26 October 2010	29,982
<b>In respect of the financial year ended 30 April 2011:</b>	
Interim tax exempt (single-tier) dividend of 7.5%, on 202,302,751 ordinary shares, declared on 16 December 2010 and paid on 25 January 2011	15,173
	<u>45,155</u>

## DIRECTORS' REPORT (cont'd)

### DIVIDENDS (cont'd)

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 30 April 2011, of 17.5% on 202,407,001 ordinary shares, amounting to a dividend payable of RM35,421,000 (17.5 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 April 2012.

### DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Choi Siew Hong  
Tan Sri Dato' Ahmad bin Mohd Don  
Tan Siok Choo  
Boon Weng Siew  
Datuk Fong Weng Phak  
Tan Jiew Hoe  
Teo Leng  
Dato' Tan Ang Meng (Appointed on 16 December 2010)

In accordance with the Article 118 of the Company's Articles of Association, Tan Jiew Hoe retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

In accordance with the Article 124 of the Company's Articles of Association, Dato' Tan Ang Meng retires at the forthcoming Annual General Meeting and, being eligible, offers himself for election.

Boon Weng Siew retires pursuant to Section 129(2) of the Companies Act, 1965 and a resolution is being proposed for his re-appointment as director under the provision of Section 129(6) of the said Act to hold office until the next Annual General Meeting of the Company.

Choi Siew Hong and Datuk Fong Weng Phak, both retire pursuant to Section 129(2) of the Companies Act, 1965 and do not offer themselves for re-appointment as directors under the provision of Section 129(6) of the said Act at the forthcoming Annual General Meeting of the Company.

### DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employee Share Scheme.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 30 to the financial statements.

## DIRECTORS' REPORT (cont'd)

### DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

Name of director	← Number of ordinary shares of RM1 each →				
	1.5.2010	Acquired	Bonus shares issued	Sold	30.4.2011
<i>Direct Interest:</i>					
<i>Ordinary shares of the Company</i>					
Choi Siew Hong	225,937	80,000	152,968	-	458,905
Tan Siok Choo	2,252,121	36,000	1,144,060	-	3,432,181
Boon Weng Siew	11,250	45,000	14,625	-	70,875
Datuk Fong Weng Phak	-	54,000	-	-	54,000
Tan Jiew Hoe	114,750	30,000	72,375	-	217,125
<i>Indirect Interest:</i>					
<i>Ordinary shares of the Company</i>					
Choi Siew Hong	^ 10,000	-	5,000	-	15,000
Tan Siok Choo	# 1,737,033	-	868,516	-	2,605,549
Tan Jiew Hoe	@ 1,662,348	11,000	836,673	-	2,510,021

^ Interest by virtue of shares held by children.

# Interest by virtue of shares held by parent.

@ Interest by virtue of shares held by the companies which he is the director.

Name of director	← Number of options over ordinary shares of RM1 each →				
	1.5.2010	Granted	Adjustment for bonus issue	Exercised	30.4.2011
<i>Share options of the Company</i>					
Choi Siew Hong	-	400,000	160,000	(80,000)	480,000
Tan Sri Dato' Ahmad bin Mohd Don	-	180,000	90,000	-	270,000
Tan Siok Choo	-	180,000	72,000	(36,000)	216,000
Boon Weng Siew	-	180,000	81,000	(45,000)	216,000
Datuk Fong Weng Phak	-	180,000	90,000	(54,000)	216,000
Tan Jiew Hoe	-	180,000	75,000	(30,000)	225,000

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

## DIRECTORS' REPORT (cont'd)

### ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM134,005,001 to RM202,358,251 by way of the following:

- (a) A bonus issue of 67,416,250 ordinary shares of RM1 each to all shareholders whose names appeared in the Record of Depositors and Register of Members on 1 November 2010 on the basis of one ordinary share for every two existing ordinary shares held. The bonus issue was approved by the shareholders at the Extraordinary General Meeting held on 27 September 2010.
- (b) The issuance of 937,000 ordinary shares of RM1 each for cash pursuant to the Company's Employee Share Scheme.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

### EMPLOYEE SHARE SCHEME

The Company's Employee Share Scheme ("ESS") is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 29 August 2009. The ESS was implemented on 18 June 2010 and is in force for a period of 10 years from the date of implementation.

The Scheme is administered by the ESS Committee appointed by the Board.

The salient features of the By-Laws are disclosed in Note 29 to the financial statements.

On 3 August 2010, 6,190,000 options were granted to eligible directors and employees under the ESS, of which 20% are exercisable into new ordinary shares with immediate effect whilst the balance of 80% are exercisable into new ordinary shares at different vesting periods and tranches beginning from August 2011, subject to the fulfilment of vesting conditions including but not limited to the satisfactory performance of the option holders during the exercise periods.

Consequent to the implementation of the bonus issue which was approved by the shareholders at the Extraordinary General Meeting held on 27 September 2010, the number of options granted had been adjusted accordingly.

Details of options to subscribe for ordinary shares of the Company pursuant to the ESS as at 30 April 2011 are as follows:

Grant date	Expiry date	Exercise price	← Number of options →		
			Granted	Adjustment for bonus issue	Total
3 August 2010	2 August 2015	RM8.13 RM5.42 *	6,190,000	2,582,250	8,772,250

\* Following the adjustment for additional options entitlement on the unexercised options arising from the bonus issue made during the financial year, the exercise price of RM8.13 per share was revised to RM5.42 per share accordingly.

## DIRECTORS' REPORT (cont'd)

### EMPLOYEE SHARE SCHEME (cont'd)

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted options to subscribe for less than 200,000 ordinary shares of RM1 each. The names of option holders granted options to subscribe for 200,000 or more ordinary shares of RM1 each during the financial year are as follows:

Name	←———— Number of options —————→			
	Granted	Adjustment for bonus issue	Exercised	30.4.2011
Dr. Leong Tat Thim	340,000	155,000	(30,000)	465,000
Chong Seong Hoe	240,000	102,500	(35,000)	307,500
Leong Yok Mui	200,000	95,000	(10,000)	285,000
Lai Swee Kee	200,000	97,000	(6,000)	291,000

The share options were granted to the above option holders on 3 August 2010 and expire on 2 August 2015. The exercise price of share option was initially fixed at RM8.13 each and subsequently adjusted to RM5.42 each following the adjustment for additional options entitlement on the unexercised options arising from the bonus issue made during the financial year.

Details of options granted to directors are disclosed in the section on Directors' Interests in this report.

### OTHER STATUTORY INFORMATION

- (a) Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

## DIRECTORS' REPORT (cont'd)

### OTHER STATUTORY INFORMATION (cont'd)

- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

### SIGNIFICANT EVENTS

Details of the significant events during the financial year are disclosed in Note 37 to the financial statements.

### SUBSEQUENT EVENT

Details of the subsequent event are disclosed in Note 38 to the financial statements.

### AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 June 2011.

Tan Siok Choo

Fong Weng Phak

## STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Tan Siok Choo and Fong Weng Phak, being two of the directors of United Malacca Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 51 to 120 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 April 2011 and of their financial performance and cash flows for the year then ended.

The supplementary information set out on page 121 have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 June 2011.

Tan Siok Choo

Fong Weng Phak

## STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Lai Swee Kee, being the Group Financial Controller primarily responsible for the financial management of United Malacca Berhad, do solemnly and sincerely declare that the accompanying financial statements and the supplementary information set out on pages 51 to 121 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared )  
by the abovenamed Lai Swee Kee )  
at Melaka in the State of Melaka )  
on 29 June 2011. )

Lai Swee Kee

Before me,

Ong San Kee  
Commissioner of Oath  
Melaka, Malaysia

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF UNITED MALACCA BERHAD (INCORPORATED IN MALAYSIA)

## Report on the financial statements

We have audited the financial statements of United Malacca Berhad, which comprise the statements of financial position of the Group and of the Company as at 30 April 2011, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 51 to 120.

### *Directors' responsibility for the financial statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 April 2011 and of their financial performance and cash flows for the year then ended.

## Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

## **INDEPENDENT AUDITORS' REPORT** (cont'd) TO THE MEMBERS OF UNITED MALACCA BERHAD (INCORPORATED IN MALAYSIA)

### **Other matters**

The supplementary information set out on page 121 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Ernst & Young**  
AF: 0039  
Chartered Accountants

**Gloria Goh Ewe Gim**  
1685/04/13(J)  
Chartered Accountant

Kuala Lumpur, Malaysia  
Dated: 29 June 2011

# INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

	Note	Group		Company	
		2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000 (Restated)
Revenue	4	205,715	178,527	106,779	80,920
Cost of sales		(93,319)	(90,988)	(19,116)	(13,398)
<b>Gross profit</b>		<b>112,396</b>	<b>87,539</b>	<b>87,663</b>	<b>67,522</b>
Other income	5	8,753	6,711	3,337	10,887
Selling and distribution expenses		(2,883)	(2,897)	(1,230)	(995)
Administrative expenses		(12,910)	(7,020)	(6,232)	(3,277)
Other expenses		(569)	(2,394)	(515)	(2,359)
Replanting expenses		(3,798)	(5,675)	(1,470)	(966)
<b>Operating profit</b>		<b>100,989</b>	<b>76,264</b>	<b>81,553</b>	<b>70,812</b>
Share of results of associates		4,720	5,413	-	-
<b>Profit before tax</b>	6	<b>105,709</b>	<b>81,677</b>	<b>81,553</b>	<b>70,812</b>
Income tax expense	9	(24,264)	(18,372)	(5,906)	(5,954)
<b>Profit net of tax</b>		<b>81,445</b>	<b>63,305</b>	<b>75,647</b>	<b>64,858</b>
<b>Earnings per share attributable to owners of the Company (sen per share):</b>					
Basic	10(a)	40.4	31.5		
Diluted	10(b)	40.4	31.5		

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

	Group		Company	
	2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000 (Restated)
Profit net of tax	81,445	63,305	75,647	64,858
Other comprehensive income:				
Gain on fair value changes on available-for-sale investments	1,625	-	1,625	-
Share of other comprehensive income of associates	2,076	-	-	-
	3,701	-	1,625	-
<b>Total comprehensive income for the year</b>	<b>85,146</b>	<b>63,305</b>	<b>77,272</b>	<b>64,858</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2011

	Note	As at 30.4.2011 RM'000	As at 30.4.2010 RM'000 (Restated)	As at 1.5.2009 RM'000 (Restated)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	12	436,981	430,467	296,230
Biological assets	13	406,144	392,229	274,961
Prepaid land lease payments	14	4,231	4,426	4,621
Development expenditure	15	-	-	1,295
Goodwill on consolidation	16	18,628	18,628	18,628
Investment in associates	18	28,199	24,798	20,376
Available-for-sale investments	19	50,264	15,822	15,962
		<b>944,447</b>	<b>886,370</b>	<b>632,073</b>
<b>Current assets</b>				
Inventories	20	14,740	11,326	9,436
Trade and other receivables	21	19,110	19,969	14,124
Held for trading investments	22	-	-	8,926
Cash and bank balances	23	140,353	123,457	349,795
		<b>174,203</b>	<b>154,752</b>	<b>382,281</b>
Non-current asset held for sale	18	1,675	-	-
		<b>175,878</b>	<b>154,752</b>	<b>382,281</b>
<b>TOTAL ASSETS</b>		<b>1,120,325</b>	<b>1,041,122</b>	<b>1,014,354</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the Company</b>				
Share capital	24	202,358	134,005	134,005
Share premium	24	1,164	6,346	6,346
Other reserves	25	300,193	270,445	271,670
Retained earnings	26	513,361	529,026	504,697
<b>Total equity</b>		<b>1,017,076</b>	<b>939,822</b>	<b>916,718</b>
<b>Non-current liability</b>				
Deferred tax liability	27	81,839	80,863	79,763
<b>Current liabilities</b>				
Trade and other payables	28	17,677	16,191	12,904
Income tax payable		3,733	4,246	4,969
		<b>21,410</b>	<b>20,437</b>	<b>17,873</b>
<b>Total liabilities</b>		<b>103,249</b>	<b>101,300</b>	<b>97,636</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,120,325</b>	<b>1,041,122</b>	<b>1,014,354</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2011

	Note	As at 30.4.2011 RM'000	As at 30.4.2010 RM'000 (Restated)	As at 1.5.2009 RM'000 (Restated)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	12	243,007	235,507	100,578
Biological assets	13	174,968	161,460	45,935
Investment in subsidiaries	17	140,954	140,954	142,288
Investment in associates	18	22,905	23,216	18,963
Available-for-sale investments	19	50,264	15,822	15,962
		<b>632,098</b>	<b>576,959</b>	<b>323,726</b>
<b>Current assets</b>				
Inventories	20	2,083	2,764	330
Trade and other receivables	21	4,983	10,037	5,347
Held for trading investments	22	-	-	8,926
Cash and bank balances	23	123,444	103,220	324,418
		<b>130,510</b>	<b>116,021</b>	<b>339,021</b>
Non-current asset held for sale	18	311	-	-
		<b>130,821</b>	<b>116,021</b>	<b>339,021</b>
<b>TOTAL ASSETS</b>		<b>762,919</b>	<b>692,980</b>	<b>662,747</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the Company</b>				
Share capital	24	202,358	134,005	134,005
Share premium	24	662	6,346	6,346
Other reserves	25	137,965	109,170	109,781
Retained earnings	26	402,326	424,410	399,142
<b>Total equity</b>		<b>743,311</b>	<b>673,931</b>	<b>649,274</b>
<b>Non-current liability</b>				
Deferred tax liability	27	10,250	9,612	9,122
<b>Current liabilities</b>				
Trade and other payables	28	8,848	7,961	2,807
Income tax payable		510	1,476	1,544
		<b>9,358</b>	<b>9,437</b>	<b>4,351</b>
<b>Total liabilities</b>		<b>19,608</b>	<b>19,049</b>	<b>13,473</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>762,919</b>	<b>692,980</b>	<b>662,747</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



## STATEMENTS OF CHANGES IN EQUITY (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

	Note	Attributable to owners of the Company										
		Share capital (Note 24) RM'000	Share premium (Note 24) RM'000	Fair value adjustment reserve (Note 25) RM'000	Asset revaluation reserve (Note 25) RM'000	Foreign currency translation reserve (Note 25) RM'000	Employee share option reserve (Note 25) RM'000	Total other reserves (Note 25) RM'000	Retained earnings (Note 26) RM'000	Total equity RM'000		
<b>Opening balance at 1 May 2009:</b>		134,005	6,346	-	237,544	-	-	-	237,544	501,593	879,488	
As previously stated												
Effects of adopting Amendments to FRS 117	2.2	-	-	-	34,126	-	-	-	34,126	3,104	37,230	
As restated		134,005	6,346	-	271,670	-	-	-	271,670	504,697	916,718	
<b>Total comprehensive income (restated)</b>		-	-	-	-	-	-	-	-	63,305	63,305	
<b>Transfer to retained earnings:</b>												
Realisation of asset revaluation reserve upon depreciation (restated)		-	-	-	(1,225)	-	-	-	(1,225)	1,225	-	
<b>Transaction with owners:</b>												
Dividends	11	-	-	-	-	-	-	-	-	(40,201)	(40,201)	
<b>Closing balance at 30 April 2010</b>		134,005	6,346	-	270,445	-	-	-	270,445	529,026	939,822	

