United Malacca Berhad

(1319-V)

2017

ANNUAL REPORT

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 103rd Annual General Meeting of the Company will be held at the United Malacca Berhad Building, 6th Floor, No. 61, Jalan Melaka Raya 8, Taman Melaka Raya, 75000 Melaka on Friday, 25 August 2017 at 11.00 a.m. for the following businesses:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 April 2017 and the Reports of the Directors and Auditors thereon. **Please refer to Note (6)**

2. To approve the payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors up to an aggregate amount of RM420,000 from 1 May 2017 until the next Annual General Meeting of the Company. **[Resolution 1]**

3. To re-elect Tan Sri Dato' Ahmad Bin Mohd Don, a Director retiring by rotation in accordance with Article 118 of the Company's Articles of Association. **[Resolution 2]**

4. To re-elect Mr. Teo Leng, a Director retiring by rotation in accordance with Article 118 of the Company's Articles of Association. **[Resolution 3]**

5. To elect Dato Dr Nik Ramlah Binti Nik Mahmood, a Director retiring in accordance with Article 124 of the Company's Articles of Association. **[Resolution 4]**

6. To elect Mr. Ong Keng Siew, a Director retiring in accordance with Article 124 of the Company's Articles of Association. **[Resolution 5]**

7. To re-appoint Messrs. Ernst & Young as Auditors of the Company for the financial year ending 30 April 2018 and to authorize the Board of Directors to determine their remuneration. **[Resolution 6]**

SPECIAL BUSINESS

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

8. **ORDINARY RESOLUTION**
   Continuing In Office as Independent Non-Executive Director by Tan Sri Dato' Ahmad Bin Mohd Don

   "THAT subject to the passing of Ordinary Resolution 2, approval be and is hereby given to Tan Sri Dato' Ahmad Bin Mohd Don who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." **[Resolution 7]**

9. **ORDINARY RESOLUTION**
   Continuing In Office as Independent Non-Executive Director by Mr. Tan Jiew Hoe

   "THAT Mr. Tan Jiew Hoe who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." **[Resolution 8]**

10. To transact any other business of which due notice shall have been given.

By Order of the Board

Yong Yoke Hiong (MAICSA 7021707)
Pang Poh Chen (MACS 01405)
Company Secretaries
Melaka

Date: 2 August 2017

NOTES:

(1) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. A member shall not be entitled to appoint more than two (2) proxies to attend at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

(2) 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.

(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.

(4) Only members whose names appear in the Register of Members or registered in the General Meeting Record of Depositors on or before 5.00 p.m. on 17 August 2017 shall be eligible to attend the Annual General Meeting.

(5) **Poll Voting**

Pursuant to Paragraph 8.29(A) of the Main Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in the Notice will be put to vote by poll.

(6) **Agenda 1**

The Audited Financial Statements for the financial year ended 30 April 2017 shall be laid at the Company's Annual General Meeting in accordance with Section 340(1)(a) of the Companies Act 2016. Therefore, Agenda 1 is for presentation of the said Financial Statements and the accompanying Reports to shareholders for discussion only. Hence, no voting shall be required.

(7) **Agenda 2**

(a) Shareholders' approval for payment of Directors' fees for the financial year ended 30 April 2017 was obtained at the 102nd AGM held on 23 September 2016. Hence, the Company need not seek shareholders' approval for the Directors' fees in respect of the financial year ended 30 April 2017 at the 103rd AGM.

(b) Approval of the shareholders is sought pursuant to Section 230(1) of the Companies Act 2016 which stipulates that amongst others, the fees and benefits payable to the directors of a listed company shall be approved at a general meeting. The benefits (excluding Directors' fees) payable to the Non-Executive Directors from 1 May 2017 until the next Annual General Meeting shall comprise the following:-

Board Committees	Chairman (RM)	Members (RM)
Audit Committee	40,000	30,000
Nomination and Remuneration Committee	30,000	20,000
Executive Committee	40,000	30,000
Board Tender Committee	20,000	10,000
Meeting Allowance	1,000 per meeting	

Therefore, Resolution 1, if passed, will allow the Company to pay Directors' remuneration (excluding Directors' fees) up to an aggregate amount of RM420,000 to Non-Executive Directors for the period commencing from 1 May 2017 until the next Annual General Meeting of the Company on quarterly basis in arrears after each quarter of completed service.

(8) **Explanatory Note on Special Business**

Resolution Nos. 7 and 8

The Board of Directors via the Nomination Committee had conducted an annual performance evaluation and assessment of Tan Sri Dato' Ahmad Bin Mohd Don and Mr. Tan Jiew Hoe, who have served as Independent Non-Executive Directors for a cumulative term of more than nine (9) years. The Board is of the opinion that both Directors are able to bring independent and objective judgement to the Board's deliberations and their positions in the Board have not been compromised by their familiarity and long relationship with other Board members. The Board would like to recommend and retain Tan Sri Dato' Ahmad Bin Mohd Don and Mr. Tan Jiew Hoe as Independent Directors of the Company.

STATEMENT ACCOMPANYING NOTICE OF 103RD 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 election are as follows:-

(1) Dato Dr Nik Ramlah Binti Nik Mahmood
(2) Mr. Ong Keng Siew

Further details of individual Directors standing for election can be found in the Profile of Directors on pages 12 to 13 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 on page 186 of this Annual Report.

The following Directors whose profiles are as set out on pages 9 and 10 of the Annual Report are seeking for continuation as Independent Non-Executive Directors:-

(1) Tan Sri Dato' Ahmad Bin Mohd Don
(2) Mr. Tan Jiew Hoe

The details of Directors' attendance at Board Meetings held during the financial year ended 30 April 2017 are as follows:-

Directors	Attendance
Datin Paduka Tan Siok Choo	5 of 6 Meetings
Tan Sri Dato' Ahmad Bin Mohd Don	6 of 6 Meetings
Mr. Tan Jiew Hoe	6 of 6 Meetings
Mr. Teo Leng	6 of 6 Meetings
Dato' Tan Ang Meng *(resigned on 23 September 2016)*	4 of 4 Meetings
Dato Dr Nik Ramlah Binti Nik Mahmood *(appointed on 3 January 2017)*	1 of 1 Meeting
Mr. Ong Keng Siew *(appointed on 19 January 2017)*	1 of 1 Meeting

GROUP HIGHLIGHTS

	2017	2016
PRODUCTION		
	tonne	**tonne**
Crude palm oil	**60,025**	66,525
Palm kernel	**14,586**	16,566
Fresh fruit bunches	**335,990**	310,940
FINANCIAL		
	RM'000	**RM'000**
Revenue	**274,709**	205,736
Profit:		
Before tax	**98,888**	70,234
Net of tax	**85,889**	59,748
Profit net of tax attributable to:		
Owners of the Company	**84,554**	59,572
Non-controlling interests	**1,335**	176
	85,889	59,748
	sen	**sen**
Earnings per share attributable to owners of the Company:		
Basic/Diluted	**40.41**	28.51
Dividend per share:		
Gross/Net	**23.00**	16.00
	RM'000	**RM'000**
Total assets	**2,139,234**	2,066,780 *
	RM	**RM**
Net assets per share attributable to owners of the Company	**8.38**	8.17

** Restated.*

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datin Paduka Tan Siok Choo [b]
(Chairperson)
Tan Sri Dato' Ahmad Bin Mohd Don [a]
Mr. Tan Jiew Hoe [a]
Mr. Teo Leng [c]
Dato Dr Nik Ramlah Binti Nik Mahmood [a]
Mr. Ong Keng Siew [a]

(a) Independent Non-Executive Director
(b) Non-Independent Non-Executive Director
(c) Redesignated as Non-Independent Non-Executive Director effective 10 July 2017

AUDIT COMMITTEE

Tan Sri Dato' Ahmad Bin Mohd Don
(Chairman)
Mr. Tan Jiew Hoe
Dato Dr Nik Ramlah Binti Nik Mahmood
Mr. Ong Keng Siew

