

UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 30 APRIL 2017****CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FOURTH QUARTER ENDED 30 APRIL 2017**

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		12 Months Ended	
	30 April		30 April	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Revenue	70,279	47,901	274,709	205,736
Cost of sales	(38,526)	(30,794)	(163,317)	(138,647)
Gross profit	31,753	17,107	111,392	67,089
Other income	5,593	12,785	30,488	26,318
Selling and distribution expenses	(1,580)	(929)	(5,957)	(5,192)
Administrative expenses	(5,822)	(2,708)	(16,527)	(12,445)
Other expenses	(390)	(1,085)	(14,926)	(2,480)
Replanting expenses	(356)	(512)	(1,696)	(1,830)
Operating profit	29,198	24,658	102,774	71,460
Finance cost	(1,081)	(1,090)	(3,886)	(1,226)
Profit before tax	28,117	23,568	98,888	70,234
Income tax expense	1,935	(3,164)	(12,999)	(10,486)
Profit for the period	30,052	20,404	85,889	59,748
Profit for the period attributable to:				
Owners of the Company	29,001	20,228	84,554	59,572
Non-controlling interests	1,051	176	1,335	176
	30,052	20,404	85,889	59,748
Earnings per share attributable to owners of the Company:				
Basic (sen)	13.86	9.67	40.41	28.51
Diluted (sen)	13.86	9.67	40.41	28.51

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 30 April 2016 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 30 APRIL 2017****CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 30 APRIL 2017**

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		12 Months Ended	
	30 April		30 April	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Comprehensive Income				
Profit for the period	30,052	20,404	85,889	59,748
Other comprehensive income/(loss):				
Items that will be subsequently reclassified to profit or loss:				
Net gain/(loss) on fair value changes of available-for-sale investments	3	(967)	1,409	(3,730)
Transfer of gain on disposal of available-for-sale investments to profit or loss	(56)	-	(20,191)	-
Exchange differences on translation of foreign operations	(2,616)	(3,413)	14,025	(3,413)
	(2,669)	(4,380)	(4,757)	(7,143)
Items that will not be subsequently reclassified to profit or loss:				
Remeasurements of employee benefit liability	(3)	-	(3)	-
Income tax effect	1	-	1	-
	(2)	-	(2)	-
Total comprehensive income for the period	27,381	16,024	81,130	52,605
Total comprehensive income for the period attributable to:				
Owners of the Company	26,404	16,373	79,427	52,954
Non-controlling interests	977	(349)	1,703	(349)
	27,381	16,024	81,130	52,605

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 April 2016 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 30 APRIL 2017****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at End of Current Quarter 30 April 2017	As at Preceding Financial Year End 30 April 2016
	RM'000	RM'000 (Restated)
ASSETS		
Non-Current Assets		
Property, plant and equipment	693,912	683,930
Biological assets	991,901	954,671
Prepaid land lease payments	132,527	133,047
Investment property	-	1,147
Goodwill on consolidation	82,474	82,474
Available-for-sale investments	-	21,272
	1,900,814	1,876,541
Current Assets		
Inventories	20,735	17,704
Trade receivables	17,800	13,979
Other receivables	98,107	77,307
Held-for-trading investments	22,803	17,232
Held-to-maturity investments	301	1,005
Financial assets at fair value through profit or loss	48,375	22,996
Cash and bank balances	30,299	40,016
	238,420	190,239
TOTAL ASSETS	2,139,234	2,066,780
EQUITY AND LIABILITIES		
Equity		
Share capital	209,494	209,221
Share premium	42,795	42,795
Other reserves	842,054	851,049
Retained earnings	660,958	605,586
Equity attributable to owners of the Company	1,755,301	1,708,651
Non-controlling interests	44,528	42,412
Total equity	1,799,829	1,751,063
Non-Current Liabilities		
Term loan	152,270	136,896
Employee benefit liability	365	-
Deferred tax liabilities	147,190	152,568
	299,825	289,464
Current Liabilities		
Trade payables	13,381	7,444
Other payables	21,695	18,406
Income tax payable	4,504	403
	39,580	26,253
Total liabilities	339,405	315,717
TOTAL EQUITY AND LIABILITIES	2,139,234	2,066,780
Net assets per share attributable to owners of the Company (RM)	8.39	8.17