## STATEMENTS OF CHANGES IN EQUITY (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

2011 COMPANY	Note	Attributable to owners of the Company									
		Share capital (Note 24) RM'000	Share premium (Note 24) RM'000	Fair value adjustment reserve (Note 25) RM'000	Asset revaluation reserve (Note 25) RM'000	Employee share option reserve (Note 25) RM'000	Total other reserves (Note 25) RM'000	Retained earnings (Note 26) RM'000	Total equity RM'000	Distributable	
<b>Opening balance at 1 May 2010:</b>											
As previously stated		134,005	6,346	-	99,297	-	99,297	424,410	664,058		
Effects of adopting Amendments to FRS 117	2.2	-	-	-	9,873	-	9,873	-	9,873		
As restated		134,005	6,346	-	109,170	-	109,170	424,410	673,931		
<b>Effects of adopting FRS 139</b>											
	2.2	-	-	22,540	-	-	22,540	-	22,540		
<b>Total comprehensive income</b>		134,005	6,346	22,540	109,170	-	131,710	424,410	696,471		
<b>Transfer to retained earnings:</b>		-	-	1,625	-	-	1,625	75,647	77,272		
Realisation of asset revaluation reserve upon depreciation		-	-	-	(608)	-	(608)	608	-		
<b>Transactions with owners:</b>											
Fair value of share options granted to eligible directors and employees		-	-	-	-	7,513	7,513	-	7,513		7,513
Share issued pursuant to exercise of employee share options		937	8,581	-	-	(2,197)	(2,197)	-	7,321		7,321
Bonus issue of one share for every two existing shares		67,416	(14,154)	-	-	-	-	(53,262)	-		-
Share issuance expenses		-	(111)	-	-	-	-	-	(111)		(111)
Employee share options forfeited		-	-	-	-	(78)	(78)	78	-		-
Dividends	11	-	-	-	-	-	-	(45,155)	(45,155)		(45,155)
		68,353	(5,684)	-	-	5,238	5,238	(98,339)	(30,432)		(30,432)
<b>Closing balance at 30 April 2011</b>		202,358	662	24,165	108,562	5,238	137,965	402,326	743,311		743,311

## STATEMENTS OF CHANGES IN EQUITY (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

	Attributable to owners of the Company							
	Share capital (Note 24) RM'000	Share premium (Note 24) RM'000	Fair value adjustment reserve (Note 25) RM'000	Asset revaluation reserve (Note 25) RM'000	Employee share option reserve (Note 25) RM'000	Total other reserves (Note 25) RM'000	Retained earnings (Note 26) RM'000	Total equity RM'000
	← Non-distributable			→ Distributable				
<b>2010 COMPANY</b>								
Opening balance at 1 May 2009:								
As previously stated	134,005	6,346	-	99,425	-	99,425	399,142	638,918
Effects of adopting Amendments to FRS 117	-	-	-	10,356	-	10,356	-	10,356
As restated	134,005	6,346	-	109,781	-	109,781	399,142	649,274
<b>Total comprehensive income (restated)</b>	-	-	-	-	-	-	64,858	64,858
<b>Transfer to retained earnings:</b>								
Realisation of asset revaluation reserve upon depreciation (restated)	-	-	-	(611)	-	(611)	611	-
<b>Transaction with owners:</b>								
Dividends	-	-	-	-	-	-	(40,201)	(40,201)
<b>Closing balance at 30 April 2010</b>	<b>134,005</b>	<b>6,346</b>	<b>-</b>	<b>109,170</b>	<b>-</b>	<b>109,170</b>	<b>424,410</b>	<b>673,931</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

	Note	Group		Company	
		2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000 (Restated)
<b>OPERATING ACTIVITIES</b>					
Profit before tax		105,709	81,677	81,553	70,812
<u>Adjustments for:</u>					
Interest income	4,5	(3,754)	(6,695)	(3,000)	(5,928)
Dividend income	4,5	(1,188)	(1,223)	(55,194)	(42,502)
Depreciation of property, plant and equipment	6	9,890	8,351	2,871	2,073
Loss on disposal of property, plant and equipment	6	1	12	1	-
Property, plant and equipment written off	6	78	32	32	3
Amortisation of prepaid land lease payments	6	184	175	-	-
Development expenditure written off	6	-	1,295	-	-
Impairment loss on investment in subsidiaries	6	-	-	-	1,334
Reversal of impairment loss on investment in an associate	5	-	-	-	(4,253)
Loss on redemption of available-for-sale investment	6	-	120	-	120
Net fair value gains on held for trading investments	5	(2,547)	(5,366)	(2,547)	(5,366)
Fair value of share options granted to eligible directors and employees expensed off		7,513	-	3,109	-
Share of results of associates		(4,720)	(5,413)	-	-
<b>Operating cash flows before changes in working capital</b>		<b>111,166</b>	<b>72,965</b>	<b>26,825</b>	<b>16,293</b>
<u>Changes in working capital:</u>					
(Increase)/Decrease in inventories		(3,414)	(1,890)	681	(2,434)
Increase in trade and other receivables		(6,513)	(1,955)	(2,320)	(490)
Increase in trade and other payables		1,486	3,287	887	5,154
<b>Cash flows from operations</b>		<b>102,725</b>	<b>72,407</b>	<b>26,073</b>	<b>18,523</b>
Interest received		3,595	10,302	2,844	9,226
Dividend received from:					
- subsidiaries		-	-	52,202	40,200
- associates		1,720	991	1,720	991
- available-for-sale investments		887	744	887	744
- held for trading investments		280	403	280	403
Income taxes paid		(23,764)	(17,902)	(6,114)	(5,352)
<b>Net cash flows from operating activities</b>		<b>85,443</b>	<b>66,945</b>	<b>77,892</b>	<b>64,735</b>

**STATEMENTS OF CASH FLOWS** (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

	Note	Group		Company	
		2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000 (Restated)
<b>INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment	12	(18,094)	(143,477)	(11,795)	(137,466)
Proceeds from disposal of property, plant and equipment		1	124	1	65
Additions of biological assets	13	(12,294)	(116,527)	(12,118)	(115,129)
Purchase of available-for-sale investments		(10,277)	-	(10,277)	-
Proceeds from redemption of available-for-sale investment		-	20	-	20
Purchase of held for trading investments		(18,769)	(13,277)	(18,769)	(13,277)
Proceeds from disposal of held for trading investments		28,831	20,055	28,831	20,055
<b>Net cash flows used in investing activities</b>		<b>(30,602)</b>	<b>(253,082)</b>	<b>(24,127)</b>	<b>(245,732)</b>
<b>FINANCING ACTIVITIES</b>					
Dividends paid	11	(45,155)	(40,201)	(45,155)	(40,201)
Proceeds from exercise of employee share options		7,321	-	7,321	-
Repayment of fair value of share options granted to eligible employees by subsidiaries		-	-	4,404	-
Share issuance expenses		(111)	-	(111)	-
<b>Net cash flows used in financing activities</b>		<b>(37,945)</b>	<b>(40,201)</b>	<b>(33,541)</b>	<b>(40,201)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>16,896</b>	<b>(226,338)</b>	<b>20,224</b>	<b>(221,198)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>123,457</b>	<b>349,795</b>	<b>103,220</b>	<b>324,418</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	23	<b>140,353</b>	<b>123,457</b>	<b>123,444</b>	<b>103,220</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 6th Floor, No. 61, Jalan Melaka Raya 8, Taman Melaka Raya, 75000 Melaka.

The principal activities of the Company consist of cultivation of oil palm and investment holding. The principal activities of the subsidiaries are described in Note 17. There have been no significant changes in the nature of the principal activities during the financial year.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia.

At the beginning of the current financial year, the Group and the Company adopted the standards and interpretations as described fully in Note 2.2.

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

At the beginning of the current financial year, the Group and the Company adopted the following standards and interpretations which are applicable and relevant to the operations of the Group and of the Company:

#### Existing FRS effective for financial periods beginning on or after 1 January 2006

FRS 2 : *Share-based Payment*

#### Effective for financial periods beginning on or after 1 July 2009

FRS 8 : *Operating Segments*

#### Effective for financial periods beginning on or after 1 January 2010

FRS 7 : *Financial Instruments: Disclosures*  
 FRS 101 : *Presentation of Financial Statements (Revised)*  
 FRS 139 : *Financial Instruments: Recognition and Measurement*  
 Amendments to FRS 1 : *First-time Adoption of Financial Reporting Standards*  
 Amendments to FRS 2 : *Share-based Payment – Vesting Conditions and Cancellations*  
 Amendments to FRS 7 : *Financial Instruments: Disclosures*  
 Amendments to FRS 127 : *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*  
 Amendments to FRS 132 : *Financial Instruments: Presentation*  
 Amendments to FRS 139 : *Financial Instruments: Recognition and Measurement*  
 Improvements to FRS issued in 2009 which include:  
 - Amendments to FRS 5 : *Non-current Assets Held for Sale and Discontinued Operations*  
 - Amendments to FRS 7 : *Financial Instruments: Disclosures*  
 - Amendments to FRS 8 : *Operating Segments*

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Changes in accounting policies (cont'd)

#### Effective for financial periods beginning on or after 1 January 2010 (cont'd)

Improvements to FRS issued in 2009 which include (cont'd):

- Amendments to FRS 107	:	<i>Statement of Cash Flows</i>
- Amendments to FRS 108	:	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
- Amendments to FRS 110	:	<i>Events after the Reporting Period</i>
- Amendments to FRS 116	:	<i>Property, Plant and Equipment</i>
- Amendments to FRS 117	:	<i>Leases</i>
- Amendments to FRS 118	:	<i>Revenue</i>
- Amendments to FRS 119	:	<i>Employee Benefits</i>
- Amendments to FRS 127	:	<i>Consolidated and Separate Financial Statements</i>
- Amendments to FRS 128	:	<i>Investments in Associates</i>
- Amendments to FRS 134	:	<i>Interim Financial Reporting</i>
- Amendments to FRS 136	:	<i>Impairment of Assets</i>
- Amendments to FRS 138	:	<i>Intangible Assets</i>
IC Interpretation 9	:	<i>Reassessment of Embedded Derivatives</i>
IC Interpretation 10	:	<i>Interim Financial Reporting and Impairment</i>
IC Interpretation 11	:	<i>FRS 2 – Group and Treasury Share Transactions</i>
Amendments to IC Interpretation 9	:	<i>Reassessment of Embedded Derivatives</i>

#### Effective for financial periods beginning on or after 1 March 2010

Amendments to FRS 132	:	<i>Financial Instruments: Presentation – Classification of Rights Issues</i>
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The adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

#### **FRS 2: Share-based Payment**

FRS 2 requires the cost of the equity-settled transactions with employees which is measured by reference to the fair value of the options at the date that the options are granted, be recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. No expense is recognised for options that do not ultimately vest.

When the options are exercised, the employee share option reserve is transferred to share premium if new shares are issued.

The employee share option reserve is transferred to retained earnings upon forfeiture or expiry of the share options.

The following are effects to the current financial year's results and financial position arising from the adoption of FRS 2:

#### **Income Statements**

**For the Financial Year Ended 30 April 2011**

	Increase/(decrease)	
	Group	Company
	RM'000	RM'000
Cost of sales	2,731	639
Gross profit	(2,731)	(639)
Administrative expenses	4,782	2,470
Operating profit	(7,513)	(3,109)
Profit before tax	(7,513)	(3,109)
Income tax expense	(1,101)	-
Profit net of tax	(6,412)	(3,109)

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Changes in accounting policies (cont'd)

#### FRS 2: Share-based Payment (cont'd)

Income Statements (cont'd)

For the Financial Year Ended 30 April 2011

	(Decrease) Group
Earnings per share attributable to owners of the Company (sen per share):	
Basic	(3.2)
Diluted	(3.2)

Statements of Financial Position  
As at 30 April 2011

	Increase/(decrease)	
	Group	Company
	RM'000	RM'000
Share premium	2,197	2,197
Other reserves - employee share option reserve	5,238	912
Retained earnings	(6,334)	(3,109)
Income tax payable	(1,101)	-

#### FRS 7: Financial Instruments: Disclosures

Prior to 1 May 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132: *Financial Instruments: Disclosure and Presentation*. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 30 April 2011.

#### FRS 8: Operating Segment

FRS 8, which replaces FRS 114: *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.2 Changes in accounting policies (cont'd)

##### **FRS 101: Presentation of Financial Statements (Revised)**

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement in two linked statements.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 36).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

##### **FRS 139: Financial Instruments: Recognition and Measurement**

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 May 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of fair value adjustment reserve as at 1 May 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

#### (a) Available-for-sale investments

Prior to 1 May 2010, the Group and the Company classified the investments in quoted shares, quoted unit trusts and unquoted shares which were held for non-trading purposes as non-current investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investments, except for those whose fair value cannot be reliably measured, are designated at 1 May 2010 as available-for-sale investments and accordingly are stated at their fair values as at that date amounting to RM38,322,000. The adjustments to their previous carrying amounts are recognised as adjustments to the opening balance of fair value adjustment reserve as at 1 May 2010.

However, for investment in unquoted shares whose fair value cannot be reliably measured amounting to RM40,000, it is continued to be carried at cost less impairment losses.

#### (b) Held for trading investments

Prior to 1 May 2010, the Group and the Company classified the investments in quoted shares which were held for trading purposes as marketable securities. Such investments were carried at the lower of cost and market value, determined on an aggregate basis. Upon the adoption of FRS 139, these investments are designated as held for trading investments and are stated at fair value where changes in fair value are recognised through profit or loss (i.e. also known as financial assets at fair value through profit or loss).

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Changes in accounting policies (cont'd)

#### FRS 139: Financial Instruments: Recognition and Measurement (cont'd)

##### (c) Impairment of trade receivables

Prior to 1 May 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate.

The following are effects to the current financial year's results and financial position arising from the adoption of FRS 139:

#### Income Statements

Upon adoption of FRS 139, investments in quoted shares which held for trading purposes are designated as held for trading investments and are stated at fair value where changes in fair value are recognised through profit or loss. Due to the favorable market condition at the end of current financial year, the management had liquidated the entire held for trading investments to realise the net fair value gains on held for trading investments as disclosed in Note 5.