BOARD TENDER COMMITTEE

Tan Sri Dato' Ahmad Bin Mohd Don
(Chairman)
Datin Paduka Tan Siok Choo
Mr. Teo Leng

NOMINATION AND REMUNERATION COMMITTEE (effective 1 July 2017)

Mr. Tan Jiew Hoe
(Chairman)
Tan Sri Dato' Ahmad Bin Mohd Don
Dato Dr Nik Ramlah Binti Nik Mahmood
Mr. Ong Keng Siew

EXECUTIVE COMMITTEE (constituted on 10 July 2017)

Mr. Teo Leng
(Chairman)
Datin Paduka Tan Siok Choo
Mr. Peter Benjamin

SECRETARIES

Ms. Yong Yoke Hiong (MAICSA 7021707)
Ms. Pang Poh Chen (MACS 01405)

SENIOR MANAGEMENT

Mr. Peter Benjamin
Chief Executive Officer
Ms. Susan Lai Swee Kee
Chief Financial Officer
Mr. Anantakrishnan A/L A.R. Nambiar
Senior Plantation Controller
Mr. Chia Thim Siong
Plantation Controller
Mr. Fabian Fernandez
Mill Controller
Mr. Winston Chua Eng Meng
General Manager (Plantation) - LAK

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
Email : umb@unitedmalacca.com.my
Website : www.unitedmalacca.com.my

DATE AND PLACE OF INCORPORATION

Incorporated on 27 April 1910 in Malaysia

AUDITORS

Ernst & Young
Level 16-1, Jaya99, Tower B
99, Jalan Tun Sri Lanang
75100 Melaka
Tel : 06-2882399
Fax : 06-2832899

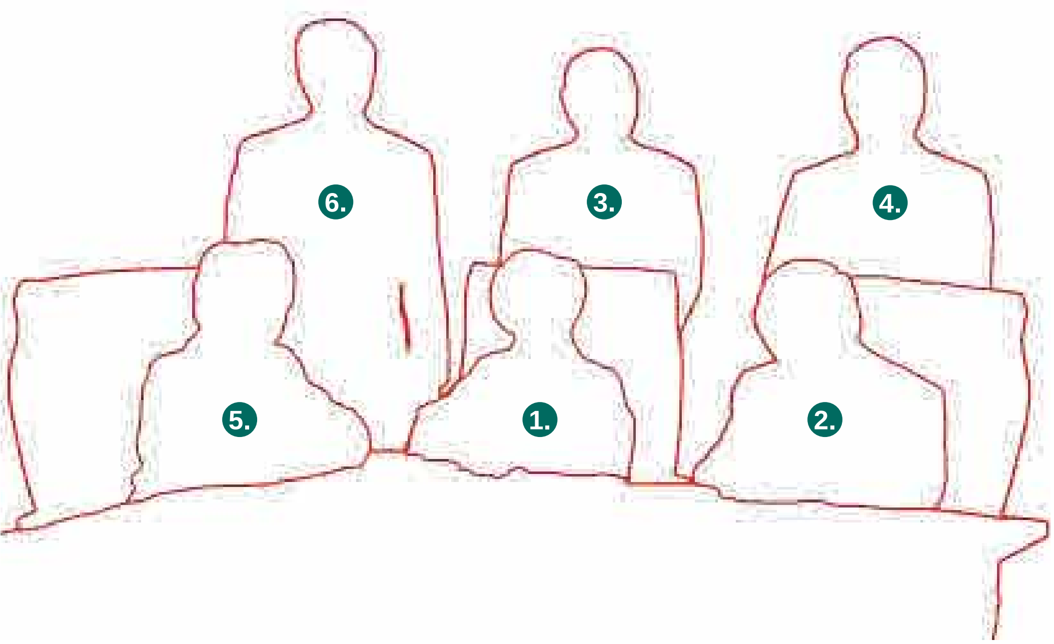
SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46, 47301
Petaling Jaya, Selangor
Tel : 03-78490777
Fax : 03-78418151

STOCK EXCHANGE LISTING

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

BOARD OF DIRECTORS



1. DATIN PADUKA TAN SIOK CHOO
(Chairperson & Non-Independent Non-Executive Director)

2. TAN SRI DATO' AHMAD BIN MOHD DON
(Independent Non-Executive Director)

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

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

5. DATO DR NIK RAMLAH BINTI NIK MAHMOOD
(Independent Non-Executive Director)

6. MR. ONG KENG SIEW
(Independent Non-Executive Director)

PROFILE OF DIRECTORS

DATIN PADUKA TAN SIOK CHOO
(Chairperson & Non-Independent Non-Executive Director)

A Malaysian, Datin Paduka Tan Siok Choo, aged 65, is the Chairperson. She joined the Board on 8 December 1988 and was unanimously elected by the Directors as Chairperson in July 2011. An Independent Non-Executive Director, on 17 July 2014 she was re-designated as Non-Independent Non-Executive Director. She is a member of the Executive Committee and Board Tender Committee. She sits on the Board of the Group's subsidiaries namely Leong Hin San Sdn Bhd, Meridian Plantations Sdn Bhd, Syarikat Penanaman Bukit Senorang Sdn Bhd, South-East Pahang Oil Palm Berhad, Melaka Pindah Properties Sdn Bhd and Masjid Tanah Properties Sdn Bhd. She is also the President Commissioner of PT Lifere Agro Kapuas, the Group's subsidiary in Indonesia.

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.

On 31 October 2015, Datin Paduka Tan Siok Choo was conferred the Honorary Doctorate of Philosophy in Plantation Management by Universiti Putra Malaysia in recognition of her contribution to the plantation industry.

Datin Paduka Tan Siok Choo 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 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 a journalist with Business Times and The Sunday Star. She is currently a columnist for The Sun.

She was appointed a Visiting Fellow of the Institute of Strategic and International Studies (ISIS) Malaysia on 1st September 1998. She had served on the Board of OCBC Bank (Malaysia) Berhad and OCBC AL-AMIN Berhad until 27 July 2014. She is currently a Director of several private companies.

Datin Paduka Tan Siok Choo 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 five out of six Board Meetings held during the financial year ended 30 April 2017. She has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

TAN SRI DATO' AHMAD BIN MOHD DON
(Independent Non-Executive Director)

Tan Sri Dato' Ahmad Bin Mohd Don, aged 70 and a Malaysian was appointed as an Independent Non-Executive Director on 1 October 2006. He is the Chairman of the Audit Committee and Board Tender Committee as well as a member of Nomination and Remuneration Committee. He sits on the Board of several subsidiaries of the Group in Malaysia and is a Director of International Natural Resources Pte Ltd, the Group's subsidiary in Singapore.

Tan Sri Dato' Ahmad graduated with a Bsc. Econ. Honours Degree from the Aberystwyth University, 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.

He was the Governor of Bank Negara Malaysia from May 1994 to August 1998. He is currently an Independent Non-Executive Chairman of Zurich Insurance Malaysia Berhad, Zurich Takaful Malaysia Berhad (formerly known as MAA Takaful Berhad), Alliance Bank Malaysia Berhad and Hap Seng Plantations Holdings Berhad. He is also a Director of MAA Group 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 six Board Meetings held during the financial year ended 30 April 2017. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

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

Mr. Tan Jiew Hoe, aged 70 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 the Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee. He is the Chairman of International Natural Resources Pte Ltd, the Group's subsidiary in Singapore.

In the year 2000, Mr. Tan was awarded silver medal for 10-19 years' service as a Director of Singapore Chinese Girls School by Ministry of Education. In 2010 he was awarded a gold medal for more than 20 years of service as a Director of Singapore Chinese Girls School by Ministry of Education.

He was also awarded Pingat Bakti Masyarakat (PBM) by the President of Singapore in November 2013 for his contribution for the Public Service from the National Parks Board. The award was given in recognition of his 30 years' contribution and support for plant introduction and botany publications.