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 April 2016 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 30 APRIL 2017**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE TWELVE MONTHS ENDED 30 APRIL 2017**

	Attributable to Owners of the Company				Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Non-distributable		Distributable			
		Share Premium RM'000	Other Reserves RM'000	Retained Earnings RM'000			
Current 12 Months Ended 30 April 2017							
Balance at 1 May 2016							
As previously stated	209,221	42,795	851,049	605,586	1,708,651	41,530	1,750,181
Prior year adjustments	-	-	-	-	-	882	882
As restated	209,221	42,795	851,049	605,586	1,708,651	42,412	1,751,063
Total comprehensive (loss)/income for the period	-	-	(5,125)	84,552	79,427	1,703	81,130
Transfer to retained earnings:							
Realisation of asset revaluation reserve upon:							
- Depreciation	-	-	(3,289)	3,289	-	-	-
- Property, plant and equipment written off	-	-	(6)	6	-	-	-
	-	-	(3,295)	3,295	-	-	-
Transactions with owners:							
Additional investment in a subsidiary	-	-	-	-	-	413	413
Fair value of share options granted to eligible directors and employees	-	-	448	-	448	-	448
Shares issued pursuant to Employee Share Option Scheme ("ESOS")	273	-	(22)	-	251	-	251
Employee share options forfeited	-	-	(387)	387	-	-	-
Employee share options expired	-	-	(614)	614	-	-	-
Dividends	-	-	-	(33,476)	(33,476)	-	(33,476)
	273	-	(575)	(32,475)	(32,777)	413	(32,364)
Balance at 30 April 2017	209,494	42,795	842,054	660,958	1,755,301	44,528	1,799,829

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FOR THE TWELVE MONTHS ENDED 30 APRIL 2017 - CONT'D**

	Attributable to Owners of the Company				Total	Non-Controlling Interests	Total Equity
	Share Capital	Non-distributable Share Premium	Other Reserves	Distributable Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
12 Months Ended 30 April 2016							
Balance at 1 May 2015	207,719	33,551	863,724	575,175	1,680,169	-	1,680,169
Total comprehensive (loss)/income for the period	-	-	(6,618)	59,572	52,954	(349)	52,605
Transfer to retained earnings:							
Realisation of asset revaluation reserve upon:							
- Depreciation	-	-	(3,443)	3,443	-	-	-
- Property, plant and equipment written off	-	-	(2)	2	-	-	-
	-	-	(3,445)	3,445	-	-	-
Transactions with owners:							
Acquisition of subsidiaries (restated)	-	-	-	-	-	42,761	42,761
Fair value of share options granted to eligible directors and employees	-	-	827	-	827	-	827
Shares issued pursuant to ESOS	1,502	9,244	(2,573)	-	8,173	-	8,173
Employee share options forfeited	-	-	(199)	199	-	-	-
Employee share options expired	-	-	(667)	667	-	-	-
Dividends	-	-	-	(33,472)	(33,472)	-	(33,472)
	1,502	9,244	(2,612)	(32,606)	(24,472)	42,761	18,289
Balance at 30 April 2016 (restated)	209,221	42,795	851,049	605,586	1,708,651	42,412	1,751,063

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 April 2016 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 30 APRIL 2017****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED 30 APRIL 2017**