#### Consolidated Statement of Financial Position

	Increase	
	As at	As at
	30 April 2011	1 May 2010
	RM'000	RM'000
Available-for-sale investments	24,229	22,540
Other reserves - fair value adjustment reserve	24,229	22,540
	<hr/>	<hr/>

#### Company Statement of Financial Position

	Increase	
	As at	As at
	30 April 2011	1 May 2010
	RM'000	RM'000
Available-for-sale investments	24,165	22,540
Other reserves - fair value adjustment reserve	24,165	22,540
	<hr/>	<hr/>

#### Amendments to FRS 117: Leases

Prior to 1 May 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group and the Company as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represented prepaid land lease payments and were amortised on a straight-line basis over the lease term.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Changes in accounting policies (cont'd)

#### Amendments to FRS 117: Leases (cont'd)

The Amendments to FRS 117: *Leases* clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the Amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group and the Company have applied this change in accounting policy retrospectively and certain comparatives have been restated as follows:

#### Consolidated Income Statement For the Financial Year Ended 30 April 2010

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Cost of sales	(90,357)	(631)	(90,988)
Gross profit	88,170	(631)	87,539
Administrative expenses	(7,014)	(6)	(7,020)
Replanting expenses	(5,400)	(275)	(5,675)
Operating profit	77,176	(912)	76,264
Profit before tax	82,589	(912)	81,677
Income tax expense	(18,442)	70	(18,372)
Profit net of tax	64,147	(842)	63,305

#### Company Income Statement For the Financial Year Ended 30 April 2010

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Cost of sales	(12,802)	(596)	(13,398)
Gross profit	68,118	(596)	67,522
Administrative expenses	(3,271)	(6)	(3,277)
Replanting expenses	(925)	(41)	(966)
Operating profit	71,455	(643)	70,812
Profit before tax	71,455	(643)	70,812
Income tax expense	(6,114)	160	(5,954)
Profit net of tax	65,341	(483)	64,858

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Changes in accounting policies (cont'd)

#### Amendments to FRS 117: Leases (cont'd)

#### Consolidated Statement of Financial Position

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
<b>As at 30 April 2010</b>			
Property, plant and equipment	173,381	257,086	430,467
Biological assets	392,049	180	392,229
Prepaid land lease payments	215,507	(211,081)	4,426
Other reserves - asset revaluation reserve	237,246	33,199	270,445
Retained earnings	525,837	3,189	529,026
Deferred tax liability	71,066	9,797	80,863

#### **As at 1 May 2009**

Property, plant and equipment	165,446	130,784	296,230
Biological assets	274,831	130	274,961
Prepaid land lease payments	88,438	(83,817)	4,621
Other reserves - asset revaluation reserve	237,544	34,126	271,670
Retained earnings	501,593	3,104	504,697
Deferred tax liability	69,896	9,867	79,763

#### Company Statement of Financial Position

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
<b>As at 30 April 2010</b>			
Property, plant and equipment	87,726	147,781	235,507
Prepaid land lease payments	134,616	(134,616)	-
Other reserves - asset revaluation reserve	99,297	9,873	109,170
Deferred tax liability	6,320	3,292	9,612

#### **As at 1 May 2009**

Property, plant and equipment	80,525	20,053	100,578
Prepaid land lease payments	6,245	(6,245)	-
Other reserves - asset revaluation reserve	99,425	10,356	109,781
Deferred tax liability	5,670	3,452	9,122

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Changes in accounting policies (cont'd)

#### Amendments to FRS 117: Leases (cont'd)

The following are effects to the current financial year's results and financial position arising from the adoption of Amendments to FRS 117:

#### Income Statements

For the Financial Year Ended 30 April 2011

	Increase/(decrease)	
	Group	Company
	RM'000	RM'000
Cost of sales	862	556
Gross profit	(862)	(556)
Administrative expenses	7	6
Replanting expenses	64	81
Operating profit	(933)	(643)
Profit before tax	(933)	(643)
Income tax expense	(63)	(161)
Profit net of tax	(870)	(482)

#### Earnings per share attributable to owners of the Company (sen per share):

Basic	(0.4)
Diluted	(0.4)

#### Statements of Financial Position

As at 30 April 2011

	Increase/(decrease)	
	Group	Company
	RM'000	RM'000
Property, plant and equipment	255,619	147,742
Biological assets	209	-
Prepaid land lease payments	(210,576)	(135,220)
Other reserves - asset revaluation reserve	32,268	9,394
Retained earnings	3,258	-
Deferred tax liability	9,726	3,128

The other standards and interpretations issued by the Malaysian Accounting Standards Board which became effective for the financial periods beginning on or after 1 January 2010 but are currently not applicable to the Group and the Company are as follows:

FRS 4	: <i>Insurance Contracts</i>
FRS 123	: <i>Borrowing Costs</i>
Improvements to FRS issued in 2009 which include:	
- Amendments to FRS 120	: <i>Accounting for Government Grants and Disclosures of Government Assistance</i>
- Amendments to FRS 123	: <i>Borrowing Costs</i>
- Amendments to FRS 129	: <i>Financial Reporting in Hyperinflationary Economies</i>
- Amendments to FRS 131	: <i>Interests in Joint Ventures</i>
- Amendments to FRS 140	: <i>Investment Property</i>
IC Interpretation 13	: <i>Customer Loyalty Programmes</i>
IC Interpretation 14	: <i>FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>
TR i – 3	: <i>Presentation of Financial Statements of Islamic Financial Institutions</i>

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.3 Standards and interpretations issued but not yet effective

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective:

#### Effective for financial periods beginning on or after 1 July 2010

FRS 1	:	<i>First-time Adoption of Financial Reporting Standards</i>
FRS 3	:	<i>Business Combinations (Revised)</i>
Amendments to FRS 2	:	<i>Share-based Payment</i>
Amendments to FRS 5	:	<i>Non-current Assets Held for Sale and Discontinued Operations</i>
Amendments to FRS 127	:	<i>Consolidated and Separate Financial Statements</i>
Amendments to FRS 138	:	<i>Intangible Assets</i>
IC Interpretation 12	:	<i>Service Concession Arrangements</i>
IC Interpretation 16	:	<i>Hedges of a Net Investment in a Foreign Operation</i>
IC Interpretation 17	:	<i>Distributions of Non-cash Assets to Owners</i>
Amendments to IC Interpretation 9	:	<i>Reassessment of Embedded Derivatives</i>

#### Effective for financial periods beginning on or after 1 January 2011

Amendments to FRS 1	:	<i>Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters</i>
Amendments to FRS 1	:	<i>Additional Exemptions for First-time Adopters</i>
Amendments to FRS 2	:	<i>Group Cash-settled Share-based Payment Vesting Conditions and Cancellations</i>
Amendments to FRS 7	:	<i>Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments</i>
Improvements to FRS issued in 2010 which include:		
- Amendments to FRS 1	:	<i>First-time Adoption of Financial Reporting Standards</i>
- Amendments to FRS 3	:	<i>Business Combinations</i>
- Amendments to FRS 7	:	<i>Financial Instruments: Disclosures</i>
- Amendments to FRS 101	:	<i>Presentation of Financial Statements</i>
- Amendments to FRS 121	:	<i>The Effects of Changes in Foreign Exchange Rates</i>
- Amendments to FRS 128	:	<i>Investments in Associates</i>
- Amendments to FRS 131	:	<i>Interests in Joint Ventures</i>
- Amendments to FRS 132	:	<i>Financial Instruments: Presentation</i>
- Amendments to FRS 134	:	<i>Interim Financial Reporting</i>
- Amendments to FRS 139	:	<i>Financial Instruments: Recognition and Measurement</i>
- Amendments to IC Interpretation 13	:	<i>Customer Loyalty Programmes</i>
IC Interpretation 4	:	<i>Determining Whether an Arrangement contains a Lease</i>
IC Interpretation 18	:	<i>Transfers of Assets from Customers</i>

#### Effective for financial periods beginning on or after 1 July 2011

IC Interpretation 19	:	<i>Extinguishing Financial Liabilities with Equity Instruments</i>
Amendments to IC Interpretation 14	:	<i>Prepayments of a Minimum Funding Requirement</i>

#### Effective for financial periods beginning on or after 1 January 2012

FRS 124	:	<i>Related Party Disclosures</i>
IC Interpretation 15	:	<i>Agreements for the Construction of Real Estate</i>

The Group and the Company plan to adopt the above standards and interpretations when they become effective in the respective financial periods. However, Amendments to FRS 121 and 131, IC Interpretation 4, 12, 15, 16, 18 and 19, Amendments to IC Interpretation 13 and 14 are currently not applicable to the Group and the Company.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.3 Standards and interpretations issued but not yet effective (cont'd)

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the Amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3 and the Amendments to FRS 127 are described below.

#### Revised FRS 3: *Business Combinations* and Amendments to FRS 127: *Consolidated and Separate Financial Statements*

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107: *Statement of Cash Flows*, FRS 112: *Income Taxes*, FRS 121: *The Effects of Changes in Foreign Exchange Rates*, FRS 128: *Investments in Associates* and FRS 131: *Interests in Joint Ventures*.

The changes from the revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests.

#### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.8. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment except for freehold land, leasehold land and buildings are measured at cost less accumulated depreciation and accumulated impairment losses.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and machinery as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land, leasehold land and buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land, leasehold land and buildings at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land is depreciated on a straight-line basis over the period of the respective leases whilst depreciation of other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets, at the following annual rates:

Buildings	2% - 5%
Plant and machinery	5% - 10%
Office equipment, furniture and fittings	5% - 25%
Motor vehicles, tractors, trailers and boats	10% - 25%

Capital work-in-progress is not depreciated as this asset is not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value and useful life are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.6 Biological assets

Biological assets represent new planting expenditure on oil palm, which consist of cost of land clearing, upkeep of trees to maturity and attributable amortisation and depreciation charges capitalised. The normal period to maturity after the month of planting is 48 months. Net income from scout harvesting in immature areas is credited against the new planting expenditure.

Biological assets are stated at cost or revalued amounts and are not amortised. Revalued amounts are the fair values at the date of the revaluation less any accumulated impairment losses. Fair value is determined based on existing use basis by appraisal that is undertaken by an independent professional valuer. The revaluation surplus arising is credited to the asset revaluation reserve included within equity.

Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the biological assets at the reporting date.

The Group will comply with the provision of Malaysian Accounting Standards Board ("MASB") Exposure Draft 50: *Agriculture* which is equivalent to International Financial Reporting Standard ("IFRS") 41: *Agriculture* once it becomes effective in Malaysia. Based on the provision of MASB Exposure Draft 50, the changes in carrying amount of biological assets will be recognised in the profit or loss in the period in which they arise.

#### 2.7 Prepaid land lease payments

Prepaid land lease payments are initially measured at cost. Following initial recognition, prepaid land lease payments are measured at cost less accumulated amortisation and accumulated impairment losses. Prepaid land lease payments are amortised on a straight line basis over their lease terms.

#### 2.8 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units ("CGU") that are expected to benefit from the synergies of the combination.

The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the allocated goodwill, with the recoverable amount of the CGU. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

#### 2.9 Impairment of other non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU).

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.9 Impairment of other non-financial assets (cont'd)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGU are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

### 2.10 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

### 2.11 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.11 Associates (cont'd)

The financial statements of the associates are prepared as of the same reporting date as the Company unless it is impracticable to do so. When the financial statements of associates used in applying the equity method are prepared as of a different reporting date from that of the Company, adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

#### 2.12 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

##### (a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

##### (b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.12 Financial assets (cont'd)

##### (c) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instruments are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

#### 2.13 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

##### (a) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.13 Impairment of financial assets (cont'd)

##### (b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

##### (c) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

#### 2.14 Inventories

Inventories comprise produce stocks, nursery stocks, estate and palm oil mill stores.

Produce stocks are valued at the lower of cost and net realisable value. Cost is determined on the weighted average ex-estate/mill production costs and includes transport charges, where appropriate. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

Nursery stocks are valued at the lower of cost (determined on the weighted average basis) and net realisable value. Cost of nursery stocks includes where appropriate the cost of direct materials and direct labour.

Estate and palm oil mill stores are valued at the lower of cost (determined on the weighted average basis) and net realisable value.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

#### 2.16 Non-current assets held for sale

A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Upon classification as held for sale, non-current assets are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

#### 2.17 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

##### (a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities at fair value through profit or loss.

##### (b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### 2.18 Revenue and other income

Revenue and other income are recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue and other income can be reliably measured. Revenue and other income are measured at the fair value of consideration received or receivable.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.18 Revenue and other income (cont'd)

(a) **Sale of produce crops, crude palm oil and palm kernel**

Revenue from sale of produce crops, crude palm oil and palm kernel is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customers.

(b) **Interest income**

Interest income is recognised using the effective interest method.

(c) **Dividend income**

Dividend income is recognised when the Group's right to receive payment is established.

(d) **Rental income**

Rental income is recognised on an accrual basis.

#### 2.19 Employee benefits

(a) **Defined contribution plans**

The companies in the Group make contributions to the Employee Provident Fund, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) **Employee share option plans**

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period.

The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period. No expense is recognised for options that do not ultimately vest.

When the options are exercised, the employee share option reserve is transferred to share premium if new shares are issued.

The employee share option reserve is transferred to retained earnings upon forfeiture or expiry of the share options.

#### 2.20 Leases

**As lessee**

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.21 Replanting expenditure

Replanting expenditure consists of expenses incurred from land clearing to the point of harvesting and is recognised in profit or loss in the period that it is incurred.

### 2.22 Income taxes

#### (a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

#### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.22 Income taxes (cont'd)

##### (b) Deferred tax (cont'd)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

##### (c) Sales tax

Revenue, assets and expenses are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

#### 2.23 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### 2.24 Accounting policies adopted by an associate

The followings are the significant accounting policies which are not applicable to the operations of the Company and its subsidiaries but are adopted by an associate whose results are shared by the Group share using the equity method:

##### Foreign currency

##### (a) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the associate and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.24 Accounting policies adopted by an associate (cont'd)

##### Foreign currency (cont'd)

##### (a) Foreign currency transactions (cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the associate's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the associate on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

##### (b) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the exchange rates ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

### 3. SIGNIFICANT ACCOUNTING JUDGMENT AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date, if any. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### 3.1 Judgment made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgment, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

##### Classification between investment property and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgment as to whether or not a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

The Group owns an office building which comprises a portion that is held to earn rentals and another portion that is held for own use. Since the office building cannot be sold separately and the portion of the office building that is held for own use is not insignificant, the Group has classified the whole office building as property, plant and equipment.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 3. SIGNIFICANT ACCOUNTING JUDGMENT AND ESTIMATES (cont'd)

#### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### (a) Useful lives of property, plant and equipment

The cost of property, plant and equipment, except for freehold land and capital work-in-progress, is depreciated on a straight-line basis over the assets' estimated useful lives. Management reviews the remaining useful lives of property, plant and equipment other than leasehold land at the end of each financial year and ensures consistency with previous estimates and patterns of consumptions of the economic benefits that embodies the items in these assets. Changes in useful lives of property, plant and equipment may result in revision of future depreciation charges.

##### (b) Estimation of recoverable amounts on biological assets

Management considers the carrying amounts relating to biological assets to closely reflect fair values determined based on their last acquisition date or their last valuation date as such revaluations are done with sufficient frequency.

##### (c) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated.

When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value and the key assumptions applied in the impairment assessment of goodwill are disclosed in Note 16.

##### (d) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

##### (e) Income tax

Judgment is involved in determining the provision for income taxes. There may be certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

##### (f) Employee share options

The Group measures the cost of equity-settled transactions with eligible directors and employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and model used for estimating fair value for share-based payment transactions are disclosed in Note 29.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 4. REVENUE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Sale of oil palm products	205,715	170,609	48,585	32,490
Interest income	-	6,695	3,000	5,928
Dividend income from:				
- subsidiaries	-	-	52,202	40,200
- associates	-	-	1,804	1,079
- available-for-sale investments (quoted in Malaysia)	-	791	603	791
- available-for-sale investments (quoted outside Malaysia)	-	20	14	20
- available-for-sale investments (unquoted in Malaysia)	-	-	277	-
- held for trading investments (quoted in Malaysia)	-	412	294	412
	<b>205,715</b>	<b>178,527</b>	<b>106,779</b>	<b>80,920</b>

Effective from the beginning of the current financial year, interest and dividend income of the Group are classified as OTHER INCOME instead of REVENUE as such income have become insignificant.