Mr. Tan is currently a Director of several private companies in Malaysia and Singapore and is 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 six Board Meetings held during the financial year ended 30 April 2017. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

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

Mr. Teo Leng, aged 65 and a Malaysian, was appointed as an Independent Non-Executive Director on 1 September 2009. He was re-designated as Non-Independent Non-Executive Director on 10 July 2017. He is the Chairman of the Executive Committee and a member of the Board Tender Committee. He is also a Director of several subsidiaries of the Group in Malaysia and is a member of the Board Commissioner of PT Lifere Agro Kapuas, the Group's subsidiary in Indonesia.

Mr. Teo 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. 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., Mr. Teo was responsible for the full implementation of requirements pertaining to certification under Roundtable for Sustainable Palm Oil (RSPO) and was 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 Malayan Agricultural Producers Association (MAPA) and Environmental Quality Council (EQC) of Kementerian Sumber Asli & Alam Sekitar. He is currently a member of the MPOA Council, as well as Research and Development main committee.

Mr. Teo is also an Independent Non-Executive Director of Southern Acids (M) Berhad and several private companies in 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. He has attended all six Board Meetings held during the financial year ended 30 April 2017. He has not been convicted of any offence within past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

DATO DR NIK RAMLAH BINTI NIK MAHMOOD
(Independent Non-Executive Director)

Dato Dr Nik Ramlah Binti Nik Mahmood, aged 61 and a Malaysian, was appointed as an Independent Non-Executive Director on 3 January 2017. She is a member of the Audit Committee and also Nomination and Remuneration Committee.

Dato Dr Nik Ramlah holds a First Class Honours in Law from University Malaya and LLM and PhD from University of London.

Dato Dr Nik Ramlah Binti Nik Mahmood had retired as Deputy Chief Executive of Securities Commission Malaysia (SC) in March 2016. She was appointed Deputy Chief Executive of the SC and member of the Commission on 1 April 2012. She joined the SC in 1993 as Manager of Law Reform and went on to become Director of the Policy and Development Division in 1997. In 2008, she was made Managing Director and Executive Director of the Enforcement Division. Prior to joining the SC, Dato Dr Nik Ramlah was an Associate Professor at the Faculty of Law, University of Malaya.

Dato Dr Nik Ramlah has been instrumental in developing many areas of the capital market. She has extensive experience in areas ranging from regulatory policy, legal reform, product and market development, corporate governance, Islamic capital market, investor education and enforcement.

Dato Dr Nik Ramlah is a member of the Board of Directors of Perbadanan Insurans Deposit Malaysia (PIDM) and the Securities Industry Development Corporation (SIDC). She is also a member of the Professional Development Panel (Senate) of INCEIF, the global university for Islamic finance and an Adjunct Professor at the Faculty of Law, Universiti Teknologi MARA.

Dato Dr Nik Ramlah is also an Independent Non-Executive Director of Amanah Saham Nasional Berhad and Axiata Group Berhad.

Dato Dr Nik Ramlah 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 her appointment on 3 January 2017, she has attended sole scheduled Board Meeting held during the financial year ended 30 April 2017. She has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

MR. ONG KENG SIEW
(Independent Non-Executive Director)

Mr. Ong Keng Siew, aged 61 and a Malaysian, was appointed as an Independent Non-Executive Director on 19 January 2017. He is a member of the Audit Committee and also Nomination and Remuneration Committee.

Mr. Ong is a Fellow of the Chartered Association of Certified Accountants, United Kingdom. He is also a member of the Malaysian Institute of Accountants.

Mr. Ong joined the Board of Paramount Group on 14 November 1994 and was re-designated as an Independent Non-Executive Director on 14 August 2014. He is also a member of the Audit Committee of Paramount Group.

Mr. Ong Keng Siew has served the Paramount Group in various positions for more than 30 years before retiring in 2012. He began his career with the Paramount Group as an Accountant in 1981 and was promoted to the position of Finance and Administration Manager in 1984. He was subsequently appointed as General Manager to oversee the operations of the property development and construction divisions in 1989. Mr. Ong assumed the post of Deputy Group Managing Director & Deputy Group CEO in 1997. He was appointed as the Managing Director & CEO of Paramount on 1 December 2008.

On 18 June 2012, after serving the Paramount Group with distinction for more than 30 years, Mr. Ong retired as the Managing Director & CEO of Paramount Group.

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. Since his appointment on 19 January 2017, he attended the sole scheduled Board Meeting held in the financial year ended 30 April 2017. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF CHIEF EXECUTIVE OFFICER

Mr. Peter Benjamin, aged 60 and a Malaysian is the Chief Executive Officer. He joined United Malacca Berhad on 1st May 2014. He graduated from the University of Kerala, India with a Bachelor Of Science Degree (Botany).

He has working experience of 38 years in the plantation industry holding various Senior Management positions in different companies. He has the experience in managing various crop during his career, oil palm, cocoa, forestry, sago, coconut and rubber.

Started his career as a Field Conductor with Kuala Lumpur Kepong in 1979 and in 1982 joined Boustead Estates Agency as an Assistant Manager and moved up to Estate Manager. During the period, he was involved in new plantings, managed cocoa, coconut seed garden and oil palm plantations.

In 1992 was absorbed into Tradewinds when there was a change of management from Boustead to Tradewinds and was later transferred to Distinct Plantation Services, which was managing the MKIC Group's plantations. He was appointed as the Planting Advisor/General Manager of the Company.

In 2000, he joined Eminent Capital (Berjaya Group) as General Manager for the Plantation and Oil Mill.

In 2004, he decided to venture into Indonesia and worked in different companies, with PT Arara Abadi (Sinar Mas Group) as District Manager managing 42,000 Ha of forestry plantation and later promoted to Plantation Controller for 250,000 Ha.

In 2007, he decided to return to planting of oil palm and to handle the challenge of working in Papua New Guinea with the US agriculture giant Cargill.

In 2010, he returned to Indonesia as Head of Plantations for PT Ganda Group and later joined Sampoerna Agro as Chief Operating Officer for Oil Palm and other crops which included sago, rubber, bamboo and industrial forestry.

He is currently the Honorary Secretary of the Malaysian Palm Oil Association (MPOA), the Vice-President of the Malaysian Estates Owners Association (MEOA) and is an alternate Board member of the Malaysian Palm Oil Board (MPOB). He is also a Director on the Board of subsidiaries of United Malacca Berhad, namely, Meridian Plantations Sdn. Bhd., Syarikat Penanaman Bukit Senorang Sdn. Bhd., South-East Pahang Oil Palm Berhad, Leong Hin San Sdn. Bhd., Masjid Tanah Properties Sdn. Bhd. and Melaka Pindah Properties Sdn. Bhd as well as the President Director of PT Lifere Agro Kapuas, the Group's subsidiary in Indonesia.

He is not related to any Director and/or major shareholder of United Malacca Berhad and also has no personal interest in any business arrangement involving the company. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

MS. SUSAN LAI SWEE KEE
Chief Financial Officer

Nationality / Age / Gender
Malaysian / 52 / Female

Date Appointed as Key Senior Management
Year 2001

Qualification
- Bachelor of Accounting (Hons), University of Malaya
- Member of Malaysian Institute of Accountants

Working Experience
- 5 years in two multinational manufacturing companies
- 23 years in United Malacca Berhad

MR. ANANTAKRISHNAN A/L A.R. NAMBIAR
Senior Plantation Controller

Nationality / Age / Gender
Malaysian / 57 / Male

Date Appointed as Key Senior Management
15 December 2014

Qualification
- Bachelor of Science (Zoological Science)

Working Experience
- Agriculturist Incorporated Sdn Bhd (1984 – 1996)
- Myanmar Syklink Agro Sdn Bhd (1996 – 2000)
- Tung Hup Enterprise (2000 – 2009)
- Wilmar Africa (2009 – 2014)

MR. CHIA THIM SIONG
Plantation Controller

Nationality / Age / Gender
Malaysian / 62 / Male

Date Appointed as Key Senior Management
1 March 2012

Qualification
- Malaysian Certificate of Education
- Associate Incorporated Society of Planter (AISP)