	<u>2016/2017</u> <u>12 Months</u> <u>Ended</u> <u>30 April 2017</u> <u>RM'000</u>	<u>2015/2016</u> <u>12 Months</u> <u>Ended</u> <u>30 April 2016</u> <u>RM'000</u> <u>(Restated)</u>
Operating Activities		
Profit before tax	98,888	70,234
Adjustments for:		
Amortisation of prepaid land lease payments	1,393	330
Depreciation of property, plant and equipment	20,299	19,546
Dividend income	(1,346)	(1,117)
Fair value of share options expensed off	448	827
Gain from fair value adjustment of investment property	-	(93)
Gain on disposal of:		
- available-for-sale investments	(20,191)	-
- property, plant and equipment	(126)	(90)
Impairment loss on trade receivables	-	180
Interest expenses	3,886	1,226
Interest income	(1,034)	(2,094)
Net fair value gains on financial assets at fair value through profit or loss:		
- realised	(1,253)	(3,461)
- unrealised	(2)	(238)
Net fair value (gains)/losses on held-for-trading investments:		
- realised	(839)	743
- unrealised	(2,614)	668
Property, plant and equipment written off	79	88
Provision for employee benefit liability	356	-
Unrealised foreign exchange loss/(gain)	14,235	(12,974)
Operating cash flows before changes in working capital	<u>112,179</u>	<u>73,775</u>
Increase in inventories	(2,515)	(3,560)
(Increase)/decrease in trade and other receivables	(16,272)	33,221
Increase/(decrease) in trade and other payables	11,443	(10,452)
Cash flows from operations	<u>104,835</u>	<u>92,984</u>
Interest received	1,051	2,190
Interest paid	(3,708)	(1,040)
Net taxes paid	(17,795)	(10,109)
Net cash flows from operating activities	<u>84,383</u>	<u>84,025</u>

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 30 APRIL 2017****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED 30 APRIL 2017 - CONT'D**

	<u>2016/2017</u> <u>12 Months</u> <u>Ended</u> <u>30 April 2017</u> <u>RM'000</u>	<u>2015/2016</u> <u>12 Months</u> <u>Ended</u> <u>30 April 2016</u> <u>RM'000</u> <u>(Restated)</u>
Investing Activities		
Dividend received from:		
- available-for-sale investments	743	688
- held-for-trading investments	599	447
Purchase of:		
- available-for-sale investments	(578)	-
- financial assets at fair value through profit or loss	(29,124)	(20,000)
- held-for-trading investments	(25,737)	(28,436)
- property, plant and equipment	(33,280)	(8,685)
Proceeds from disposal of:		
- available-for-sale investments	23,259	-
- financial assets at fair value through profit or loss	5,000	111,001
- held-for-trading investments	24,187	27,469
- property, plant and equipment	193	463
Additions of:		
- biological assets	(23,271)	(9,763)
- prepaid land lease payments	(2,873)	(3,918)
Net withdrawal/(placement) of held-to-maturity investments	704	(274)
Net cash outflow on acquisition of subsidiaries	-	(245,651)
Net cash flows used in investing activities	<u>(60,178)</u>	<u>(176,659)</u>
Financing Activities		
Dividends paid	(33,476)	(33,472)
Proceeds from exercise of employee share options under ESOS	251	8,173
Drawdown of term loan	-	214,975
Repayment of finance lease	-	(229)
Repayment of term loan	-	(130,723)
Net cash flows (used in)/from financing activities	<u>(33,225)</u>	<u>58,724</u>
Net change in cash and bank balances	(9,020)	(33,910)
Effect of foreign exchange rate changes	(697)	123
Cash and bank balances at beginning of period	40,016	73,803
Cash and bank balances at end of period	<u>30,299</u>	<u>40,016</u>
Cash and bank balances comprise:		
Cash on hand and at banks	1,720	6,900
Short-term deposits with licensed financial institutions	28,579	33,116
	<u>30,299</u>	<u>40,016</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 April 2016 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 APRIL 2017

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD ("FRS") 134: INTERIM FINANCIAL REPORTING AND BURSA LISTING REQUIREMENTS

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in compliance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the annual audited financial statements of the Group for the year ended 30 April 2016. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 April 2016.