### 5. OTHER INCOME

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest income	3,754	-	-	-
Dividend income from:				
- available-for-sale investments (quoted in Malaysia)	603	-	-	-
- available-for-sale investments (quoted outside Malaysia)	14	-	-	-
- available-for-sale investments (unquoted in Malaysia)	277	-	-	-
- held for trading investments (quoted in Malaysia)	294	-	-	-
Additional compensation received from compulsory land acquisition	433	931	433	931
Net fair value gains on held for trading investments	2,547	5,366	2,547	5,366
Net rental income	199	201	196	198
Reversal of impairment loss on investment in an associate	-	-	-	4,253
Miscellaneous	632	213	161	139
	<b>8,753</b>	<b>6,711</b>	<b>3,337</b>	<b>10,887</b>

Effective from the beginning of the current financial year, interest and dividend income of the Group are classified as OTHER INCOME instead of REVENUE as such income have become insignificant.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 6. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Group		Company	
	2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000 (Restated)
Employee benefits expense (Note 7)	36,556	23,561	9,742	5,840
Non-executive directors' remuneration (Note 8)	1,549	225	1,549	225
Auditors' remuneration:				
- Statutory audits	144	128	72	65
- Other services	98	45	76	18
Depreciation of property, plant and equipment (Note 12)	9,890	8,351	2,871	2,073
Loss on disposal of property, plant and equipment	1	12	1	-
Property, plant and equipment written off	78	32	32	3
Amortisation of prepaid land lease payments (Note 14)	184	175	-	-
Development expenditure written off (Note 15)	-	1,295	-	-
Impairment loss on investment in subsidiaries	-	-	-	1,334
Loss on redemption of available-for-sale investment	-	120	-	120

### 7. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Wages and salaries	26,850	20,351	6,915	4,832
Contributions to defined contribution plan	1,602	1,376	470	344
Social security contributions	141	125	34	24
Fair value of share options granted under ESS	6,355	-	1,951	-
Other staff related expenses	1,608	1,709	372	640
	<b>36,556</b>	<b>23,561</b>	<b>9,742</b>	<b>5,840</b>

Included in employee benefits expense of the Group and the Company is the executive director's remuneration amounting to RM992,000 (2010: RM425,000) as further disclosed in Note 8.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 8. DIRECTORS' REMUNERATION

The details of remuneration received or receivable by directors of the Company during the financial year are as follows:

	Group and Company	
	2011	2010
	RM'000	RM'000
<b>Executive:</b>		
Fees	80	60
Salaries and other emoluments	397	365
Fair value of share options granted under ESS	515	-
<b>Total executive director's remuneration (excluding benefits-in-kind) (Note 7 and 30(c))</b>	<b>992</b>	<b>425</b>
Estimated money value of benefits-in-kind	24	24
<b>Total executive director's remuneration (including benefits-in-kind)</b>	<b>1,016</b>	<b>449</b>
<b>Non-executive:</b>		
Fees	255	170
Other emoluments	136	55
Fair value of share options granted under ESS	1,158	-
<b>Total non-executive directors' remuneration (Note 6 and 30(c))</b>	<b>1,549</b>	<b>225</b>
<b>Total directors' remuneration</b>	<b>2,565</b>	<b>674</b>

The number of directors of the Company whose total remuneration for the Group during the financial year fell within the following bands is analysed below:

	Number of directors	
	2011	2010
<b>Executive director:</b>		
RM400,001 - RM450,000	-	1
RM1,000,001 - RM1,050,000	1	-
<b>Non-executive directors:</b>		
Below RM50,000	1	6
RM50,001 - RM100,000	1	-
RM250,001 - RM300,000	3	-
RM300,001 - RM350,000	2	-

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 9. INCOME TAX EXPENSE

#### Major components of income tax expense

The major components of income tax expense for the financial years ended 30 April 2011 and 2010 are:

	Group		Company	
	2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000 (Restated)
<b>Current income tax:</b>				
Current year	23,056	17,287	5,020	5,490
Under/(Over)provision in prior years	232	(15)	248	(26)
	<b>23,288</b>	<b>17,272</b>	<b>5,268</b>	<b>5,464</b>
<b>Deferred tax (Note 27):</b>				
Recognition of deferred tax assets	(73)	(152)	(41)	(16)
Recognition of deferred tax liabilities	1,096	1,252	681	506
Overprovision in prior years	(47)	-	(2)	-
	<b>976</b>	<b>1,100</b>	<b>638</b>	<b>490</b>
<b>Income tax expense recognised in profit or loss</b>	<b>24,264</b>	<b>18,372</b>	<b>5,906</b>	<b>5,954</b>

Current income tax is calculated at the statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

#### Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 30 April 2011 and 2010 are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000 (Restated)
<b>Accounting profit before tax</b>	<b>105,709</b>	<b>81,677</b>	<b>81,553</b>	<b>70,812</b>
<b>Tax at Malaysian statutory tax rate of 25% (2010: 25%)</b>	<b>26,427</b>	<b>20,419</b>	<b>20,388</b>	<b>17,703</b>
<b>Adjustments:</b>				
Effect of expenditure capitalised allowable for tax deduction	(2,272)	(866)	(2,067)	(291)
Effect of income not subject to tax	(404)	(787)	(13,821)	(12,082)
Effect of non-deductible expenses	1,508	974	1,160	650
Under/(Over)provision of current income tax in prior years	232	(15)	248	(26)
Overprovision of deferred tax in prior years	(47)	-	(2)	-
Effect of share of results of associates	(1,180)	(1,353)	-	-
<b>Income tax expense recognised in profit or loss</b>	<b>24,264</b>	<b>18,372</b>	<b>5,906</b>	<b>5,954</b>

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

## 10. EARNINGS PER SHARE

### (a) Basic earnings per share

Basic earnings per share are calculated by dividing profit net of tax for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:

	2011	Group 2010 (Restated)
Profit net of tax for the year (RM'000)	81,445	63,305
Weighted average number of ordinary shares in issue ('000) *	201,809	201,008
Basic earnings per share (sen)	40.4	31.5

\* The weighted average number of ordinary shares in issue above is based on the enlarged share capital after bonus issue of one ordinary share for every two existing ordinary shares held which was completed on 2 November 2010.

### (b) Diluted earnings per share

The share options granted under the Company's ESS could potentially dilute basic earnings per share in the future but have not been included in the calculation of diluted earnings per share because they are antidilutive during the current financial year. Therefore, both of the basic earnings per share and diluted earnings per share of the Group are the same.

## 11. DIVIDENDS

	Group and Company	
	2011	2010
	RM'000	RM'000
<b>Recognised during the financial year:</b>		
<u>Final dividend for 2009:</u>		
- 30% less 25% tax, on 134,005,001 ordinary shares (22.50 sen net per ordinary share)	-	30,151
<u>Interim dividend for 2010:</u>		
- 10% less 25% tax, on 134,005,001 ordinary shares (7.50 sen net per ordinary share)	-	10,050
<u>Final dividend for 2010:</u>		
- dividend of 25% consisting of gross dividend of 11% less 25% tax, tax exempt dividend of 4.5% and tax exempt (single-tier) dividend of 9.5%, on 134,750,501 ordinary shares (22.25 sen net per ordinary share)	29,982	-
<u>Interim dividend for 2011:</u>		
- tax exempt (single-tier) dividend of 7.5%, on 202,302,751 ordinary shares (7.50 sen per ordinary share)	15,173	-
	<b>45,155</b>	<b>40,201</b>

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 30 April 2011, of 17.5% on 202,407,001 ordinary shares, amounting to a dividend payable of RM35,421,000 (17.5 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 April 2012.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

## 12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles, tractors, trailers and boats RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Group</b>								
<b>At 30 April 2011</b>								
<b>At cost or valuation:</b>								
<b>At 1 May 2010:</b>								
As previously stated	84,512	-	59,071	31,126	2,909	21,751	1,596	200,965
Effects of adopting Amendments to FRS 117	-	262,874	-	-	-	-	-	262,874
As restated	84,512	262,874	59,071	31,126	2,909	21,751	1,596	463,839
Additions	-	2,302	2,911	1,225	453	8,155	3,048	18,094
Disposals	-	-	-	-	(4)	-	-	(4)
Write off	-	-	(61)	(97)	(56)	(321)	-	(535)
Reclassifications	-	-	2,645	904	13	2	(3,564)	-
<b>At 30 April 2011</b>	<b>84,512</b>	<b>265,176</b>	<b>64,566</b>	<b>33,158</b>	<b>3,315</b>	<b>29,587</b>	<b>1,080</b>	<b>481,394</b>
<b>Representing:</b>								
At cost	-	131,511	18,905	33,158	3,315	29,587	1,080	217,556
At valuation	84,512	133,665	45,661	-	-	-	-	263,838
<b>At 30 April 2011</b>	<b>84,512</b>	<b>265,176</b>	<b>64,566</b>	<b>33,158</b>	<b>3,315</b>	<b>29,587</b>	<b>1,080</b>	<b>481,394</b>
<b>Accumulated depreciation:</b>								
<b>At 1 May 2010:</b>								
As previously stated	-	-	5,856	12,572	1,532	7,624	-	27,584
Effects of adopting Amendments to FRS 117	-	5,788	-	-	-	-	-	5,788
As restated	-	5,788	5,856	12,572	1,532	7,624	-	33,372
Depreciation charge for the year:	-	3,769	2,777	1,897	254	2,803	-	11,500
- Recognised in profit or loss (Note 6)	-	2,814	2,605	1,875	239	2,357	-	9,890
- Capitalised in biological assets (Note 13(a))	-	955	172	22	15	446	-	1,610
Disposals	-	-	-	-	(2)	-	-	(2)
Write off	-	-	(16)	(89)	(54)	(298)	-	(457)
<b>At 30 April 2011</b>	<b>-</b>	<b>9,557</b>	<b>8,617</b>	<b>14,380</b>	<b>1,730</b>	<b>10,129</b>	<b>-</b>	<b>44,413</b>
<b>Net carrying amount:</b>								
At cost	-	129,443	17,310	18,778	1,585	19,458	1,080	187,654
At valuation	84,512	126,176	38,639	-	-	-	-	249,327
<b>At 30 April 2011</b>	<b>84,512</b>	<b>255,619</b>	<b>55,949</b>	<b>18,778</b>	<b>1,585</b>	<b>19,458</b>	<b>1,080</b>	<b>436,981</b>

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

## 12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles, tractors, trailers and boats RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Group (cont'd)</b>								
<b>At 30 April 2010</b>								
<b>At cost or valuation:</b>								
<b>At 1 May 2009:</b>								
As previously stated	84,512	-	54,659	29,831	2,754	15,190	847	187,793
Effects of adopting Amendments to FRS 117	-	133,665	-	-	-	-	-	133,665
As restated	84,512	133,665	54,659	29,831	2,754	15,190	847	321,458
Additions (restated)	-	129,209	3,105	714	232	7,343	2,874	143,477
Disposals	-	-	-	-	-	(378)	-	(378)
Write off	-	-	(1)	(45)	(82)	(590)	-	(718)
Reclassifications	-	-	1,308	626	5	186	(2,125)	-
<b>At 30 April 2010 (restated)</b>	<b>84,512</b>	<b>262,874</b>	<b>59,071</b>	<b>31,126</b>	<b>2,909</b>	<b>21,751</b>	<b>1,596</b>	<b>463,839</b>
<b>Representing:</b>								
At cost	-	129,209	13,349	31,126	2,909	21,751	1,596	199,940
At valuation	84,512	133,665	45,722	-	-	-	-	263,899
<b>At 30 April 2010 (restated)</b>	<b>84,512</b>	<b>262,874</b>	<b>59,071</b>	<b>31,126</b>	<b>2,909</b>	<b>21,751</b>	<b>1,596</b>	<b>463,839</b>
<b>Accumulated depreciation:</b>								
<b>At 1 May 2009:</b>								
As previously stated	-	-	3,295	10,855	1,406	6,791	-	22,347
Effects of adopting Amendments to FRS 117	-	2,881	-	-	-	-	-	2,881
As restated	-	2,881	3,295	10,855	1,406	6,791	-	25,228
Depreciation charge for the year:	-	2,907	2,562	1,757	206	1,640	-	9,072
- Recognised in profit or loss (Note 6) (restated)	-	2,528	2,401	1,748	202	1,472	-	8,351
- Capitalised in biological assets (Note 13(a)) (restated)	-	379	161	9	4	168	-	721
Disposals	-	-	-	-	-	(242)	-	(242)
Write off	-	-	(1)	(40)	(80)	(565)	-	(686)
<b>At 30 April 2010 (restated)</b>	<b>-</b>	<b>5,788</b>	<b>5,856</b>	<b>12,572</b>	<b>1,532</b>	<b>7,624</b>	<b>-</b>	<b>33,372</b>
<b>Net carrying amount:</b>								
At cost	-	128,605	12,513	18,554	1,377	14,127	1,596	176,772
At valuation	84,512	128,481	40,702	-	-	-	-	253,695
<b>At 30 April 2010 (restated)</b>	<b>84,512</b>	<b>257,086</b>	<b>53,215</b>	<b>18,554</b>	<b>1,377</b>	<b>14,127</b>	<b>1,596</b>	<b>430,467</b>
At cost	-	-	8,617	18,976	1,348	8,399	847	38,187
At valuation	84,512	130,784	42,747	-	-	-	-	258,043
<b>At 1 May 2009 (restated)</b>	<b>84,512</b>	<b>130,784</b>	<b>51,364</b>	<b>18,976</b>	<b>1,348</b>	<b>8,399</b>	<b>847</b>	<b>296,230</b>

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

## 12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles, tractors and trailers RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Company</b>								
<b>At 30 April 2011</b>								
<b>At cost or valuation:</b>								
<b>At 1 May 2010:</b>								
As previously stated	65,928	-	13,851	3,752	1,726	6,634	373	92,264
Effects of adopting Amendments to FRS 117	-	150,360	-	-	-	-	-	150,360
As restated	65,928	150,360	13,851	3,752	1,726	6,634	373	242,624
Additions	-	2,302	2,640	572	289	3,965	2,027	11,795
Disposals	-	-	-	-	(4)	-	-	(4)
Write off	-	-	(27)	-	(20)	(58)	-	(105)
Reclassifications	-	-	1,563	54	4	-	(1,621)	-
<b>At 30 April 2011</b>	<b>65,928</b>	<b>152,662</b>	<b>18,027</b>	<b>4,378</b>	<b>1,995</b>	<b>10,541</b>	<b>779</b>	<b>254,310</b>
<b>Representing:</b>								
At cost	-	131,511	8,410	4,378	1,995	10,541	779	157,614
At valuation	65,928	21,151	9,617	-	-	-	-	96,696
<b>At 30 April 2011</b>	<b>65,928</b>	<b>152,662</b>	<b>18,027</b>	<b>4,378</b>	<b>1,995</b>	<b>10,541</b>	<b>779</b>	<b>254,310</b>
<b>Accumulated depreciation:</b>								
<b>At 1 May 2010:</b>								
As previously stated	-	-	823	1,400	712	1,603	-	4,538
Effects of adopting Amendments to FRS 117	-	2,579	-	-	-	-	-	2,579
As restated	-	2,579	823	1,400	712	1,603	-	7,117
Depreciation charge for the year:	-	2,341	550	177	141	1,052	-	4,261
- Recognised in profit or loss (Note 6)	-	1,426	463	161	128	693	-	2,871
- Capitalised in biological assets (Note 13(a))	-	915	87	16	13	359	-	1,390
Disposals	-	-	-	-	(2)	-	-	(2)
Write off	-	-	(8)	-	(18)	(47)	-	(73)
<b>At 30 April 2011</b>	<b>-</b>	<b>4,920</b>	<b>1,365</b>	<b>1,577</b>	<b>833</b>	<b>2,608</b>	<b>-</b>	<b>11,303</b>
<b>Net carrying amount:</b>								
At cost	-	129,443	8,009	2,801	1,162	7,933	779	150,127
At valuation	65,928	18,299	8,653	-	-	-	-	92,880
<b>At 30 April 2011</b>	<b>65,928</b>	<b>147,742</b>	<b>16,662</b>	<b>2,801</b>	<b>1,162</b>	<b>7,933</b>	<b>779</b>	<b>243,007</b>

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

## 12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles, tractors and trailers RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Company (cont'd)</b>								
<b>At 30 April 2010</b>								
<b>At cost or valuation:</b>								
<b>At 1 May 2009:</b>								
As previously stated	65,928	-	10,865	3,412	1,688	2,476	-	84,369
Effects of adopting Amendments to FRS 117	-	21,151	-	-	-	-	-	21,151
As restated	65,928	21,151	10,865	3,412	1,688	2,476	-	105,520
Additions (restated)	-	129,209	2,987	344	96	4,457	373	137,466
Disposals	-	-	-	-	-	(281)	-	(281)
Write off	-	-	(1)	(4)	(58)	(18)	-	(81)
<b>At 30 April 2010 (restated)</b>	<b>65,928</b>	<b>150,360</b>	<b>13,851</b>	<b>3,752</b>	<b>1,726</b>	<b>6,634</b>	<b>373</b>	<b>242,624</b>
<b>Representing:</b>								
At cost	-	129,209	4,207	3,752	1,726	6,634	373	145,901
At valuation	65,928	21,151	9,644	-	-	-	-	96,723
<b>At 30 April 2010 (restated)</b>	<b>65,928</b>	<b>150,360</b>	<b>13,851</b>	<b>3,752</b>	<b>1,726</b>	<b>6,634</b>	<b>373</b>	<b>242,624</b>
<b>Accumulated depreciation:</b>								
<b>At 1 May 2009:</b>								
As previously stated	-	-	423	1,267	660	1,494	-	3,844
Effects of adopting Amendments to FRS 117	-	1,098	-	-	-	-	-	1,098
As restated	-	1,098	423	1,267	660	1,494	-	4,942
Depreciation charge for the year:	-	1,481	401	137	109	341	-	2,469
- Recognised in profit or loss (Note 6) (restated)	-	1,168	377	136	108	284	-	2,073
- Capitalised in biological assets (Note 13(a)) (restated)	-	313	24	1	1	57	-	396
Disposals	-	-	-	-	-	(216)	-	(216)
Write off	-	-	(1)	(4)	(57)	(16)	-	(78)
<b>At 30 April 2010 (restated)</b>	<b>-</b>	<b>2,579</b>	<b>823</b>	<b>1,400</b>	<b>712</b>	<b>1,603</b>	<b>-</b>	<b>7,117</b>
<b>Net carrying amount:</b>								
At cost	-	128,605	4,071	2,352	1,014	5,031	373	141,446
At valuation	65,928	19,176	8,957	-	-	-	-	94,061
<b>At 30 April 2010 (restated)</b>	<b>65,928</b>	<b>147,781</b>	<b>13,028</b>	<b>2,352</b>	<b>1,014</b>	<b>5,031</b>	<b>373</b>	<b>235,507</b>
At cost	-	-	1,187	2,145	1,028	982	-	5,342
At valuation	65,928	20,053	9,255	-	-	-	-	95,236
<b>At 1 May 2009 (restated)</b>	<b>65,928</b>	<b>20,053</b>	<b>10,442</b>	<b>2,145</b>	<b>1,028</b>	<b>982</b>	<b>-</b>	<b>100,578</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

#### Revaluation of freehold land, leasehold land and buildings

Freehold land, leasehold land and buildings were last revalued on 1 February 2008 by an independent professional valuer. The valuation was determined by reference to open market value on an existing use basis.