Working Experience
- Rank & File with Barlow Boustead Company (Rubber) (1975 – 1980)
- Assistant Manager in Hap Seng Plantation (Oil Palm) (1981 – 1983)
- Kumpulan Guthrie Berhad / Sime Darby Plantation (Cocoa, Oil Palm) (1984 – 2011)
- Plantation Controller in United Malacca Berhad (Since 2012)

MR. FABIAN FERNANDEZ
Mill Controller

Nationality / Age / Gender
Malaysian / 46 / Male

Date Appointed as Key Senior Management
1 May 2016

Qualification
- Master of Business Administration (Wales)
- Marine Engineer
- 1st Grade Steam Engineer
- Diploma in Marine Engineering
- Certified Corporate Coach

Working Experience
- Marine Engineer in Merchant Marine
- Mill Manager in Boustead Estates, United Plantations Berhad and Cargill
- Business Unit Head for Maintenance and Reliability in Cargil (2009)
- Visiting Engineer for Boustead Plantations (2014)
- United Malacca Berhad as Mill Controller (Since May 2016)

MR. WINSTON CHUA ENG MENG
General Manager (PT. Lifere Agro Kapuas)

Nationality / Age / Gender
Malaysian / 45 / Male

Date Appointed as Key Senior Management
15 March 2016

Qualification
- Sijil Tinggi Persekolahan Malaysia (STPM)

Working Experience
- Manager in IOI Corporation Berhad (12 years in Peninsular and 3 years in Sabah) (1994 – 2009)
- Senior Manager in Genting Plantations Berhad – Plantation Advisory HO and Mewah Estate, Sandakan, Sabah (2009 – 2011)
- General Manager Estates of TSH Resources Berhad – overseeing all plantation properties in Indonesia (2011 – 2013)
- General Manager of Julong Group Indonesia – Managing PT Grand Mandiri Utama (GMU) in Sintang Kalimantan Barat (2013 – 2015)

Save as disclosed, the above Senior Management have no directorship in Public Companies, no family relationship with any Director and/or major shareholders of United Malacca Berhad, no conflict of interest with United Malacca Berhad and have not been convicted of any offence within the past 5 years.

CHAIRPERSON'S STATEMENT

During the year under review, UMB successfully surmounted two major challenges – the lingering impact from the worst drought in 30 years and the task of integrating UMB's subsidiary PT LAK in Indonesia into the group's operations that resulted in the first full year contribution of RM2.14 million to Group profit.

FROM THE CHAIR

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 2017 (FY2017).

BUSINESS PERFORMANCE

Higher commodity prices made FY2017 a good year for UMB. Averaging RM2,832 per tonne, crude palm oil prices (CPO) were 28% higher than the preceding year's average of RM2,207 per tonne.

Output of fresh fruit bunches (FFB) in the year under review of 335,990 tonnes was 8% higher than the 310,940 tonnes in the preceding year. Increased output was mainly due to the full first year's contribution from UMB's Indonesian operations (19,198 tonnes) compared with 3 months' FFB output (377 tonnes) in the preceding year. FFB output from Malaysian operations rose by 2% to 316,792 tonnes from that of the preceding year. UMB was able to achieve slightly higher output despite the lagged effect of dry weather caused by El Nino, the most severe for the past 30 years, coupled with wet weather in Sabah in early 2017; both weather conditions adversely affected FFB output.

Group pre-tax profit of RM98.89 million improved by 41% compared with RM70.23 million in the preceding year. This was mainly due to the combined impact of better CPO and PK prices coupled with higher FFB output. Profit in the year under review included a RM20.19 million gain on disposal of available-for-sale investments and a foreign exchange loss of RM15.28 million on the USD loan. For the first time, the Indonesian subsidiary contributed a full year profit of RM2.14 million.

At the Company level, pre-tax profit of RM86.09 million included the gain on disposal of available-for-sale investments of RM20.19 million and after accounting for an unrealised foreign exchange loss of RM15.28 million on the USD loan. Pre-tax profit was 40% higher than RM61.31 million in the preceding year; the latter included RM17.88 million in foreign exchange gain on the USD loan. Excluding the gain on disposal of available-for-sale investments and realised/unrealised foreign exchange loss/gain, the Company's pre-tax profit would have been RM81.18 million or 87% higher compared with RM43.43 million in the preceding year. This was mainly due to higher average prices of CPO and PK by 28% and 67% respectively in the year under review.

UMB's earnings, dividends and asset per share continue to be very strong.

During the financial year, the Company's issued share capital increased from RM209,221,201 to RM209,494,131 due to the issue of 49,000 ordinary shares under the Employees' Share Option Scheme.

DIVIDENDS

The Board declared a second interim single-tier dividend of 12 sen and a special single-tier dividend of 3 sen for the financial year ended 30 April 2017 payable on 24 August 2017.

Together with the first interim single-tier dividend of 8 sen paid on 25 January 2017, the total single-tier dividend for the financial year ended 30 April 2017 is 23 sen or RM48.14 million. For the preceding financial year, United Malacca paid a total single-tier dividend of 16 sen amounting to RM33.48 million.

The Board of Directors does not recommend any final dividend for the financial year ended 30 April 2017.

SUSTAINABILITY & CORPORATE RESPONSIBILITY

UMB's commitment to sustainable production is demonstrated by two key strategies:

1. The Group has moved towards MSPO certification. Since the initiative began in May 2015, 19 out of 21 operating centres in Malaysia are now MPOB Code of Practice certified. UMB targets the Malaysian operations to be completely MSPO certified by 1st Quarter of 2019 while the Indonesian operations should be ISPO certified by end 2018.

2. A RM2 million research collaboration project with University Putra Malaysia (UPM), which started in 2013, is now in the final stage. Several studies have been conducted including early detection of Ganoderma-infected oil palms, improving soil fertility to boost FFB yields, facilitating oil palms to produce more female flowers, raising oil content and enhancing resistance to Ganoderma as well as developing better ways to harvest FFB.

More detailed activities are set out in the Sustainability & Corporate Responsibility Statement on page 35 to page 43 of this Annual Report.

CURRENT YEAR PROSPECTS

For FY2018, UMB expects better yields compared with FY2017 as more palms mature in Millan Labau Estate in Sabah and in Indonesia. Based on market consensus suggesting CPO prices are likely to stabilise at RM2,500 to RM2,700 per tonne in the next 12 months, UMB expects better profits.

To ensure continued growth and sustainability of good returns to shareholders, UMB will focus on yield improvements, cost controls and maximising returns from the newly acquired plantation in Kalimantan, Indonesia.

MOVING FORWARD

While UMB continued to perform well in FY2017, the Board is mindful the global economy can turn turbulent at any time, the ringgit is subject to periodic bouts of volatility and the occurrence of El Nino are factors beyond UMB's control.

A strong focus on controlling costs as well as financially-prudent decision making have helped UMB to weather 107 years of growing crops notable for volatile prices. In keeping with UMB's core belief that people are its biggest assets, the Group has invested in improving the skills of its human resources. Building cash reserves has enabled UMB to remain consistently profitable through the years except in 1921, during the Great Depression in 1931 and the interruption of its operations during the Japanese occupation.

Visit by Directors and Senior Management at Batu Anam Estate

UMB is on track with plans to significantly expand its geographical presence in Indonesia, from Kalimantan to Sulawesi and to diversify its crop base.

Effective for a period of 6 months from 29 July 2016, an MOU was signed with Mr. Adhi Indrawan and Dr. Kartika Dianningsih Antono ("the Parties") to establish a joint venture with PT Bintang Gemilang Permai ("BGP") which holds a 99.9% equity interest in PT Wana Rindang Lestari ("WRL") , the latter company holds the concession right to develop about 59,920 hectares of land within an industrial plantation forest area located in Central Sulawesi, Indonesia ("Proposed Joint Venture"). Both BGP and WRL are companies incorporated and domiciled in the Republic of Indonesia.