A2. Changes in Accounting Policies

The accounting policies and methods of computation applied by the Group in the interim financial statements are consistent with those applied in the latest audited financial statements for the financial year ended 30 April 2016 except for the adoption of the following standards effective for the financial year beginning 1 May 2016:

Effective for annual periods beginning on or after 1 January 2016

Annual Improvements to FRSs 2012–2014 Cycle

FRS 14 *Regulatory Deferral Accounts*

Amendments to FRS 10, FRS 12 and FRS 128: *Investment Entities: Applying the Consolidation Exception*

Amendments to FRS 11: *Accounting for Acquisitions of Interests in Joint Operations*

Amendments to FRS 101: *Disclosure Initiative*

Amendments to FRS 116 and FRS 138: *Clarification of Acceptable Methods of Depreciation and Amortisation*

Amendments to FRS 127: *Equity Method in Separate Financial Statements*

The adoption of the above standards do not have any material impact on the financial statements of the Group.

Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 APRIL 2017

NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

A2. Changes in Accounting Policies - Cont'd

Malaysian Financial Reporting Standards - Cont'd

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141: *Agriculture* ("MFRS 141") and IC Interpretation 15: *Agreements for Construction of Real Estate* ("IC 15"), including its parent, significant investor and venturer (herein called "Transitioning Entities").

Transitioning Entities are allowed to defer the adoption of the new MFRS Framework and continue to use the existing Financial Reporting Standards Framework until the MFRS Framework is mandated by the MASB. According to the announcement made by MASB on 2 September 2015, all Transitioning Entities shall adopt the MFRS Framework and prepare their first MFRS financial statements for annual periods beginning on or after 1 January 2018.

The Company and certain subsidiaries in the Group fall within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will present its first set of MFRS financial statements for annual periods beginning on or after 1 May 2018 as mandated by the MASB.

In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements could be different if prepared under the MFRS Framework.

A3. Seasonal or Cyclical of Operations

The production of oil palm fresh fruits bunches ("FFB") is influenced by weather conditions.

Based on past trends, FFB production tends to pick up from May onwards and will peak around September/October. From December onwards, it will be the seasonal downtrend in FFB production.

The laggard effect of the severe El Nino, the worst in the past 30 years, and the haze has affected FFB yield in the current financial year. Heavy rain and flood in some of our estates in Peninsular and Sabah hindered harvesting and crop evacuation in January and February 2017.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 30 APRIL 2017**

NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

A3. Seasonal or Cyclical of Operations - Cont'd

However, the FFB production for the financial year ended 30 April 2017 was 8% higher than that of the preceding financial year mainly due to additional of 2,500 hectares coming into harvesting (Malaysia - 833 hectares and Indonesia - 1,667 hectares) as well as full year contribution from Indonesian operations compared with three months contribution in the preceding financial year.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial year ended 30 April 2017.

A5. Material Changes in Estimates

There were no material changes in estimates that have a material effect against results in the current quarter and current financial year-to-date ended 30 April 2017.

A6. Changes in Debt and Equity Securities

There were no issuance, repurchase and repayment of debt and equity securities during the financial year ended 30 April 2017 except for the issuance of 49,000 ordinary shares for cash pursuant to the Company's ESOS.

A7. Dividends Paid

The amount of dividends paid during the financial year ended 30 April 2017 were as follows:

RM'000

(a) In respect of financial year ended 30 April 2016

Second interim single-tier dividend of 8 sen per share, on 209,221,201 ordinary shares, paid on 19 August 2016	16,738
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(b) In respect of financial year ended 30 April 2017

First interim single-tier dividend of 8 sen per share, on 209,221,201 ordinary shares, paid on 25 January 2017	16,738
	<u>33,476</u>

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 30 APRIL 2017****NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D****A8. Segmental Information****(a) Business Segments**

	Current Quarter Ended 30 April 2017 RM'000	Cumulative Twelve Months Ended 30 April 2017 RM'000
Segment Revenue		
Plantation revenue	85,169	333,748
Elimination of inter-companies' sales	(14,890)	(59,039)
External sales	<u>70,279</u>	<u>274,709</u>
Segment Results		
Plantation:		
- Malaysian operations	23,225	85,642
- Indonesian operations	1,863	4,239
Investment holding	<u>3,029</u>	<u>9,007</u>
Profit before tax	28,117	98,888
Income tax expense	<u>1,935</u>	<u>(12,999)</u>
Profit for the period	<u>30,052</u>	<u>85,889</u>
		As at End of Current Quarter 30 April 2017 RM'000
Segment Assets		
Plantation		2,037,340
Investment holding		101,894
Consolidated total assets		<u>2,139,234</u>
Segment Liabilities		
Plantation		186,621
Investment holding		152,784
Consolidated total liabilities		<u>339,405</u>