If the revalued freehold land, leasehold land and buildings were measured using the cost model, the carrying amounts would be as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Freehold land</b>				
- Cost and net carrying amount	11,241	11,241	9,121	9,121
<b>Leasehold land</b>				
- Cost	20,179	20,179	4,916	4,916
- Accumulated depreciation	(4,073)	(3,823)	(2,054)	(1,957)
- Net carrying amount	16,106	16,356	2,862	2,959
<b>Buildings</b>				
- Cost	50,012	50,311	11,228	11,395
- Accumulated depreciation	(15,371)	(13,639)	(3,107)	(3,018)
- Net carrying amount	34,641	36,672	8,121	8,377

### 13. BIOLOGICAL ASSETS

	Group		Company	
	2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000
<b>At cost or valuation:</b>				
At beginning of financial year:				
As previously stated	392,049	274,831	161,460	45,935
Effects of adopting Amendments to FRS 117	180	130	-	-
As restated	392,229	274,961	161,460	45,935
Additions	13,915	117,268	13,508	115,525
At end of financial year	406,144	392,229	174,968	161,460
<b>Representing:</b>				
At cost	133,595	119,680	129,033	115,525
At valuation	272,549	272,549	45,935	45,935
At end of financial year	406,144	392,229	174,968	161,460

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

## 13. BIOLOGICAL ASSETS (cont'd)

(a) Included in additions of biological assets during the financial year are:

	Group		Company	
	2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000 (Restated)
Depreciation of property, plant and equipment capitalised (Note 12)	1,610	721	1,390	396
Amortisation of prepaid land lease payments capitalised (Note 14)	11	20	-	-
	<b>1,621</b>	<b>741</b>	<b>1,390</b>	<b>396</b>

(b) Biological assets were last revalued on 1 February 2008 by an independent professional valuer. Valuation was determined by reference to open market value on an existing use basis.

## 14. PREPAID LAND LEASE PAYMENTS

	Group		Company	
	2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000 (Restated)
<b>At cost:</b>				
At beginning of financial year:				
As previously stated	229,480	100,271	139,684	10,475
Effects of adopting Amendments to FRS 117	(223,759)	(94,550)	(139,684)	(10,475)
As restated	5,721	5,721	-	-
Additions	-	-	-	-
At end of financial year	5,721	5,721	-	-
<b>Accumulated amortisation:</b>				
At beginning of financial year:				
As previously stated	13,973	11,833	5,068	4,230
Effects of adopting Amendments to FRS 117	(12,678)	(10,733)	(5,068)	(4,230)
As restated	1,295	1,100	-	-
Amortisation for the year:	195	195	-	-
- Recognised in profit or loss (Note 6)	184	175	-	-
- Capitalised in biological assets (Note 13(a))	11	20	-	-
At end of financial year	1,490	1,295	-	-
Net carrying amount	4,231	4,426	-	-

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 14. PREPAID LAND LEASE PAYMENTS (cont'd)

	Group		Company	
	2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000 (Restated)
<b>Amount to be amortised:</b>				
- Not later than one year	195	195	-	-
- Later than one year but not later than five years	780	780	-	-
- Later than five years	3,256	3,451	-	-
	<b>4,231</b>	<b>4,426</b>	-	-

### 15. DEVELOPMENT EXPENDITURE

	Group	
	2011 RM'000	2010 RM'000
<b>At cost:</b>		
At beginning of financial year	-	1,295
Write off (Note 6)	-	(1,295)
At end of financial year	-	-

Development expenditure comprised principally professional fees incurred by two subsidiaries in connection with the submission of development plans to the relevant authorities in respect of the proposed development projects on freehold land and leasehold land owned by the Company.

However, the abovementioned development projects have been cancelled during the previous financial year and therefore the development expenditure has been written off accordingly.

### 16. GOODWILL ON CONSOLIDATION

	Group	
	2011 RM'000	2010 RM'000
At net carrying amount	<b>18,628</b>	<b>18,628</b>

Goodwill has been allocated to the Group's cash generating units identified according to the individual subsidiaries, namely Syarikat Penanaman Bukit Senorang Sdn. Bhd. and South East Pahang Oil Palm Berhad, both of which are principally involved in plantation activities.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

## 16. GOODWILL ON CONSOLIDATION (cont'd)

### Impairment test for goodwill on consolidation

#### Key assumptions used in value-in-use calculations

The recoverable amount is determined based on value-in-use calculations using cash flow projections based on a master plan covering a 20 years period. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

#### (a) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements.

#### (b) Discount rate

The discount rate used is the management expected internal rate of return.

#### (c) Raw materials price inflation

The basis used to determine the value assigned to the raw materials price inflation is the forecast price indices during the budget year for Malaysia where raw materials are sourced. Values assigned to key assumptions are consistent with external information sources.

## 17. INVESTMENT IN SUBSIDIARIES

	Company	
	2011 RM'000	2010 RM'000
Unquoted shares, at cost	142,288	142,288
Less: Accumulated impairment losses	(1,334)	(1,334)
	<b>140,954</b>	<b>140,954</b>

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest (%)		Principal activities
		2011	2010	
Leong Hin San Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Meridian Plantations Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm and palm oil milling
Syarikat Penanaman Bukit Senorang Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm and palm oil milling
South East Pahang Oil Palm Berhad	Malaysia	100	100	Cultivation of oil palm
Masjid Tanah Properties Sdn. Bhd.	Malaysia	100	100	Property development
Melaka Pindah Properties Sdn. Bhd.	Malaysia	100	100	Property development
Vintage Plantations Sdn. Bhd.	Malaysia	100	100	Dormant

All the subsidiaries are audited by Ernst & Young.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 18. INVESTMENT IN ASSOCIATES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unquoted shares, at cost	22,061	21,528	22,061	21,528
Share of post-acquisition reserves	5,294	1,582	-	-
	<b>27,355</b>	<b>23,110</b>	<b>22,061</b>	<b>21,528</b>
Convertible redeemable loan stock, at cost	844	1,688	844	1,688
	<b>28,199</b>	<b>24,798</b>	<b>22,905</b>	<b>23,216</b>

During the current financial year, the Company had entered into an agreement to dispose off one of the associates, Malaysian Trustees Berhad. Therefore, such associate had been classified as non-current asset held for sale as at 30 April 2011 as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unquoted shares, at cost	311	-	311	-
Share of post-acquisition reserves	1,364	-	-	-
	<b>1,675</b>	<b>-</b>	<b>311</b>	<b>-</b>

There was no liability directly associated to the abovementioned associate.

On 15 June 2011, the Company completed the disposal of abovementioned associate for a cash consideration of RM2,169,000.

(a) The details of the associates are as follows:

Name of associates	Country of incorporation	Proportion of ownership interest (%)		Principal activities	Financial year end
		2011	2010		
Niro Ceramic (M) Sdn. Bhd.	Malaysia	25	25	Manufacturing and trading of ceramic tiles	31 December
Malaysian Trustees Berhad ^	Malaysia	20	20	Engaged in the business of trustee agents, executors and administrators	31 December

All the associates are audited by Ernst & Young.

^ Classified as non-current asset held for sale as at 30 April 2011 as disclosed above.

(b) The share of results of the associates for the current financial year are for the twelve months period ended 31 March 2011, incorporating the nine months period ended 31 December 2010 based on the latest audited financial statements for the financial year ended 31 December 2010 and the management financial statements for the three months period ended 31 March 2011.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

## 18. INVESTMENT IN ASSOCIATES (cont'd)

- (c) The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, is analysed as follows:

	2011 RM'000	2010 RM'000
<b>Assets and liabilities:</b>		
Total assets	317,865	230,912
Total liabilities	190,186	121,515
<b>Results:</b>		
Revenue	308,541	254,101
Profit for the year	19,245	22,057

## 19. AVAILABLE-FOR-SALE INVESTMENTS

	Group and Company			
	Carrying amount *		Fair value	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Quoted investments:</b>				
In Malaysia				
- shares	23,304	955	23,304	22,684
- unit trusts	15,790	14,515	15,790	14,886
Outside Malaysia				
- unit trusts	779	312	779	752
	<b>39,873</b>	<b>15,782</b>		
<b>Unquoted investments:</b>				
In Malaysia				
- unit trusts	10,351	-	10,351	-
Outside Malaysia				
- shares	40	40	N/A	N/A
	<b>10,391</b>	<b>40</b>		
<b>Total available-for-sale investments</b>	<b>50,264</b>	<b>15,822</b>		

\* Prior to 1 May 2010, the available-for-sale investments were carried at cost less impairment losses.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 20. INVENTORIES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>At cost:</b>				
Produce stocks	8,003	5,395	-	-
Nursery stocks	1,971	3,376	1,054	2,508
Estate and palm oil mill stores	4,766	2,555	1,029	256
	<b>14,740</b>	<b>11,326</b>	<b>2,083</b>	<b>2,764</b>

### 21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Trade receivables:</b>				
Amount due from a subsidiary	-	-	2,351	1,228
Third parties	14,840	8,283	1,055	382
	<b>14,840</b>	<b>8,283</b>	<b>3,406</b>	<b>1,610</b>
<b>Other receivables:</b>				
Amounts due from subsidiaries	-	-	875	532
Amount due from an associate	5	10	5	10
Advances for acquisition of land	5,253	5,253	-	-
Deposits	112	189	82	166
Prepayments	471	156	161	22
Other receivables	575	8,224	454	7,697
	<b>6,416</b>	<b>13,832</b>	<b>1,577</b>	<b>8,427</b>
Less: <u>Provision for impairment</u>				
Advances for acquisition of land	(2,146)	(2,146)	-	-
	<b>4,270</b>	<b>11,686</b>	<b>1,577</b>	<b>8,427</b>
	<b>19,110</b>	<b>19,969</b>	<b>4,983</b>	<b>10,037</b>

#### (a) Trade receivables

Trade receivables are non-interest bearing and are generally on 15 to 30 days (2010: 15 to 30 days) terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

All the trade receivables are neither past due nor impaired and none of which have been renegotiated during the financial year. These are creditworthy debtors with good payment records.

#### (b) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, non-interest bearing and are repayable upon demand.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 21. TRADE AND OTHER RECEIVABLES (cont'd)

#### (c) Amount due from an associate

This represents interest receivable from an associate in respect of subscription of convertible redeemable loan stock in that associate by the Company.

The convertible redeemable loan stock bears interest at Base Lending Rate ("BLR") + 1.5% p.a. (2010: BLR + 1.5% p.a.) and is to be settled by cash.

#### (d) Advances for acquisition of land

These advances were paid to vendors in relation to the acquisition of land in Sabah.

The Group has made a provision for impairment of RM2,146,000 for these advances in financial year ended 30 April 2008. Having consider the recoverability of these advances, there is no movement in this provision account since then.

### 22. HELD FOR TRADING INVESTMENTS

These represent the investments in quoted shares which were held for trading purposes. Due to the favorable market condition at the end of current and previous financial years, the management had liquidated the entire held for trading investments to realise the net fair value gains on held for trading investments as disclosed in Note 5.

### 23. CASH AND BANK BALANCES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash at banks and on hand	397	59	32	21
Deposits with:				
Licensed commercial banks	111,441	86,540	99,425	66,369
Licensed investment banks	14,501	13,250	10,002	13,250
Money market funds placed with fund managers	14,014	23,608	13,985	23,580
	<b>140,353</b>	<b>123,457</b>	<b>123,444</b>	<b>103,220</b>

#### (a) Deposits pledged to banks

In the previous financial year, the deposits with licensed commercial banks include an amount of RM38,000 of certain subsidiaries which were pledged to banks for bank guarantee facilities granted to those subsidiaries.

#### (b) Interest rates of cash and bank balances

Cash at banks earned interest at floating rates based on daily bank deposit rates.

The weighted average effective interest rates of deposits and money market funds as at the end of financial year were as follows:

	Group		Company	
	2011 %	2010 %	2011 %	2010 %
Deposits with:				
Licensed commercial banks	2.89	2.14	2.91	2.24
Licensed investment banks	2.96	2.30	2.98	2.30
Money market funds placed with fund managers	3.18	2.98	3.18	2.98

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 23. CASH AND BANK BALANCES (cont'd)

#### (c) Varying periods of deposits and money market funds

The varying periods of deposits as at the end of financial year were as follows:

	Group		Company	
	2011 days	2010 days	2011 days	2010 days
Deposits with:				
Licensed commercial banks	7 - 92	4 - 365	8 - 92	4 - 365
Licensed investment banks	24 - 32	30 - 33	29 - 32	30 - 33

There is no varying period for money market funds placed with fund managers as these monies are callable on demand.

### 24. SHARE CAPITAL AND SHARE PREMIUM

#### (a) Authorised share capital

	Group and Company			
	Number of ordinary shares of RM1 each		Amount	
	2011 '000	2010 '000	2011 RM'000	2010 RM'000
Authorised	500,000	500,000	500,000	500,000

#### (b) Share capital (issued and fully paid) and share premium

	Number of ordinary shares of RM1 each		Amount	
	Share capital (issued and fully paid) '000	Share capital (issued and fully paid) RM'000	Share premium RM'000	Total share capital and share premium RM'000
<b>Group</b>				
At 1 May 2009, 30 April 2010 and 1 May 2010	134,005	134,005	6,346	140,351
Share of share premium of an associate	-	-	502	502
Share issued pursuant to exercise of employee share options	937	937	8,581	9,518
Bonus issue of one share for every two existing shares	67,416	67,416	(14,154)	53,262
Share issuance expenses	-	-	(111)	(111)
At 30 April 2011	202,358	202,358	1,164	203,522

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

## 24. SHARE CAPITAL AND SHARE PREMIUM (cont'd)

### (b) Share capital (issued and fully paid) and share premium (cont'd)

Company	Number of ordinary shares of RM1 each	Amount		
	Share capital (issued and fully paid) '000	Share capital (issued and fully paid) RM'000	Share premium RM'000	Total share capital and share premium RM'000
At 1 May 2009, 30 April 2010 and 1 May 2010	134,005	134,005	6,346	140,351
Share issued pursuant to exercise of employee share options	937	937	8,581	9,518
Bonus issue of one share for every two existing shares	67,416	67,416	(14,154)	53,262
Share issuance expenses	-	-	(111)	(111)
At 30 April 2011	202,358	202,358	662	203,020

### Share capital

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

The Company has an employee share option plan under Employee Share Scheme which options to subscribe for the Company's ordinary shares have been granted to eligible directors and employees of the Group as disclosed in Note 29.