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

As has been announced by UMB, 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 to enable completion of the on-going financial and legal due diligence on WRL and BGP, as well as market studies on various crops.

Market studies on various crops have been completed while the financial and legal due diligence review on WRL and BGP are still on-going.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to thank all employees for their hard work and endeavour in financial year ended 30 April 2017.

Dato Dr Nik Ramlah Binti Nik Mahmood and Mr. Ong Keng Siew were appointed Independent Non-Executive Directors of the Company on 3 January 2017 and 19 January 2017 respectively, bringing with them a wealth of experience that will benefit the Board and the Group.

As in previous years, my fellow Directors have willingly spent much time and offered their invaluable advice – often beyond the ambit of their statutory responsibilities – in dealing with some major challenges United Malacca faced, especially those relating to the operations of LAK in Indonesia and INR in Singapore and the proposed joint venture project in Sulawesi during the financial year under review.

DATIN PADUKA TAN SIOK CHOO
Chairperson

Construction of culvert bridge connecting inner division of MLP5 was completed

The opening of the bridge was officiated by Chairperson, Datin Paduka Tan Siok Choo

PENYATA PENGERUSI

KENYATAAN DARI PENGERUSI

Pada tahun semasa, UMB berjaya menangani dua cabaran utama - kesan yang berlarutan daripada kemarau yang teruk di Malaysia dalam masa 30 tahun dan tanggungjawab mengintegrasikan anak syarikat UMB iaitu PT LAK di Indonesia ke dalam operasi Kumpulan yang menghasilkan sumbangan sepenuhnya untuk tahun pertama sebanyak RM 2.14 juta kepada keuntungan Kumpulan.

DARI PENGERUSI

BAGI PIHAK LEMBAGA PENGARAH UNITED MALACCA BERHAD, SAYA DENGAN SUKACITANYA MEMBENTANGKAN LAPORAN TAHUNAN DAN PENYATA KEWANGAN YANG TELAH DIAUDIT BAGI SYARIKAT DAN KUMPULAN BAGI TAHUN KEWANGAN BERAKHIR 30 APRIL 2017 (TAHUN KEWANGAN 2017).

PRESTASI PERNIAGAAN

Tahun kewangan 2017 adalah tahun yang baik bagi UMB kerana harga komoditi yang memberangsangkan. Dengan harga purata RM2,832 setan metrik, harga minyak sawit mentah (MSM) adalah 28% lebih tinggi daripada harga purata tahun sebelumnya iaitu RM2,207 setan metrik.

Penghasilan buah tandan segar (BTS) pada tahun semasa sebanyak 335,990 tan metrik adalah 8% lebih tinggi daripada 310,940 tan metrik pada tahun sebelumnya. Peningkatan penghasilan adalah disebabkan oleh sumbangan tahun pertama dari operasi UMB di Indonesia (19,198 tan metrik) berbanding penghasilan BTS untuk 3 bulan pada tahun sebelumnya (377 tan metrik). Penghasilan BTS dari operasi di Malaysia meningkat sebanyak 2% kepada 316,792 tan metrik daripada tahun sebelumnya. UMB dapat mencapai penghasilan yang lebih tinggi meskipun terdapat kesan cuaca buruk yang disebabkan oleh El Nino, yang paling teruk dalam tempoh 30 tahun serta ditambah dengan cuaca hujan di Sabah pada awal tahun 2017 yang mana kedua-dua keadaan cuaca tersebut menjejaskan penghasilan BTS.

Keuntungan sebelum cukai Kumpulan sebanyak RM98.89 juta iaitu peningkatan sebanyak 41% berbanding RM70.23 juta pada tahun sebelumnya. Ini disebabkan terutamanya oleh kesan gabungan harga MSM dan isirong sawit yang lebih baik serta penghasilan BTS yang lebih tinggi. Keuntungan pada tahun semasa termasuk keuntungan sebanyak RM20.19 juta daripada pelupusan pelaburan sedia untuk dijual dan penyusutan tukaran asing sebanyak RM15.28 juta ke atas pinjaman USD. Untuk pertama kalinya, anak syarikat Indonesia menyumbang sepenuhnya keuntungan untuk tahun pertama sebanyak RM2.14 juta.

Di peringkat Syarikat, keuntungan sebelum cukai sebanyak RM86.09 juta termasuk keuntungan daripada pelupusan pelaburan sedia untuk dijual sebanyak RM20.19 juta dan selepas perakaunan penyusutan tukaran asing belum direalisasi sebanyak RM15.28 juta ke atas pinjaman USD.

Keuntungan sebelum cukai adalah 40% lebih tinggi daripada RM61.31 juta pada tahun sebelumnya; Ini termasuk RM17.88 juta keuntungan dalam tukaran mata wang asing ke atas pinjaman USD. Tidak termasuk keuntungan daripada pelupusan pelaburan sedia untuk dijual dan keuntungan tukaran matawang asing adalah RM81.18 juta atau 87% lebih tinggi berbanding RM43.43 juta pada tahun sebelumnya. Ini disebabkan oleh harga purata MSM dan isirong sawit yang lebih tinggi iaitu sebanyak 28% dan 67% pada tahun semasa.

Pendapatan UMB, dividen dan aset sesaham terus memberangsangkan.

Sepanjang tahun kewangan, modal saham terbitan Syarikat meningkat daripada RM209,221,201 kepada RM209,494,131 kerana terbitan 49,000 saham biasa di bawah Skim Opsyen Saham Kakitangan.

DIVIDEN

Lembaga Pengarah mengisytiharkan dividen "single-tier" sebanyak 12 sen dan dividen istimewa "single-tier' sebanyak 3 sen bagi tahun kewangan berakhir 30 April 2017 yang akan dibayar pada 24 Ogos 2017.

Bersama dengan dividen "single-tier" sebanyak 8 sen yang telah dibayar pada 25 Januari 2017, jumlah dividen "single-tier" bagi tahun kewangan berakhir 30 April 2017 adalah 23 sen atau RM48.14 juta. Bagi tahun kewangan sebelumnya, United Malacca membayar dividen "single-tier" sebanyak 16 sen berjumlah RM33.48 juta.

Lembaga Pengarah tidak mencadangkan sebarang dividen akhir bagi tahun kewangan berakhir 30 April 2017.

Tanggungjawab Sosial Korporat - menurap lapisan tanah merah di Jalan Desa Menteng Karya, Kalimantan, Indonesia

TANGGUNGJAWAB KORPORAT DAN KELESTARIAN

Komitmen UMB terhadap penghasilan mampan berdasarkan dua strategi utama:

1. Kumpulan sedang menuju ke arah Pensijilan MSPO. Sejak inisiatif ini bermula pada Mei 2015, 19 daripada 21 pusat operasi di Malaysia telah memperolehi perakuan Kod Amalan MPOB. UMB menyasarkan operasi Malaysia akan memperolehi perakuan Pensijilan MSPO menjelang suku pertama 2019 manakala operasi di Indonesia mesti memperolehi perakuan Pensijilan ISPO menjelang akhir 2018.

2. Projek penyelidikan sebanyak RM2 juta dengan Universiti Putra Malaysia (UPM) yang bermula pada tahun 2013 kini berada di peringkat akhir. Beberapa kajian telah dijalankan termasuk pengesanan awal jangkitan ganoderma pada pokok sawit, meningkatkan kesuburan tanah untuk meningkatkan hasil BTS, memudahkan pokok kelapa sawit untuk menghasilkan lebih banyak bunga betina, meningkatkan kandungan minyak dan meningkatkan ketahanan terhadap ganoderma serta mengembangkan kaedah terbaik penuaian BTS.

Aktiviti yang lebih terperinci dibentangkan dalam Penyataan Tanggungjawab Korporat Dan Kelestarian di halaman 35 ke halaman 43 dari Laporan Tahunan ini.