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 30 APRIL 2017****NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D****A8. Segmental Information - Cont'd****(b) Geographical Segments**

	Current Quarter Ended 30 April 2017 RM'000	Cumulative Twelve Months Ended 30 April 2017 RM'000
Segment Revenue		
Malaysia	59,766	247,183
Indonesia	10,513	27,526
Consolidated total revenue	<u>70,279</u>	<u>274,709</u>
Segment Results		
Malaysia	27,488	95,107
Indonesia	1,242	2,141
Singapore	(613)	1,640
Profit before tax	<u>28,117</u>	<u>98,888</u>
Income tax expense	1,935	(12,999)
Profit for the period	<u>30,052</u>	<u>85,889</u>
		As at End of Current Quarter 30 April 2017 RM'000
Segment Assets		
Malaysia		1,700,442
Indonesia		438,792
Singapore		-
Consolidated total assets		<u>2,139,234</u>
Segment Liabilities		
Malaysia		293,318
Indonesia		46,043
Singapore		44
Consolidated total liabilities		<u>339,405</u>

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 30 APRIL 2017**

NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

A9. Material Events Subsequent to the End of the Interim Period

There were no material events from the current quarter ended 30 April 2017 to the date of this announcement that had not been reflected in this interim financial statements.

A10. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial year ended 30 April 2017.

A11. Changes in Contingent Liabilities and Contingent Assets

At the date of this report, no contingent liabilities and contingent assets had arisen since the end of preceding financial year 30 April 2016.

A12. Capital Commitments

At the end of the current quarter, the Group has the following capital commitments:

	RM'000
Capital expenditure approved and contracted for:	
Construction of new palm oil mill - Indonesia	71,115
Purchase of property, plant and equipment	5,581
	<u>76,696</u>
Capital expenditure approved but not contracted for:	
Additions of biological assets	22,414
Construction of new palm oil mill - Indonesia	32,565
Construction of new palm oil mill - Malaysia	56,172
Purchase of property, plant and equipment	53,087
	<u>164,238</u>
	<u>240,934</u>

A13. Related Party Disclosures

There were no transactions and balances with related party during the current quarter and current financial year-to-date ended 30 April 2017.

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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 APRIL 2017

NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

(a) Current Quarter vs. Preceding Year's Corresponding Quarter

The Group's pretax profit for the current quarter ended 30 April 2017 of RM28.12 million was 19% higher compared with RM23.57 million in the corresponding quarter of the preceding year. Excluding the foreign exchange gain of RM3.12 million on the USD loan (2016: RM10.66 million), the Group's pretax profit would be RM25.00 million which was 94% higher compared with RM12.91 million in the preceding year. Higher profit was mainly due to higher FFB production by 49% as well as higher average prices of crude palm oil ("CPO") and palm kernel ("PK") by 25% and 32% respectively.

Comments on the business segments are as follows:

Plantation

Malaysian operations

Plantation profit of RM23.23 million was 95% higher compared with RM11.90 million in the corresponding quarter of the preceding year. This was mainly due to higher FFB production by 37% or 20,006 tonnes as well as higher average prices of CPO of RM3,070/tonne (2016: RM2,462/tonne) and PK of RM2,903/tonne (2016: RM2,198/tonne).

Indonesian operations

Plantation profit of RM1.86 million was 55% higher compared with RM1.20 million in the corresponding quarter of the preceding year. This was mainly due to higher FFB production from 377 tonnes to 7,045 tonnes (area in harvesting increased from 124 hectares to 1,792 hectares) as well as higher FFB selling price.