## 25. OTHER RESERVES

Group	Fair value adjustment reserve RM'000	Asset revaluation reserve RM'000	Foreign currency translation reserve RM'000	Employee share option reserve RM'000	Total RM'000
<b>At 1 May 2009:</b>					
As previously stated	-	237,544	-	-	237,544
Effects of adopting Amendments to FRS 117	-	34,126	-	-	34,126
As restated	-	271,670	-	-	271,670
<b>Transfer to retained earnings:</b>					
Realisation of asset revaluation reserve upon depreciation (restated)	-	(1,225)	-	-	(1,225)
At 30 April 2010 (restated)	-	270,445	-	-	270,445

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

## 25. OTHER RESERVES (cont'd)

	Fair value adjustment reserve RM'000	Asset revaluation reserve RM'000	Foreign currency translation reserve RM'000	Employee share option reserve RM'000	Total RM'000
<b>Group (cont'd)</b>					
<b>At 1 May 2010:</b>					
As previously stated	-	237,246	-	-	237,246
Effects of adopting Amendments to FRS 117	-	33,199	-	-	33,199
As restated	-	270,445	-	-	270,445
<b>Effects of adopting FRS 139</b>	22,540	-	-	-	22,540
	22,540	270,445	-	-	292,985
<b>Other comprehensive income:</b>					
Gain on fair value changes on available-for-sale investments	1,625	-	-	-	1,625
Share of other comprehensive income of associates	-	-	-	-	-
- Gain on fair value changes on available-for-sale investments	64	-	-	-	64
- Foreign currency translation	-	-	1,510	-	1,510
	1,689	-	1,510	-	3,199
<b>Transfer to retained earnings:</b>					
Realisation of asset revaluation reserve upon depreciation	-	(1,218)	-	-	(1,218)
Realisation of asset revaluation reserve upon property, plant and equipment written off	-	(11)	-	-	(11)
	-	(1,229)	-	-	(1,229)
<b>Transactions with owners:</b>					
Fair value of share options granted to eligible directors and employees	-	-	-	7,513	7,513
Share issued pursuant to exercise of employee share options	-	-	-	(2,197)	(2,197)
Employee share options forfeited	-	-	-	(78)	(78)
	-	-	-	5,238	5,238
<b>At 30 April 2011</b>	24,229	269,216	1,510	5,238	300,193

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

## 25. OTHER RESERVES (cont'd)

Company	Fair value adjustment reserve RM'000	Asset revaluation reserve RM'000	Employee share option reserve RM'000	Total RM'000
<b>At 1 May 2009:</b>				
As previously stated	-	99,425	-	99,425
Effects of adopting Amendments to FRS 117	-	10,356	-	10,356
As restated	-	109,781	-	109,781
<b>Transfer to retained earnings:</b>				
Realisation of asset revaluation reserve upon depreciation (restated)	-	(611)	-	(611)
<b>At 30 April 2010 (restated)</b>	-	109,170	-	109,170
<b>At 1 May 2010:</b>				
As previously stated	-	99,297	-	99,297
Effects of adopting Amendments to FRS 117	-	9,873	-	9,873
As restated	-	109,170	-	109,170
<b>Effects of adopting FRS 139</b>	22,540	-	-	22,540
	22,540	109,170	-	131,710
<b>Other comprehensive income:</b>				
Gain on fair value changes on available-for-sale investments	1,625	-	-	1,625
<b>Transfer to retained earnings:</b>				
Realisation of asset revaluation reserve upon depreciation	-	(608)	-	(608)
<b>Transactions with owners:</b>				
Fair value of share options granted to eligible directors and employees	-	-	7,513	7,513
Share issued pursuant to exercise of employee share options	-	-	(2,197)	(2,197)
Employee share options forfeited	-	-	(78)	(78)
	-	-	5,238	5,238
<b>At 30 April 2011</b>	24,165	108,562	5,238	137,965

### (a) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes of available-for-sale investments until they are disposed or impaired.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 25. OTHER RESERVES (cont'd)

#### (b) Asset revaluation reserve

Asset revaluation reserve represents increases in the fair value of freehold land, leasehold land, buildings and biological assets, net of tax, in prior years.

#### (c) Foreign currency translation reserve

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of an associate.

#### (d) Employee share option reserve

Employee share option reserve represents the equity-settled share options granted to the eligible directors and employees (Note 29). The reserve is made up of the cumulative value of services received from the eligible directors and employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the forfeiture or exercise of the share options.

### 26. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act, 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act, 2007.

As at 30 April 2010, the Company had sufficient credit in the Section 108 balance and the balance in the tax exempt income account to pay franked dividends amounting to RM18,131,000 out of its retained earnings. If the balance of the retained earnings of approximately RM406,279,000 were to be distributed as dividends, the Company may distribute such dividends under the single tier system.

During the financial year, upon utilised the Section 108 balance, the Company elected for the irrevocable option to disregard the Section 108 balance and as at 30 April 2011, the Company will be able to distribute dividends out of its entire retained earnings as at 30 April 2011 under the single tier system.

### 27. DEFERRED TAX LIABILITY

	Group		Company	
	2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000 (Restated)
At beginning of financial year:				
As previously stated	71,066	69,896	6,320	5,670
Effects of adopting Amendments to FRS 117	9,797	9,867	3,292	3,452
As restated	80,863	79,763	9,612	9,122
Recognised in profit or loss (Note 9)	976	1,100	638	490
At end of financial year	81,839	80,863	10,250	9,612

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

## 27. DEFERRED TAX LIABILITY (cont'd)

	Group		Company	
	2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000 (Restated)
<b>Presented in Statements of Financial Position after appropriate offsetting as follows:</b>				
Deferred tax assets	(1,086)	(1,013)	(542)	(501)
Deferred tax liabilities	82,925	81,876	10,792	10,113
	<b>81,839</b>	<b>80,863</b>	<b>10,250</b>	<b>9,612</b>

The components and movements of deferred tax assets and liabilities during the current and previous financial years prior to offsetting are as follows:

### Deferred tax assets of the Group:

	Other payables RM'000	Unutilised capital allowances and tax losses RM'000	Total RM'000
At 1 May 2009	(762)	(99)	(861)
Recognised in profit or loss	(64)	(88)	(152)
At 30 April 2010	(826)	(187)	(1,013)
At 1 May 2010	(826)	(187)	(1,013)
Recognised in profit or loss	(169)	96	(73)
At 30 April 2011	(995)	(91)	(1,086)

### Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000	Asset revaluation reserve RM'000	Total RM'000
At 1 May 2009:			
As previously stated	9,855	60,902	70,757
Effects of adopting Amendments to FRS 117	-	9,867	9,867
As restated	9,855	70,769	80,624
Recognised in profit or loss (restated)	1,679	(427)	1,252
At 30 April 2010 (restated)	11,534	70,342	81,876

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 27. DEFERRED TAX LIABILITY (cont'd)

Deferred tax liabilities of the Group (cont'd):

	Property, plant and equipment RM'000	Asset revaluation reserve RM'000	Total RM'000
At 1 May 2010:			
As previously stated	11,534	60,545	72,079
Effects of adopting Amendments to FRS 117	-	9,797	9,797
As restated	11,534	70,342	81,876
Recognised in profit or loss	1,523	(427)	1,096
Overprovision in prior years	(47)	-	(47)
At 30 April 2011	13,010	69,915	82,925

Deferred tax assets of the Company:

	Other payables RM'000	Unutilised capital allowances RM'000	Total RM'000
At 1 May 2009	(386)	(99)	(485)
Recognised in profit or loss	(50)	34	(16)
At 30 April 2010	(436)	(65)	(501)
At 1 May 2010	(436)	(65)	(501)
Recognised in profit or loss	(75)	34	(41)
At 30 April 2011	(511)	(31)	(542)

Deferred tax liabilities of the Company:

	Property, plant and equipment RM'000	Asset revaluation reserve RM'000	Total RM'000
At 1 May 2009:			
As previously stated	731	5,424	6,155
Effects of adopting Amendments to FRS 117	-	3,452	3,452
As restated	731	8,876	9,607
Recognised in profit or loss (restated)	708	(202)	506
At 30 April 2010 (restated)	1,439	8,674	10,113

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 27. DEFERRED TAX LIABILITY (cont'd)

Deferred tax liabilities of the Company (cont'd):

	Property, plant and equipment RM'000	Asset revaluation reserve RM'000	Total RM'000
At 1 May 2010:			
As previously stated	1,439	5,382	6,821
Effects of adopting Amendments to FRS 117	-	3,292	3,292
As restated	1,439	8,674	10,113
Recognised in profit or loss	884	(203)	681
Overprovision in prior years	(2)	-	(2)
At 30 April 2011	2,321	8,471	10,792

#### Tax consequences of proposed dividend

There are no tax consequences (2010: Nil) attached to the dividend to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 11).

### 28. TRADE AND OTHER PAYABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade payables - third parties	4,236	3,375	1,719	1,388
Other payables:				
Directors' fees and other emoluments	482	290	482	290
Balance outstanding on acquisition of land	183	183	-	-
Accruals and sundry payables	12,776	12,343	6,647	6,283
	13,441	12,816	7,129	6,573
	17,677	16,191	8,848	7,961

Trade and other payables are non-interest bearing and are normally settled on 30 to 60 days (2010: 30 to 60 days) terms.

### 29. EMPLOYEE BENEFITS

#### Employee Share Scheme

The Company's Employee Share Scheme ("ESS") is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 29 August 2009. The ESS was implemented on 18 June 2010 and is in force for a period of 10 years from the date of implementation.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 29. EMPLOYEE BENEFITS (cont'd)

#### Employee Share Scheme (cont'd)

The ESS involves up to 15% of the issued and paid-up share capital and comprises an Executive Share Incentive Plan ("ESIP") and Employee Share Option Scheme ("ESOS") for the directors and eligible employees of the Company and its subsidiaries.

Under ESIP, the selected executive will be granted the right to have a certain number of ordinary shares of RM1.00 each in the Company vested in and transferred to the selected executive at a future date, subject to meeting certain prescribed conditions, including the achievement of pre-determined service conditions and/or performance targets.

Under the ESOS, an eligible employee will be offered an option which entitles the eligible employee to subscribe for and/or acquire a certain number of shares of the Company at a future date at pre-determined prices, subject to meeting certain prescribed conditions.

The salient features of the By-Laws are as follows:

- (a) The maximum number of new or existing shares of the Company to be made available under the ESS during the duration of the ESS shall not exceed fifteen percent (15%) of the issued and paid-up share capital of the Company at any one time. Not more than fifty percent (50%) of the total shares of the Company available under the ESS shall be allocated, in aggregate, to directors and senior management of the Group. Further, not more than ten percent (10%) of the total shares of the Company available under the ESS shall be allocated to any individual selected executive or eligible employee, who either singly or collectively through persons connected with him holds twenty percent (20%) or more of the issued and paid-up share capital of the Company.
- (b) Any director of the Company or employee of any company within the Group shall be eligible to be considered for the grant and/or offer under the ESS.
- (c) The grant price (the reference price adopted in determining the number of shares of the Company to be vested in and transferred to the selective executives pursuant to the right under the ESIP), option price (the price at which an eligible employee shall be entitled to subscribe for or acquire shares of the Company upon the exercise of the option under the ESOS) shall be determined by the ESS Committee at its discretion after taking into consideration the following factors:
  - (i) the five (5) day weighted average market price of the underlying shares immediately prior to the date of grant and/or date of offer by the ESS Committee, with a discount of not more than ten per centum (10%) therefrom, if deemed appropriate; or
  - (ii) the par value of shares of the Company,

whichever is the higher.
- (d) Any new shares of the Company to be allotted and issued upon any exercise of the option shall, upon issue and allotment, rank pari passu in all respects with existing ordinary shares of the Company save and except that the shares shall not be entitled to participate in any dividends, rights, allotments and/or others distributions that may be declared, where the entitlement date precedes the date of allotment.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 29. EMPLOYEE BENEFITS (cont'd)

#### Employee Share Scheme (cont'd)

##### Movement of share options during the financial year

The following table illustrates the movements of share options during the financial year:

	Units
At 1 May 2010	-
- Granted	6,190,000
- Adjustment for bonus issue	2,582,250
- Exercised	(937,000)
- Forfeited	(621,000)
	<hr/>
Outstanding at 30 April 2011	7,214,250
	<hr/>
Exercisable at 30 April 2011	350,250
	<hr/>

The exercised price of share options was initially fixed at RM8.13 each. Consequent to the implementation of the bonus issue on the basis of one ordinary share for every two existing ordinary shares which was completed on 2 November 2010, 2,582,250 additional options entitlement on the unexercised options were granted to the eligible directors and employees and the exercise price has been adjusted to RM5.42 each accordingly.

During the financial year, the eligible directors and employees exercised options for 827,500 and 109,500 ordinary shares of the Company at the exercise price of RM8.13 each and RM5.42 each respectively, with a total cash consideration of RM7,321,000 paid to the Company.

#### Fair value of share options granted

The fair value of the share options granted under ESS is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the options were granted.

The inputs to the option pricing model for the financial year ended 30 April 2011 are as follows:

Dividend yield (%)	2.68
Expected volatility (%)	22.93
Risk-free interest rate (% p.a.)	3.41
Expected life of option (years)	5.00

The expected life of the options is based on indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessary be the actual outcome.

During the financial year, fair value of share options granted amounting to RM7,513,000 was charged to profit or loss. No cash outflow was incurred for this charge to profit or loss.

There was no change on the fair value of share options granted arising from the additional share options entitlement granted to the eligible directors and employees consequent to the implementation of the bonus issue on the basis of one ordinary share for every two existing ordinary shares which was completed on 2 November 2010.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 30. RELATED PARTY DISCLOSURES

#### (a) Transactions with related parties

In addition to the related party transactions information as disclosed in Note 4, the Group and the Company had the following significant transactions with related parties at terms agreed between the parties during the financial year:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Subsidiaries</b>				
- Sale of oil palm fresh fruit bunches	-	-	37,313	29,062
- Administrative expenses charged	-	-	3,609	3,282
- Fair value of share options granted to eligible employees charged	-	-	4,404	-
<b>Associate</b>				
- Interest income	108	175	108	175
<b>A company related to a director *</b>				
- Interest income	1,588	1,216	861	615

#### (b) Balances with related parties

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>A company related to a director *</b>				
- Placement in current accounts	349	24	11	10
- Placement in deposits	53,689	43,935	42,113	24,308

Information regarding other outstanding balances arising from related party transactions as at 30 April 2011 and 30 April 2010 are disclosed in Note 21 and 28.

\* A company in which one of the directors of the Company is the director.

#### (c) Compensation of key management personnel

The remuneration of directors and other members of key management (being the Chief Executive Officer, General Manager (Sabah), Group Financial Controller, Assistant General Manager (Administration and Corporate Affairs), Senior Plantation Controller and Plantation Controllers) during the financial year was as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Short-term employee benefits	2,691	2,170	2,242	1,846
Contributions to defined contribution plan	273	226	206	177
Social security contributions	2	-	1	-
Fair value of share options granted under ESS	2,934	-	2,626	-
	<b>5,900</b>	<b>2,396</b>	<b>5,075</b>	<b>2,023</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 30. RELATED PARTY DISCLOSURES (cont'd)

#### (c) Compensation of key management personnel (cont'd)

Included in the total compensation of key management personnel were:

	Group and Company	
	2011	2010
	RM'000	RM'000
Executive director's remuneration (Note 8)	992	425
Non-executive directors' remuneration (Note 8)	1,549	225
	<b>2,541</b>	<b>650</b>

#### Directors' interest in Employee Share Scheme

During the financial year:

- 1,300,000 share options were granted to six directors of the Company under ESS at an exercise price of RM8.13 each.
- Consequent to the implementation of the bonus issue on the basis of one ordinary share for every two existing ordinary shares which was completed on 2 November 2010, 568,000 additional share options entitlement on the unexercised options were granted to the eligible directors and the exercise price has been adjusted to RM5.42 each accordingly.
- These directors exercised options for 164,000 and 81,000 ordinary shares of the Company at the exercise price of RM8.13 each and RM5.42 each respectively, with a total cash consideration of RM1,772,000 paid to the Company.