PROSPEK TAHUN SEMASA

Bagi tahun kewangan 2018, UMB menjangkakan hasil yang lebih baik berbanding tahun kewangan 2017 kerana lebih banyak pokok sawit yang akan matang di Ladang Millan Labau di Sabah dan di Indonesia. Berdasarkan konsensus pasaran yang menunjukkan harga MSM berkemungkinan stabil pada RM2,500 hingga RM2,700 setan metrik untuk tempoh 12 bulan akan datang, UMB menjangka keuntungan yang lebih baik.

Untuk memastikan pertumbuhan yang berterusan dan kemampanan pulangan yang baik kepada para pemegang saham, UMB akan memberi tumpuan kepada penambahbaikan hasil, kawalan kos dan memaksimumkan pulangan dari ladang yang baru diperolehi di Kalimantan, Indonesia.

BERGERAK KE HADAPAN

Walaupun UMB terus menunjukkan prestasi baik pada tahun kewangan 2017, Lembaga Pengarah sedar bahawa ekonomi global boleh bergolak pada bila-bila masa, kedudukan ringgit tertakluk kepada perubahan turun naik berkala dan berlakunya El Nino adalah faktor di luar kawalan UMB.

Tumpuan yang khusus dalam pengawalan kos dan membuat keputusan kewangan yang bijak telah membantu UMB untuk menanam tanaman dalam tempoh 107 tahun walaupun dengan harga yang tidak menentu. Selaras dengan keyakinan UMB bahawa kakitangan adalah aset terbesarnya, Kumpulan telah melabur dalam meningkatkan kemahiran sumber manusianya. Simpanan rizab tunai telah membolehkan keuntungan UMB kekal konsisten sepanjang tempoh tersebut kecuali pada tahun 1921, semasa "Great Depression" pada tahun 1931 dan gangguan operasi semasa pendudukan Jepun.

UMB berada di landasan dengan rancangan untuk memperluas kehadiran geografinya dengan ketara di Indonesia, dari Kalimantan ke Sulawesi dan mempelbagaikan asas tanamannya.

Berkuatkuasa untuk tempoh enam (6) bulan dari 29 Julai 2016, satu Memorandum Persefahaman telah ditandatangani dengan En. Adhi Indrawan dan Dr. Kartika Dianningsih Antono ("Pihak") untuk menubuhkan usahasama dengan PT Bintang Gemilang Permai ("BGP") yang memegang 99.9% kepentingan ekuiti dalam PT Wana Rindang Lestari ("WRL") yang mana Syarikat itu memegang hak konsesi untuk membangunkan sekitar 59,920 hektar tanah di kawasan perindustrian perladangan hutan yang terletak di Sulawesi Tengah, Indonesia ("Cadangan Usahasama"). Kedua-dua BGP dan WRL adalah Syarikat yang diperbadankan dan bermastautin di Republik Indonesia.

Tertakluk kepada usaha penelitian yang baik dan kelulusan daripada pihak berkuasa yang berkenaan serta undang-undang terpakai, UMB berhasrat untuk memliki 60% kepentingan ekuiti di dalam syarikat usahasama pada harga pertimbangan yang ditentukan dan dipersetujui oleh pihak-pihak berkenaan.

Seperti yang telah diumumkan oleh UMB, pihak-pihak berkenaan telah bersetuju untuk melanjutkan tempoh eksklusif Memorandum Persefahaman untuk tambahan enam (6) bulan dari 29 Januari 2017 hingga 28 Julai 2017 untuk membolehkan persediaan kewangan dan usaha penelitian undang-undang yang sedang berjalan di WRL dan BGP, serta kajian pasaran mengenai pelbagai tanaman.

Kajian pasaran mengenai pelbagai tanaman telah siap manakala usaha penelitian berkaitan kewangan dan undang-undang masih berterusan di WRL dan BGP.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan terima kasih kepada semua kakitangan atas kerja keras dan usaha mereka dalam tahun kewangan berakhir 30 April 2017.

Dato Dr Nik Ramlah Binti Nik Mahmood dan Encik Ong Keng Siew telah dilantik sebagai Pengarah Bebas Bukan Eksekutif Syarikat pada 3 Januari 2017 dan 19 Januari 2017, dengan membawa bersama mereka pengalaman luas yang dapat memberi manfaat kepada Lembaga Pengarah dan Kumpulan.

Seperti pada tahun-tahun sebelumnya, rakan-rakan Pengarah saya dengan rela menghabiskan banyak masa dan menawarkan nasihat mereka yang tidak ternilai - selalunya di luar tanggungjawab undang-undang mereka - dalam mengatasi beberapa cabaran utama yang dihadapi oleh United Malacca, terutamanya yang berkaitan dengan operasi LAK di Indonesia dan INR di Singapura dan projek usahasama yang dicadangkan di Sulawesi pada tahun kewangan semasa.

DATIN PADUKA TAN SIOK CHOO
Pengerusi

AT A GLANCE

- Key Dates

Financial Year End			30 April
Annual General Meeting			25 August 2017
Dividend Payments:			
1st Interim	8 sen		25 January 2017
2nd Interim	12 sen		24 August 2017
Special	3 sen		24 August 2017

- Land Bank Analysis

	Malaysia Ha.	**Indonesia** Ha.	**Total** Ha.
Matured	18,407	4,686	23,093
Immature	3,390	6,356	9,746
Total Planted	**21,797**	**11,042**	**32,839**
Plantable	85	5,710	5,795
Unplantable	2,759	7,833	10,592
Total Land Bank	**24,641**	**24,585**	**49,226**

AT A GLANCE (continued)

Group Business Performance RM'000	2017	2016	2015
1 Revenue			
• Malaysia	247,183	203,700	213,152
• Indonesia	27,526	2,036	-
Total	**274,709**	**205,736**	**213,152**
% increase/(decrease) over previous year	34%	(3%)	(13%)
2 Profit Before Tax	98,888	70,234	58,437
% increase/(decrease) over previous year	41%	20%	(31%)
Plantation			
• Malaysia	85,642	47,242	50,548
• Indonesia	4,239	1,204	-
Investment Income	9,007	21,788	7,889
3 Operating Margin %	33%	24%	24%
4 Capital Management			
4.1 Return on Average Equity (%)	4.8	3.5	2.8
4.2 Basic/Diluted Earnings Per Share (sen)	40.4	28.5	22.8
4.3 Dividend Per Share (sen)	23.0	16.0	16.0
4.4 Net Assets Per Share (RM)	8.4	8.2	8.1
4.5 Dividend Cover	1.8	1.8	1.4
4.6 Interest Cover	26.4	58.3	-
5 Market Price & Production	**2017**	**2016**	**Change (%)**
Average selling price (RM/MT) :			
CPO	2,832	2,207	+ 28.3%
PK	2,825	1,690	+ 67.2%
Group FFB Production (MT):			
• Malaysia	316,792	310,563	+2.0%
• Indonesia	19,198	377	+4992.3%
Total	**335,990**	**310,940**	**+ 8.1%**
Group Mill Processing Capacity	80 tonnes/hr	80 tonnes/hr	-

Founded by the late Tun Tan Cheng Lock in 1910, United Malacca Berhad (UMB), owns and manages a total of 49,226 hectares of oil palm estates, both in Malaysia and in Central Kalimantan.

UMB had good year, thanks to improved CPO prices, internal efficiencies and continuously rebuilding internal organisational strengths. This has helped UMB to better articulate its corporate vision and strengthen its capability to grow its business meaningfully for all stakeholders. UMB has been able to increasingly reinforce its core values and translate this into policies and practices adopted.

UMB's vision is pursuing responsible growth, untiring commitment to excellence, nurturing a sense of belonging for stakeholders and ensuring a fair share of success for all.

a Vision is pursuing growth, an untiring commitment to excellence, nurturing a sense of belonging for stakeholders and ensuring a fair sharing of success for all.

FINANCIAL MATTERS

- **Revenue**

  Group's revenue for FY2017 increased by 34% to RM274.71 million mainly due to higher selling prices for crude palm oil (CPO) and palm kernel (PK) as well as rising production of fresh fruit bunches (FFB).