Investment holding

Investment profit of RM3.03 million was 71% lower compared with RM10.47 million in the corresponding quarter of the preceding year. Excluding the foreign exchange gain of RM3.12 million on the USD loan (2016: RM10.66 million), the investment segment recorded a loss of RM0.09 million which was marginally lower compared with a loss of RM0.19 million in the preceding year. The investment loss was mainly due to interest expense on the USD loan.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

B1. Review of Performance - Cont'd

(b) Current Year-to-date vs. Preceding Year-to-date

The Group's pretax profit for the financial year ended 30 April 2017 of RM98.89 million was 41% higher compared with RM70.23 million in the preceding year. Excluding the foreign exchange loss of RM15.28 million on the USD loan (2016: a gain of RM17.88 million) as well as a gain of RM20.19 million on disposal of available-for-sale investments in the current year, the Group's pretax profit would be RM93.98 million which was 79% higher compared with RM52.35 million in the preceding year. Higher profit was mainly due to higher average prices of CPO and PK by 28% and 67% respectively as well as higher FFB production by 8%.

Comments on the business segments are as follows:

Plantation

Malaysian operations

Plantation profit of RM85.64 million was 81% higher compared with RM47.24 million in the preceding year mainly due to higher average prices of CPO of RM2,832/tonne (2016: RM2,207/tonne) and PK of RM2,825/tonne (2016: RM1,690/tonne) as well as higher FFB production by 2% or 6,229 tonnes.

Indonesian operations

Plantation profit of RM4.24 million was 252% higher compared with RM1.20 million in the preceding year due to higher FFB production and higher FFB selling price. The Indonesian operations have the benefit of the full year FFB contribution (compared with 3 months' contribution in the preceding year) as well as an additional of 1,667 hectares coming into maturity in the current year.

Investment holding

Investment profit of RM9.01 million was 59% lower compared with RM21.79 million in the preceding year. Excluding the foreign exchange loss of RM15.28 million on the USD loan (2016: a gain of RM17.88 million) and a gain of RM20.19 million on disposal of available-for-sale investments in the current year, the investment profit would be RM4.10 million which was marginally higher compared with RM3.91 million in the preceding year.

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B2. Comparison with Preceding Quarter's Results

The Group's pretax profit for the current quarter ended 30 April 2017 of RM28.12 million was 29% lower compared with RM39.44 million in the preceding quarter. Excluding the foreign exchange gain of RM3.12 million on the USD loan (preceding quarter: a loss of RM7.82 million) and a gain of RM20.14 million on disposal of available-for-sale investments in the preceding quarter, the Group's pretax profit would be RM25.00 million which was 8% lower compared with RM27.12 million in the preceding quarter. Lower profit was mainly due to lower FFB production by 3% as well as lower average price of PK by 9%.

Comments on the business segments are as follows:

Plantation

Malaysian operations

Plantation profit of RM23.23 million was 3% lower compared with RM23.90 million in the preceding quarter mainly due to lower FFB production by 4% or 2,915 tonnes as well as lower average price of PK of RM2,903/tonne (preceding quarter: RM3,205/tonne).

Indonesian operations

Plantation profit of RM1.86 million was 27% lower compared with RM2.56 million in the preceding quarter mainly due to higher FFB production cost incurred.

Investment holding

Investment profit of RM3.03 million was 77% lower compared with RM12.98 million in the preceding quarter. Excluding the foreign exchange gain of RM3.12 million on the USD loan (preceding quarter: a loss of RM7.82 million) and a gain of RM20.14 million on disposal of available-for-sale investments in the preceding quarter, investment segment would show a loss of RM0.09 million as against a profit of RM0.66 million in the preceding quarter. Investment loss was mainly due to interest expense and lower dividend income.

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B3. Current Year Prospects

The Group expects higher FFB production for the financial year ending 30 April 2018 due to improved FFB yield from the young matured palms and an additional 4,898 hectares coming into maturity (Malaysia - 1,937 hectares and Indonesia - 2,961 hectares).