At the reporting date, the total number of outstanding share options granted by the Company to the eligible directors under ESS amounts to 1,623,000.

### 31. CAPITAL COMMITMENTS

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
<b>Capital expenditure approved and contracted for:</b>				
Biological assets	20,220	-	17,792	-
Purchase of property, plant and equipment	5,411	744	2,328	744
	<b>25,631</b>	<b>744</b>	<b>20,120</b>	<b>744</b>
<b>Capital expenditure approved but not contracted for:</b>				
Acquisition of land	5,097	5,097	-	-
Biological assets	2,467	13,391	2,205	10,275
Purchase of property, plant and equipment	39,920	18,835	17,116	8,652
	<b>47,484</b>	<b>37,323</b>	<b>19,321</b>	<b>18,927</b>
	<b>73,115</b>	<b>38,067</b>	<b>39,441</b>	<b>19,671</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 32. SEGMENT INFORMATION

- (a) Segment information is presented in respect of the Group's business segments. The primary format of business segments is based on the Group's management and internal reporting structure. No geographical segment information is presented as the business operations of the Group are operated in Malaysia only.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Income tax expense is managed on a Group basis and is not allocated to any business segment.

Additions to non-current assets is the total cost incurred during the year to acquire segment assets that are expected to be used or hold for more than one financial period.

- (b) The directors are of the opinion that all inter-company transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

(c) **Business segments**

The Group is organised into three business segments as follows:

- (i) Plantation - cultivation of oil palm and palm oil milling
- (ii) Investment holding
- (iii) Others - previously consisted of development of residential and commercial properties

During the previous financial year, the development projects of the Group have been cancelled and therefore only two business segments are presented for the current financial year.

The following table provides an analysis of the Group's revenue, results, assets and other segment information by business segments:

**30 April 2011**

	Plantation RM'000	Investment holding RM'000	Consolidated RM'000
<b>Revenue:</b>			
Total sale of oil palm products	256,435	-	256,435
Inter-company sales	(50,720)	-	(50,720)
Total revenue	205,715	-	205,715

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

## 32. SEGMENT INFORMATION (cont'd)

### (c) Business segments (cont'd)

30 April 2011 (cont'd)

	Plantation RM'000	Investment holding RM'000	Consolidated RM'000
<b>Results:</b>			
Segment results	93,990	6,999	100,989
Share of results of associates			4,720
Profit before tax			105,709
Income tax expense			(24,264)
Profit net of tax			<u>81,445</u>
<b>Assets:</b>			
Segment assets	899,950	190,501	1,090,451
Investment in associates			29,874
Consolidated total assets			<u>1,120,325</u>
<b>Other segment information:</b>			
<u>Material income and expenses</u>			
Interest income *	-	3,754	3,754
Dividend income *	-	1,188	1,188
Net fair value gains on held for trading investments	-	2,547	2,547
Depreciation of property, plant and equipment	9,890	-	9,890
Amortisation of prepaid land lease payments	184	-	184
Fair value of share options granted to eligible directors and employees expensed off	7,513	-	7,513
<u>Additions to non-current assets</u>			
Purchase of property, plant and equipment	18,094	-	18,094
Additions of biological assets	13,915	-	13,915
Purchase of available-for-sale investments	-	10,277	10,277

\* Effective from the beginning of the current financial year, interest and dividend income of the Group are classified as OTHER INCOME instead of REVENUE as such income have become insignificant.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

## 32. SEGMENT INFORMATION (cont'd)

### (c) Business segments (cont'd)

30 April 2010

	Plantation RM'000	Investment holding RM'000	Others RM'000	Consolidated RM'000
<b>Revenue:</b>				
Total sale of oil palm products	212,230	-	-	212,230
Inter-company sales	(41,621)	-	-	(41,621)
Interest income	-	6,695	-	6,695
Dividend income	-	1,223	-	1,223
<b>Total revenue</b>	<b>170,609</b>	<b>7,918</b>	<b>-</b>	<b>178,527</b>
<b>Results:</b>				
Segment results	65,331	12,260	(1,327)	76,264
Share of results of associates				5,413
Profit before tax				81,677
Income tax expense				(18,372)
<b>Profit net of tax</b>				<b>63,305</b>
<b>Assets:</b>				
Segment assets	869,446	146,872	6	1,016,324
Investment in associates				24,798
<b>Consolidated total assets</b>				<b>1,041,122</b>
<b>Other segment information:</b>				
<u>Material income and expenses</u>				
Net fair value gains on held for trading investments	-	5,366	-	5,366
Depreciation of property, plant and equipment	8,351	-	-	8,351
Amortisation of prepaid land lease payments	175	-	-	175
Development expenditure written off	1,295	-	-	1,295
<u>Additions to non-current assets</u>				
Purchase of property, plant and equipment	143,477	-	-	143,477
Additions of biological assets	117,268	-	-	117,268

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 33. FINANCIAL ASSETS AND LIABILITIES

#### (a) Financial assets

Total loans and receivables of the Group and the Company as at the end of the financial year consists of the following:

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Available-for-sale investments	19	50,264	15,822	50,264	15,822
Trade and other receivables *	21	15,532	16,706	4,822	10,015
Cash and bank balances	23	140,353	123,457	123,444	103,220
		<b>206,149</b>	<b>155,985</b>	<b>178,530</b>	<b>129,057</b>

\* Excluding advances for acquisition of land and prepayments of the Group and the Company amounting to RM3,578,000 (2010: RM3,263,000) and RM161,000 (2010: RM22,000) respectively which are not recoverable in cash.

#### (b) Financial liabilities

Trade and other payables of the Group and the Company amounting to RM17,677,000 (2010: RM16,191,000) and RM8,848,000 (2010: RM7,961,000) respectively as disclosed in Note 28 represent total financial liabilities carried at amortised cost.

### 34. FAIR VALUE OF FINANCIAL INSTRUMENTS

#### (a) Financial instruments that are carried at fair value

The following available-for-sale investments are carried at fair value which is determined directly by reference to their published market bid price at the reporting date:

	Note	Group and Company			
		2011		2010	
		Carrying amount RM'000	Fair value RM'000	Carrying amount * RM'000	Fair value RM'000
<b>Quoted investments:</b>					
In Malaysia					
- shares	19	23,304	23,304	955	22,684
- unit trusts	19	15,790	15,790	14,515	14,886
Outside Malaysia					
- unit trusts	19	779	779	312	752
<b>Unquoted investments:</b>					
In Malaysia					
- unit trusts	19	10,351	10,351	-	-

\* Prior to 1 May 2010, the above available-for-sale investments were carried at cost less impairment losses.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 34. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

**(b) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value**

The followings are the classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	<u>Note</u>
Trade and other receivables *	33(a)
Cash and bank balances	33(a)
Trade and other payables	33(b)

\* Excluding advances for acquisition of land and prepayments.

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

**(c) Financial instrument that is not carried at fair value and whose carrying amount is not reasonable approximation of fair value**

The Group and the Company have an available-for-sale investment in unquoted shares of RM40,000 which is not carried at fair value and its carrying amount is not a reasonable approximation of fair value.

It is not practical to estimate the fair value of the abovementioned unquoted shares because of the lack of quoted market price and the inability to estimate fair value without incurring excessive costs. However, the management believes that the carrying amount of this unquoted shares represents the recoverable amount.

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

**(a) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment in unit trust funds and equity instruments and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increase of credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis. There were no known bad debts during the financial year.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

#### (a) Credit risk (cont'd)

##### Credit risk concentration profile

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

##### Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 21(a).

Investment in unit trust funds, equity instruments and deposits with banks are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

#### (b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group and the Company have no external borrowings and have adequate cash or cash convertible assets to meet all its working capital requirements.

#### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group and the Company have no interest-bearing debt. However, the Group and the Company have short term interest bearing financial assets as at 30 April 2011. The investment in financial assets are mainly short term in nature and are not held for speculative purposes but have been mostly placed in fixed deposits.

##### Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points higher/lower, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM247,000 and RM197,000 higher/lower respectively, arising mainly as a result of higher/lower interest income from placements of fund in short term deposits and fixed deposits.

#### (d) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market prices. The Group and the Company are exposed to market price risk as follows:

##### (i) Commodity price risk

The Group and the Company are exposed to market price risk arising from price fluctuations on crude palm oil ("CPO") and palm kernel ("PK") in the commodity market. Management reviews these risks and takes proactive measures to mitigate its effects by monitoring the market condition and maximising production and operational efficiencies on a regular basis.

##### Sensitivity analysis for commodity price risk

At the reporting date, if commodity prices of CPO and PK had been 5% higher/lower, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM6,765,000 and RM1,966,000 higher/lower respectively, arising from the sale of oil palm products.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

#### (d) Market price risk (cont'd)

##### (ii) Equity price risk

The Group's and the Company's investment in unit trust funds (comprising equity and money market funds) and quoted equity instruments (mainly comprising quoted shares listed on Bursa Malaysia Securities Berhad) are subject to fluctuation in net asset values of the unit trust funds and market prices of quoted equity instruments. These instruments are classified as available-for-sale investments, held for trading investments or cash and bank balances.

For investment in unit trust funds, the Group's objective is to manage market price risk by investing in unit trust funds with consistent dividend/interest returns. A careful selection of fund managers with credible performance track record is carried out. In addition, the fund managers of the unit trust funds are required to provide write-ups of the funds' holdings and investment strategies for the management's review regularly.

For long term investment in quoted shares which classified as available-for-sale investments, the Group's objective is to manage market price risk by investing in quoted shares with consistent dividend returns.

For investment in quoted shares held for trading which managed by a licensed fund manager, a careful selection of fund manager with credible performance track record is carried out. The market price risk is managed by the fund manager by maintaining a mix of securities with consistent dividend yield and potential for capital appreciation in order to achieve a reasonable rate of return. The fund manager of the equity portfolio is required to provide monthly write-up of the fund's holdings and investment strategies for management's review.

#### Sensitivity analysis for equity price risk

The analysis below is performed for reasonably possible price movements in investment in unit trust funds and quoted shares which classified as available-for-sale investments, cash and bank balances:

	Group		Company	
	Impact on profit net of tax RM'000	Impact on equity RM'000	Impact on profit net of tax RM'000	Impact on equity RM'000
<b>Available-for-sale investments:</b>				
Investment in equity funds				
- Market value + 5%	-	1,346	-	1,346
- Market value - 5%	-	(1,346)	-	(1,346)
Investment in quoted shares				
- Market value + 5%	-	1,165	-	1,165
- Market value - 5%	-	(1,165)	-	(1,165)
<b>Cash and bank balances:</b>				
Investment in money market funds				
- Market value + 5%	709	709	708	708
- Market value - 5%	(709)	(709)	(708)	(708)

For investment in quoted shares held for trading, as the favorable market condition at the end of current financial year, the management had liquidated the entire held for trading investments to realise the net fair value gains on held for trading investments as disclosed in Note 5.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group regularly reviews its capital structure to ensure optimal capital structure and shareholders' return, taking into consideration future requirements of the Group and capital efficiency, prevailing and projected profitability and projected operating cash flows. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

The Group is not subject to any externally imposed capital requirements.

The total amount of capital and distributable reserves for the Group and the Company at the reporting date is analysed as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Share capital	202,358	134,005	202,358	134,005
Share premium	1,164	6,346	662	6,346
Retained earnings	513,361	529,026	402,326	424,410
	<b>716,883</b>	<b>669,377</b>	<b>605,346</b>	<b>564,761</b>

### 37. SIGNIFICANT EVENTS

(a) **Establishment of a new Employee Share Scheme ("ESS") involving up to 15% of the issue and paid-up share capital**

The Company's ESS was earlier approved by its shareholders at an extraordinary general meeting held on 29 August 2009.

On 18 June 2010, the Company announced that the effective date for the ESS has been fixed on 18 June 2010 upon submission of the final By-Laws governing the ESS to Bursa Malaysia Securities Berhad.

On 3 August 2010, 6,190,000 options were granted to eligible directors and employees under the ESS, of which 20% are exercisable into new ordinary shares with immediate effect whilst the balance of 80% are exercisable into new ordinary shares at different vesting periods and tranches beginning from August 2011, subject to the fulfilment of vesting conditions including but not limited to the satisfactory performance of the option holders during the exercise periods.

During the financial year, the Company has issued 937,000 ordinary shares under the ESS.

(b) **Bonus issue**

The proposed bonus issue on the basis of one ordinary share for every two existing ordinary shares held was approved by the shareholders at the Extraordinary General Meeting held on 27 September 2010.

On 1 October 2010, the Company announced that the entitlement date for the bonus issue has been fixed on 1 November 2010.

A total of 67,416,250 bonus shares of RM1 each were allotted and issued to all shareholders whose names appeared in the Record of Depositors and Register of Members on 1 November 2010. These bonus shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 2 November 2010.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### 38. SUBSEQUENT EVENT

#### Disposal of an associate

On 15 June 2011, the Company completed the disposal of an associate, Malaysian Trustees Berhad for a cash consideration of RM2,169,000.

### 39. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 30 April 2011 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 June 2011.