- **Profit Before Tax**

  For the financial year ended 30 April 2017, Group pre-tax profit of RM98.89 million was 41% higher compared with RM70.23 million in the preceding year.

- **Assets and Liabilities**

  Biological Assets increased by RM37.23 million to RM991.90 million mainly due to new planting in LAK. Investment Property refers to a shophouse now used as a training centre and therefore reclassified as Property, Plant and Equipment while an Available-For-Sale Investment has been disposed of in the open market during the financial year.

  Higher inventories of RM20.74 million, compared with that of the preceding year of RM17.70 million, was due to carried forward fertiliser stock while the increase in Trade and Other Receivables to RM115.91 million from RM91.29 million was due to plasma receivables in LAK.

  Financial Assets at Fair Value Through Profit or Loss as well as Cash and Bank Balances increased to RM78.67 million from RM63.01 million in tandem with the rise in retained earnings. The Group has outstanding bank borrowings of RM152.27 million as at 30 April 2017 due to the acquisition of subsidiaries in last year.

- **Investment Holdings**

  Investment profit of RM9.01 million was lower compared with RM21.79 million in the preceding year. This was mainly due to a foreign exchange loss of RM15.28 million in the current year against a foreign exchange gain of RM17.88 million in the preceding year on the USD 35 million loan for the acquisition of LAK in 2016. Excluding this item, the investment profit would be RM24.29 million or RM20 million higher compared with that in the preceding year, mainly due to gain on the disposal of available-for-sale investments.

FINANCIAL MATTERS (continued)

- **Plantation Financials**

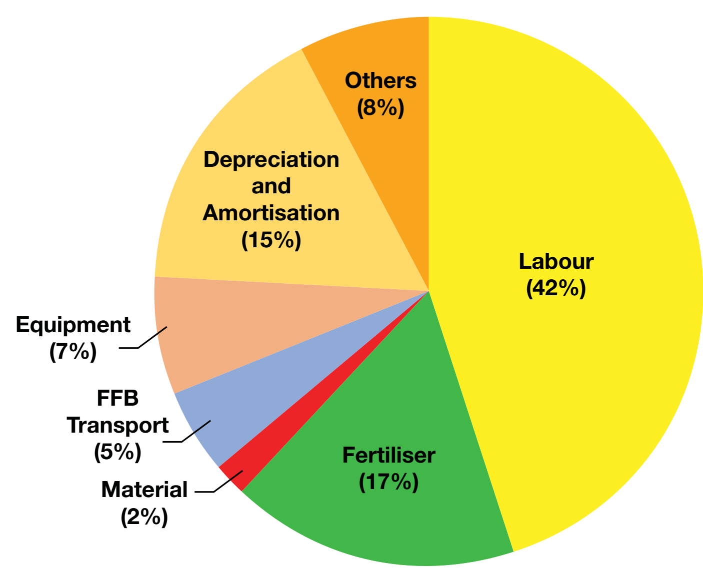
  Malaysian Operations

  Plantation profit of RM85.64 million jumped by 81% from RM47.24 million in the preceding year mainly due to higher average prices of CPO (RM2,832/tonne compared with RM2,207/tonne) and PK (RM2,825/tonne compared with RM1,690/tonne). FFB production edged up by only 2% or 6,229 tonnes. Adverse weather that affected FFB output in the preceding financial year continued into the year under review. Since July 2016, CPO and PK prices have been on an upward trend touching the RM3,000/tonne level in November/December 2016 and continuing into January and February 2017.

  FFB cost of production (ex-estate) for FY2017 increased to RM276/tonne from RM247/tonne in the preceding year. The Group prioritised controlling costs; this included reorganising harvesting operations, optimising use of vehicles as well as instituting quality control for field work and a performance-based payment system.

  Production costs for FY2017 consists of the following components:

FFB PRODUCTION COSTS FY2017

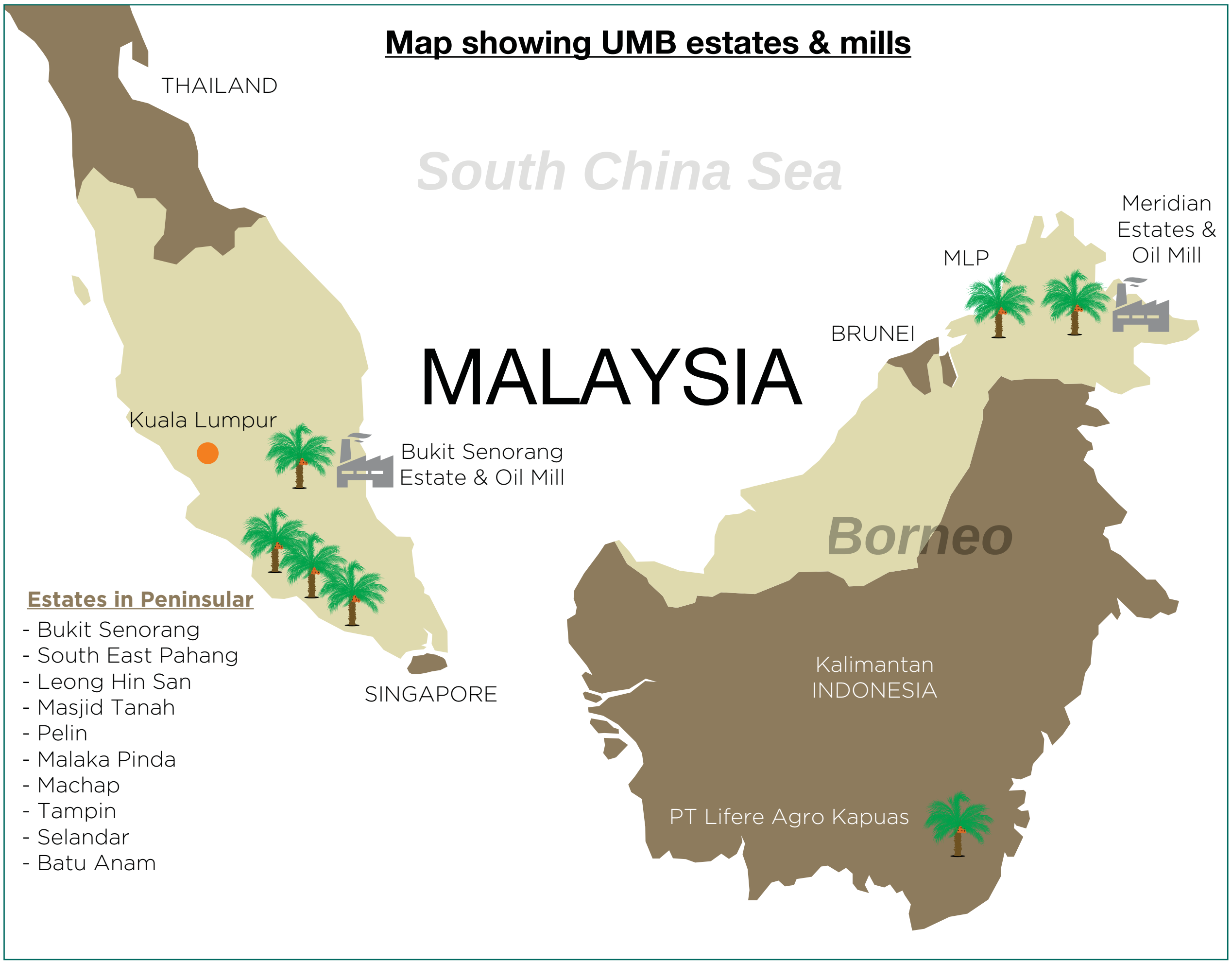


FINANCIAL MATTERS (continued)

- **Plantation Financials (continued)**

  Indonesian Operations

  The Indonesian plantation contributed RM4.24 million in profit from its 1,792 hectares of newly matured palms. Including investments, the Indonesian subsidiary LAK contributed pre-tax profit of RM2.14 million.