Assuming CPO prices remain at the current level, the Group expects satisfactory results for the financial year ending 30 April 2018.

B4. Variance of Actual Profit from Profit Forecast or Profit Guarantee

No profit forecast or profit guarantee was issued by the Group during the financial year ended 30 April 2017.

B5. Profit Before Tax

The following items have been (credited)/charged in arriving at profit before tax:

	Current Quarter Ended 30 April 2017 RM'000	Cumulative Twelve Months Ended 30 April 2017 RM'000
Dividend income	(141)	(1,346)
Gain on disposal of:		
- available-for-sale investments	(56)	(20,191)
- property, plant and equipment	(14)	(126)
Interest income	(266)	(1,034)
Net fair value (gains)/losses on financial assets at fair value through profit or loss:		
- realised	(433)	(1,253)
- unrealised	27	(2)
Net fair value gains on held-for-trading investments:		
- realised	(382)	(839)
- unrealised	(1,963)	(2,614)
Net foreign exchange (gain)/loss:		
- realised	(438)	(701)
- unrealised	(867)	14,235

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	Current Quarter Ended 30 April 2017 RM'000	Cumulative Twelve Months Ended 30 April 2017 RM'000
Amortisation of prepaid land lease payments	315	1,393
Depreciation of property, plant and equipment	5,107	20,299
Fair value of share options expensed off	9	448
Interest expense	1,081	3,886
Property, plant and equipment written off	32	79

The other minimum disclosure items which are currently not applicable to the Group are as follows:

- Provision for and write off of receivables
- Provision for and write off of inventories
- Impairment of assets
- Gain or loss on derivatives
- Exceptional items

B6. Income Tax Expense

	Current Quarter Ended 30 April 2017 RM'000	Cumulative Twelve Months Ended 30 April 2017 RM'000
Current tax expense	4,653	19,272
Deferred tax expense/(income)	(6,588)	(6,273)
	<u>(1,935)</u>	<u>12,999</u>

The reversal of income tax expense for the current quarter was due to recognition of deferred tax income arising from availability of new planting tax allowances.

Lower effective tax rate for the current financial year-to-date was due to:

- Certain income which are not taxable.
- Availability of new planting tax allowances.
- Reduction in tax rate arising from significant decrease in chargeable income of Malaysia companies.

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B7. Status of Corporate Proposals

(a) Completion of Accounting of Business Combination of New Subsidiaries

As disclosed in the preceding year's audited financial statements, the accounting of business combination of new subsidiaries, namely International Natural Resources Pte. Ltd. ("INR") and PT Lifere Agro Kapuas ("LAK") was based on the provisional fair value of their identifiable assets, liabilities and contingent liabilities. In accordance with FRS 3: *Business Combinations*, the Group is required to carry out the purchase price allocation exercise within 12 months from the date of acquisition. The provisional goodwill arising from this acquisition will be adjusted on a retrospective basis when the valuation of the identifiable assets, liabilities and contingent liabilities is finalised.

The purchase price allocation exercise was completed and the comparative amounts for consolidated statement of financial position as at 30 April 2016 have been restated as follows:

	As Previously Stated RM'000	Adjustment RM'000	As Restated RM'000
Consolidated statement of financial position			
<u>As at 30 April 2016</u>			
Biological assets	955,305	(634)	954,671
Goodwill on consolidation	86,777	(4,303)	82,474
Other receivables	69,760	7,547	77,307
Non-controlling interests	41,530	882	42,412
Deferred tax liabilities	150,840	1,728	152,568

The above adjustments have no effect on the financial performance of the Group.

(b) Memorandum of Understanding ("MOU") entered into between the Company, Adhi Indrawan and Kartika Dianningsih Antono

On 29 July 2016, the Company entered into a MOU with Adhi Indrawan and Kartika Dianningsih Antono ("the Parties") with the intention of establishing a joint venture arrangement with PT Bintang Gemilang Permai ("BGP") which holds 99.9% equity interest in PT Wana Rindang Lestari ("WRL") which in turn holds the concession right to develop approximately 59,920 hectares of land within an industrial plantation forest area located in Central Sulawesi, Indonesia ("Proposed Joint Venture").