## SUPPLEMENTARY INFORMATION

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2011

### BREAKDOWN OF RETAINED EARNINGS INTO REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and the Company as at 30 April 2011 into realised and unrealised profits or losses as below is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group RM'000	Company RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	534,418	404,105
- Unrealised	(11,924)	(1,779)
	<hr/> 522,494	<hr/> 402,326
Total share of retained earnings from associates:		
- Realised	11,218	-
- Unrealised	917	-
	<hr/> 534,629	<hr/> 402,326
Less: Consolidation adjustments	(21,268)	-
Total retained earnings	<hr/> <b>513,361</b>	<hr/> <b>402,326</b>

## LIST OF PROPERTIES HELD

AS AT 30 APRIL 2011

Location	Tenure	Titled Hectarage	Description	Year of Acquisition */ Revaluation	Carrying Amount of Properties # as at 30 April 2011 RM'000
Masjid Tanah Estate 78300 Masjid Tanah Melaka	Freehold Leasehold (expiring on: 31-12-2033 15-03-2066)	355.3  2.8 0.2	Oil palm estate	2008	18,828
Pelin Estate 71300 Rembau Negeri Sembilan	Freehold	154.3	Oil palm estate	2008	6,461
Machap Estate 76100 Durian Tunggal Melaka	Freehold Leasehold (expiring on: 20-12-2024 25-04-2025 21-03-2038)	244.5  215.7 153.0 240.2	Oil palm estate	2008	33,263
Tampin Estate 73300 Batang Melaka Negeri Sembilan	Freehold	298.9	Oil palm estate	2008	11,800
Selandar Estate Selandar P.O. 77500 Jasin Melaka	Freehold Leasehold (expiring on: 31-07-2025)	194.5  22.1	Oil palm estate	2008	8,217
Batu Anam Estate Batu Anam P.O. 85100 Batu Anam Segamat, Johor	Freehold	864.9	Oil palm estate	2008	36,330
Malaka Pinda Estate Alor Gajah P.O. 78000 Alor Gajah Melaka	Freehold Leasehold (expiring on: 21-03-2038 22-10-2048 25-10-2053)	68.0  112.1 20.3 123.8	Oil palm estate	2008	15,258
Leong Hin San Estate 71200 Rantau Negeri Sembilan	Freehold	844.6	Oil palm estate	2008	30,522
Bukit Senorang Estate 28380 Kemayan Pahang	Leasehold (expiring on: 14-05-2066 11-01-2069 15-12-2072 04-03-2073)	  196.1 403.0 604.5 425.3	Oil palm estate and palm oil mill	2008	61,939
South East Pahang Estate 28380 Kemayan Pahang	Leasehold (expiring on: 06-09-2066 18-09-2084)	  202.3 1,416.4	Oil palm estate	2008	47,157
Mamahat Estate Labuk Sugut Beluran District 90000 Sabah	Lease land (expiring between: 2031 and 2032 2097 and 2099)	  30.1 1,396.5	Oil palm estate	2008	58,863

## LIST OF PROPERTIES HELD (cont'd)

AS AT 30 APRIL 2011

Location	Tenure	Titled Hectarage	Description	Year of Acquisition */ Revaluation	Carrying Amount of Properties # as at 30 April 2011 RM'000
Paitan and Tanjong Nipis Estates Labuk Sugut Beluran District 90000 Sabah	Leasehold (expiring between: 2098 and 2102) Lease land (expiring between: 2031 and 2035 2098 and 2100)	918.1  979.2 1,222.8	Oil palm estate and palm oil mill	2008	111,043
Tengkarasan Estate Labuk Sugut Beluran District 90000 Sabah	Leasehold (expiring on 2100) Lease land (expiring between: 2031 and 2035 2098 and 2100)	68.2  938.1 1,291.9	Oil palm estate	2008	90,780
Millian-Labau Estate Sungai Millian-Labau Kinabatangan District 89950 Nabawan Sabah	Leasehold (expiring on: 31-12-2098)	10,126.3	Oil palm estate	2010 & 2011 *	264,322
Head Office Building No. 61, Jalan Melaka Raya 8 Taman Melaka Raya 75000 Melaka	Leasehold (expiring on: 07-07-2093)	93,972 sq. ft.	Office building (Age of building: 5 years)	2008	8,838
Office Building Suite 16.08 & 16.09, Level 16 Plaza 138, 138, Jalan Ampang 50450 Kuala Lumpur	Freehold	1,550 sq. ft.	Office building (Age of building: 3 years)	2009 *	936
Office Building Lot 6, Block E Keningau Plaza 89008 Keningau, Sabah	Leasehold (expiring on: 31-12-2097)	4,280 sq. ft.	Shophouse (Age of building: 1 year)	2011 *	814
Regional Office Building Lot 10, Block 19 Lorong Bandar Indah 5 Bandar Indah Mile 4, North Road 90000 Sandakan, Sabah	Leasehold (expiring on 2882)	2,000 sq. ft.	Shophouse (Age of building: 10 years)	2008	557
Awana Condominium Unit 5542 Awana Condominium 8th Mile, Genting Highlands 89000 Genting Highlands Pahang	Freehold	1,258 sq. ft.	Holiday condominium (Age of building: 24 years)	2008	233
Executive Bungalow MDLB 1849 Taman Khong Lok Jalan Airport Sandakan 90000 Sandakan, Sabah	Leasehold (expiring on: 09-07-2887)	7,880 sq. ft.	Company bungalow (Age of building: 11 years)	2008	294
<b>TOTAL</b>					<b>806,455</b>

# Include freehold land, leasehold land, buildings and biological assets.

# SHAREHOLDING ANALYSIS

AS AT 30 JUNE 2011

Authorised capital	:	RM500,000,000
Issued & Paid-up capital	:	RM202,407,001
Class of share	:	Ordinary shares of RM1.00 each

## VOTING RIGHTS OF SHAREHOLDERS

Subject to the provisions of the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996, every entitled member of the Company present in person or by proxy shall have one vote on a show of hand and in the case of poll shall have one vote for every share of which he/she is the holder.

## DISTRIBUTION SCHEDULE

No. of Holders	Holdings	Total Holdings	%
181	Less than 100	10,360	0.01
852	100 to 1000	646,250	0.32
5,359	1001 to 10000	20,692,967	10.22
1,447	10001 to 100000	36,131,720	17.85
131	100,001 to less than 5% of issued capital	87,257,000	43.11
4	5% and above of issued capital	57,668,704	28.49
<b>7,974</b>		<b>202,407,001</b>	<b>100</b>

## DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct shareholdings	Percentage of issued capital	Indirect shareholdings	Percentage of issued capital
Choi Siew Hong	458,905	0.22	15,000	0.01
Tan Sri Dato' Ahmad Bin Mohd Don	-	-	-	-
Tan Siok Choo	3,432,181	1.69	2,605,549	1.28
Boon Weng Siew	70,875	0.03	-	-
Datuk Fong Weng Phak	54,000	0.02	-	-
Tan Jiew Hoe	217,125	0.11	2,510,021	1.24
Teo Leng	-	-	-	-
Dato' Tan Ang Meng	-	-	-	-

# SHAREHOLDING ANALYSIS (cont'd)

AS AT 30 JUNE 2011

## SUBSTANTIAL SHAREHOLDERS (5% and above)

Name	Shareholdings registered in the name of the substantial shareholders	Shareholdings in which the substantial shareholders are deemed to be interested	Total	Percentage of issued capital
Oversea-Chinese Banking Corporation Ltd	-	29,589,138 *1	29,589,138	14.61
Great Eastern Life Assurance (Malaysia) Bhd	28,185,701	-	28,185,701	13.92
Aberdeen Asset Management PLC and its subsidiaries	-	23,914,150 *2	23,914,150	11.81
Credit Suisse Group AG	-	23,914,150 *3	23,914,150	11.81
Mitsubishi UFJ Trust Financial Group	-	23,914,150 *4	23,914,150	11.81
Lee Foundation	-	16,435,963 *5	16,435,963	8.12
Aberdeen Asset Management Asia Ltd	-	15,245,350 *6	15,245,350	7.53
Tan Kim Lwi	14,050,887 *7	-	14,050,887	6.94
Selat (Pte) Limited	10,869,744 *8	-	10,869,744	5.37
Aberdeen International Fund Managers Limited	-	10,697,550 *9	10,697,550	5.29

- Oversea-Chinese Banking Corporation Ltd is deemed interested in the shareholdings registered in the following names:-
  - Malaysia Nominees (Tempatan) Sendirian Berhad- for Great Eastern Life Assurance (Malaysia) Berhad - 28,185,701
  - Citicorp Nominees (Asing) Sdn. Bhd. for CB Singapore GW for Eastern Realty Company Limited - 1,392,187
  - Apex Pharmacy Holdings Sdn. Bhd. - 11,250
- Aberdeen Asset Management PLC and its subsidiaries is deemed interested in the shareholdings registered in the following nominees:-
  - Aberdeen International Fund Managers Limited - 10,697,550
  - Aberdeen Asset Management Sdn Bhd - 8,668,800
  - Aberdeen Asset Management Inc. - 10,500
  - Aberdeen Asset Management Asia Limited - 15,245,350
- Deemed interested by virtue of its shareholdings of more than 15% held in Aberdeen Asset Management PLC and is deemed to have an interest pursuant to Section 6A(4)(c) of the Companies Act, 1965
- Deemed interested by virtue of its shareholdings of more than 15% held in Aberdeen Asset Management PLC by Mitsubishi UFJ Trust & Banking Corp, a wholly subsidiary of Mitsubishi UFJ Trust Financial Group.
- Lee Foundation is deemed interested in the following shareholdings held via nominees:-
  - HSBC Nominees (Asing) Sdn Bhd for
    - Selat Pte Ltd - 10,869,744
    - Singapore Investments Pte Ltd - 3,455,157
    - Lee Pineapple Company Pte Ltd - 126,562
  - Citigroup Nominees (Asing) Sdn Bhd
    - Exempt an for OCBC Securities Private Limited (for Singapore Investments Pte Ltd) -1,984,500

## SHAREHOLDING ANALYSIS (cont'd)

AS AT 30 JUNE 2011

### SUBSTANTIAL SHAREHOLDERS (5% and above) (cont'd)

6. Aberdeen Asset Management Asia Limited is deemed interested in the following shareholdings held via nominees:-
  - State Street Bank & Trust Company - Boston - 10,500
  - BPSS - BNP Paribas Securities Services - 10,697,550
  - BNP Paribas Trust Services Singapore Limited - 1,837,300
  - BNP Paribas Securities Services - 2,700,000
7. Held via HSBC Nominees (Asing) Sdn. Bhd.
8. Held via HSBC Nominees (Asing) Sdn. Bhd.
9. Aberdeen International Fund Managers Limited is deemed interested in the following shareholdings held via nominee:-
  - BPSS - BNP Paribas Securities Services - 10,697,550

### LIST OF TOP 30 SHAREHOLDERS AS AT 30/6/2011

	No. of share	%
(1) Malaysia Nominees (Tempatan) Sdn. Bhd. - Great Eastern Life Assurance (Malaysia) Berhad	28,185,701	13.92
(2) HSBC Nominees (Asing) Sdn. Bhd. - HSBC SG for Tan Kim Lwi	14,050,887	6.94
(3) HSBC Nominees (Asing) Sdn. Bhd. HSBC SG for Selat Pte Ltd	10,869,744	5.37
(4) HSBC Nominees (Asing) Sdn Bhd - BNP Paribas Secs Svs Lux for Aberdeen Global	10,697,550	5.29
(5) HSBC Nominees (Asing) Sdn. Bhd. - Exempt an for Credit Suisse (SG BR-TST-ASING)	7,651,392	3.78
(6) Citigroup Nominees (Asing) Sdn. Bhd. Exempt an for OCBC Securities Private Limited (CLIENT A/C-NR)	4,940,131	2.44
(7) Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	3,727,200	1.84
(8) HSBC Nominees (Asing) Sdn. Bhd. - HSBC Trustee(s) Ltd for Tun Dato Sir Cheng Lock Tan Trust	3,687,598	1.82
(9) Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (Aberdeen)	3,556,850	1.76
(10) HSBC Nominees (Asing) Sdn. Bhd. - HSBC SG for Singapore Investments Pte Ltd	3,455,157	1.71
(11) Tan Siok Choo	3,432,181	1.69
(12) Tan Siok Lee	3,111,222	1.54

# SHAREHOLDING ANALYSIS (cont'd)

AS AT 30 JUNE 2011

## LIST OF TOP 30 SHAREHOLDERS AS AT 30/6/2011 (cont'd)

	No. of share	%
(13) Mayban Nominees (Tempatan) Sdn Bhd - Aberdeen Asset Management Sdn Bhd for Kumpulan Wang Persaraan (Diperbadankan) (FD 1 – 280305)	3,100,350	1.53
(14) HSBC Nominees (Asing) Sdn. Bhd. BNP Paribas Secs Svs Paris for Aberdeen Asian Smaller Companies Investment Trust PLC	2,700,000	1.33
(15) Tan Siok Eng	2,633,963	1.30
(16) Lim Cheng Neo	2,605,549	1.29
(17) Klebang Investments Pte Ltd	1,930,500	0.95
(18) HSBC Nominees (Asing) Sdn. Bhd. Exempt An for BNP Paribas Securities Services (Singapore – SGD)	1,837,300	0.91
(19) Citigroup Nominees (Asing) Sdn Bhd - CB Spore GW for Eastern Realty Company Limited (OCB33678-000MIS)	1,392,187	0.69
(20) Dipang Mines Sdn Bhd	1,265,625	0.63
(21) Tan Jin Tuan	1,111,110	0.55
(22) Chee Bay Hoon & Co. Sdn Bhd	1,051,500	0.52
(23) AMSEC Nominees (Tempatan) Sdn. Bhd. Aberdeen Asset Management Sdn. Bhd. for Tenaga Nasional Berhad Retirement Benefit Trust Fund (FM-Aberdeen)	982,300	0.49
(24) The Federal Oil Mills Berhad	961,875	0.48
(25) Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	872,900	0.43
(26) Alros Sendirian Berhad	792,000	0.39
(27) HSBC Nominees (Asing) Sdn Bhd - HSBC SG for Lee Rubber Company Pte Ltd	754,615	0.37
(28) Seah Mok Khoon	750,000	0.37
(29) Swee Cheng Investments Private Limited	750,000	0.37
(30) Nora Ee Siong Chee	718,875	0.36
	<b>123,576,262</b>	<b>61.06</b>

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# FORM OF PROXY



**United Malacca Berhad**  
(1319-V)

I/We .....  
 (FULL NAME IN CAPITAL)  
 of.....  
 (FULL ADDRESS)  
 being a member of UNITED MALACCA BERHAD hereby appoint .....  
 .....  
 (FULL NAME IN CAPITAL)  
 of.....  
 (FULL ADDRESS)  
 or failing him/her .....  
 .....  
 (FULL NAME IN CAPITAL)  
 of.....  
 (FULL ADDRESS)  
 or the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Ninety-seventh Annual General Meeting of the Company to be held on Friday, 26 August 2011 at 11.00 a.m. and at any adjournment thereof.

My/our proxy is to vote on the Resolutions as indicated by an "X" in the appropriate spaces below:

Resolution	Relating to:	For	Against
No. 1	Adoption of Directors' Reports and Audited Financial Statements	<input type="checkbox"/>	<input type="checkbox"/>
No. 2	Declaration of final dividend	<input type="checkbox"/>	<input type="checkbox"/>
No. 3	Approval of increase in Directors' fees	<input type="checkbox"/>	<input type="checkbox"/>
No. 4	Re-election of Mr. Tan Jiew Hoe, a Director retiring in accordance with Article 118 of the Company's Articles of Association	<input type="checkbox"/>	<input type="checkbox"/>
No. 5	Election of Dato' Tan Ang Meng, a Director retiring in accordance with Article 124 of the Company's Articles of Association	<input type="checkbox"/>	<input type="checkbox"/>
No. 6	Re-appointment of Mr. Boon Weng Siew as a Director pursuant to Section 129(6) of the Companies Act, 1965	<input type="checkbox"/>	<input type="checkbox"/>
No. 7	Re-appointment and remuneration of Auditors	<input type="checkbox"/>	<input type="checkbox"/>
	Special Business :-		
No. 8	Proposed authority to grant rights and options to Dato' Tan Ang Meng, the Independent Non-Executive Director of United Malacca Berhad	<input type="checkbox"/>	<input type="checkbox"/>

As Witness my hand this .....day of .....2011

Signed by the said:.....  
 (Signature of Member)

in the presence of:.....  
 (Name & Signature of Witness)

No. of Shares Held

**Notes:**

1. The right of Foreign Depositors to vote in respect of their deposited securities with Bursa Malaysia Depository Sdn. Bhd. is subject to Section 41(1)(e) and Section 41(2) of the Securities Industry (Central Depositories) Act, 1991 and Securities Industry (Central Depositories)(Foreign Ownership) Regulations, 1996. The position of Depositors in this regard will be determined based on The General Meeting Record of Depositors. Depositors whose shares exceed the prescribed limit as at the date of The General Meeting Record of Depositors may attend the above Meeting but are not entitled to vote. Consequently, a proxy appointed by a Depositor who is not entitled to vote will also not be entitled to vote at the above meeting.
2. A member entitled to attend and vote at the general meeting is entitled to appoint one or more proxies to attend and vote in his stead. No person, however, who is not a member of the Company shall be appointed a proxy unless that person complies with the provision of Section 149(1)(b) of the Companies Act, 1965.
3. Where this proxy form is executed by a corporation, it must be either under its seal or under the hand of an officer or attorney duly authorized.
4. The instrument appointing a proxy must be deposited at the registered office of the company at 6th floor, No.61, Jalan Melaka Raya 8, Taman Melaka Raya, 75000 Melaka not later than 48 hours before the time set for the meeting.
5. The proxy will vote or abstain at his discretion if no indication is given.

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Stamp

The Company Secretary  
**UNITED MALACCA BERHAD**  
(Company No. 1319-V)  
6th Floor, No. 61, Jalan Melaka Raya 8,  
Taman Melaka Raya,  
75000 Melaka.

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