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

B7. Status of Corporate Proposals - Cont'd

(b) Memorandum of Understanding ("MOU") entered into between the Company, Adhi Indrawan and Kartika Dianningsih Antono - Cont'd

Both BGP and WRL are companies incorporated and domiciled in the Republic of Indonesia.

The Company intends to acquire a 60% equity interest in the joint venture company for a consideration to be mutually determined and agreed by the Parties subject to satisfactory due diligence and approval from the relevant authorities and applicable laws.

The MOU is a formal confirmation of the Parties' intention to evaluate the possibilities of pursuing the Proposed Joint Venture and to allow the Company to conduct the necessary due diligence in connection with the Proposed Joint Venture. The MOU will enable the Parties to further negotiate and execute definitive agreements within the exclusivity period.

The MOU is effective for a period of six (6) months from 29 July 2016 to 28 January 2017.

On 24 January 2017, the Company has announced that the Parties have mutually agreed to extend the exclusivity period of the MOU for an additional six (6) months from 29 January 2017 to 28 July 2017 for the Company to complete the on-going financial and legal due diligence review on BGP and WRL, as well as market studies on various crops.

B8. Group Borrowings and Debt Securities

At the end of the current quarter, the Group's borrowing was as follow:

	RM'000	Amount in Foreign Currency
Long-term borrowing:		
Term loan (secured)	<u>152,270</u>	USD35 million

There was no debt security as at 30 April 2017.

B9. Material Litigation

There was no material litigation since the last reporting date as at 30 April 2016.

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	As at End of Current Quarter 30 April 2017	As at Preceding Financial Year End 30 April 2016
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries:		
- realised	698,364	630,841
- unrealised	(34,069)	(22,963)
	<u>664,295</u>	<u>607,878</u>
Less: Consolidation adjustments	(3,337)	(2,292)
Total Group's retained earnings as per consolidated statement of financial position	<u>660,958</u>	<u>605,586</u>

B11. Earnings Per Share**(a) Basic earnings per share**

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

	Current Quarter Ended 30 April 2017	Cumulative Twelve Months Ended 30 April 2017
Profit for the period attributable to owners of the Company (RM'000)	29,001	84,554
Weighted average number of ordinary shares in issue ('000 unit)	209,238	209,225
Basic earnings per share (sen)	<u>13.86</u>	<u>40.41</u>

(b) Diluted earnings per share

The share options granted under the Company's ESOS 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 for the period presented.

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B12. Auditors' Report on Preceding Annual Financial Statements

There were no qualifications in the auditors' report of the Group's latest annual financial statements ended 30 April 2016.

B13. Dividends

The directors declare a second interim single-tier dividend of 12 sen in respect of financial year ended 30 April 2017 (previous year 2016: single-tier dividend of 8 sen) and a special single-tier dividend of 3 sen.

The second interim dividend and special dividend will be paid on 24 August 2017.

Together with the first interim single-tier dividend of 8 sen which was paid on 25 January 2017, total single-tier dividend for the financial year ended 30 April 2017 is 23 sen (previous financial year 2015/2016: total single-tier dividend of 16 sen).

The directors do not recommend the payment of any final dividend in respect of the current financial year ended 30 April 2017.

B14. Closure of Books

NOTICE IS HEREBY GIVEN that a second interim single-tier dividend of 12 sen per share and a special single-tier dividend of 3 sen per share, in respect of the financial year ended 30 April 2017 will be paid on 24 August 2017 to shareholders whose names appear in the Record of Depositors and the Register of Members at the close of business at 5.00 p.m. on 26 July 2017.

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

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 26 July 2017 in respect of transfers;
- (b) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 24 July 2017 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.

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B15. Authorised for Issue

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board on 22 June 2017.

By order of the Board,
Yong Yoke Hiong (MAICSA 7021707)
Pang Poh Chen (MACS 01405)
Company Secretaries
Melaka, 22 June 2017