REVIEW OF OPERATIONS

Plantation Operations

In FY2017, an additional 985 hectares of oil palms reached maturity, boosting the total matured hectares to 18,407 hectares or 84% of the total planted area in Malaysia. Of the total immature area of 3,390 hectares, 88% are in Sabah which will mature in two years. As at 30 April 2017, overall planted area in Malaysia stood at 21,797 hectares.

REVIEW OF OPERATIONS (continued)

Plantation Operations (continued)

Newly acquired subsidiary LAK in Central Kalimantan has a total land bank of 24,585 hectares, of which 45% or 11,042 hectares have been planted with oil palms. During the period under review, oil palms have matured only in 4,686 hectares. Of the immature area of 6,356 hectares, 5,098 hectares will mature in FY2017. Planting the remaining area is progressing well and planting is targeted to be completed within the next three years. In anticipation of rising FFB output in the next two to three years, preparations are underway for a new mill to be constructed. A licence has been obtained for the mill and land earmarked for the site. Total capital expenditure estimated at USD50 million is expected to be incurred over the next four years for new planting as well as the construction of housing, infrastructure and a palm oil mill.

The breakdown of planted area is shown below:

	Malaysia	**Indonesia**			**Total**
		Inti	**Plasma**	**Total**	
	Ha	Ha	Ha	Ha	Ha
Matured	18,407	1,792	2,894	4,686	23,093
Immature	3,390	4,076	2,280	6,356	9,746
Total planted	**21,797**	**5,868**	**5,174**	**11,042**	**32,839**
Plantable	85			5,710	5,795
Unplantable	2,759			7,833	10,592
Total land bank	**24,641**			**24,585**	**49,226**

Excluding the plasma area, 84% of UMB's oil palms have yet to attain peak productivity. Of the total planted hectarage, 39% of the palms are in prime production (age 8 to 15 years), 18% are on an increasing yield trend (4 to 7 years) and 27% are immature palms of less than 4 years. Only 3% or 852 hectares of palms are more than 20 years while the average age of palms is 8.95 years.

	Malaysia		**Indonesia ***		**Group**	
	Ha	%	Ha	%	Ha	%
< 4 years	3,390	16%	4,076	70%	7,466	27%
4 - 7 years	3,324	15%	1,667	28%	4,991	18%
8 - 15 years	10,680	49%	125	2%	10,805	39%
16 - 20 years	3,551	16%	-	-	3,551	13%
21 - 25 years	852	4%	-	-	852	3%
Total Planted	**21,797**	**100%**	**5,868**	**100%**	**27,665**	**100%**
Average Age	10.55 years		2.98 years		8.95 years	

* Exclude plasma

REVIEW OF OPERATIONS (continued)

Plantation Operations (continued)

UMB faced numerous challenges during FY2017 including the lagged effect of the El Nino phenomenon, labour shortages, a depreciating Ringgit and competition from other vegetable oils. The lagged effect of prolonged dry weather adversely affected FFB production. In FY2017, FFB production from Malaysia totalled 316,792 tonnes, a small increase of 2% compared with the preceding financial year. FFB production in Peninsular Estates was 124,753 tonnes (39%) while output in the Sabah estates totalled 192,039 tonnes (61%).

The Group's Indonesia plantations contributed 19,198 tonnes (2016: 377 tonnes of FFB for the period 1 February to 30 April 2016) from its matured area of 1,792 hectares. With an young average age of 2.98 years, FFB production from LAK is expected to increase significantly in the near future.

Young area in PT LAK

Area view of PT LAK

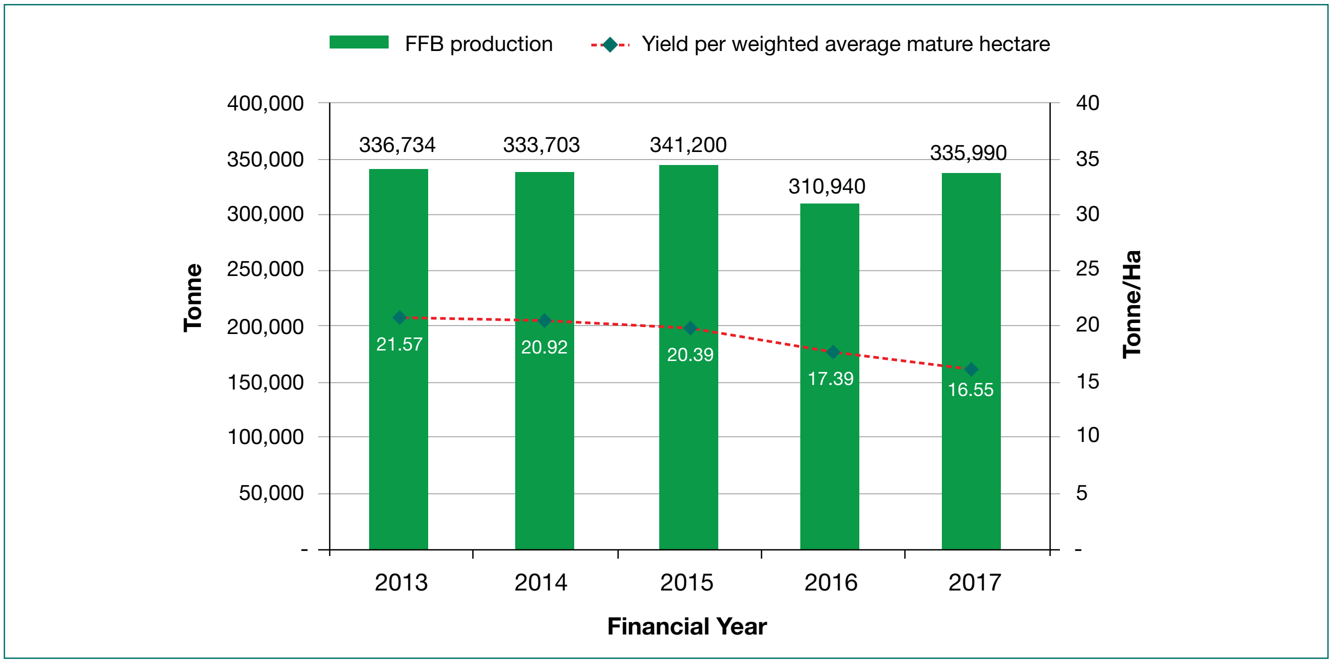
Water management system in PT LAK

Visit to PT LAK by Chairperson and CEO

REVIEW OF OPERATIONS (continued)

Plantation Operations (continued)

GROUP'S FFB PRODUCTION FOR PAST 5 YEARS



Despite the challenges faced, UMB's shift towards rising yields and higher oil extraction rate is expected to continue. The El Nino phenomenon may recur which will affect FFB production 6-12 months later (floral abortion phase) or 20-24 months later (sex determination phase). Therefore, various measures have been implemented to mitigate the negative impact of another dry spell; these include constructing water conservation trenches.

Quality crops from UMB's estates

Drought mitigation initiative

REVIEW OF OPERATIONS (continued)

Plantation Operations (continued)

Notwithstanding the young average palm age of 8.95 years, the Group has drawn up a replanting programme for palms above 20 years – even though this comprises only 4% of the area in Malaysia. For the current year under review, RM1.70 million has been spent on new replanting as well as maintaining immature oil palms planted over 409 hectares. In the current financial year, about 263 hectares of old palms will be replanted. To ensuring high yields, management has stepped up the use high-yielding clonal materials as UMB's main planting material in all future replanting. At present, about 142 hectares of replanted areas are planted with clonal materials. UMB is dedicated to carrying out replanting in a sustainable manner, including a commitment to zero burning to protect the environment.

First stage seedlings in nursery

Replanting with good agronomic practice

To reduce dependency on labour, the Group has implemented mechanisation in most estates in Malaysia. For FFB in-field loading, the Group has 27 units of mini tractors coupled with grabbers and scissor lift trailers as at 30 April 2017 and another 8 units will be purchased in FY2018. The Group has also added 6 units of fertiliser spreaders to mechanise manuring and another 2 units will be purchased in FY2018.

Mechanisation of FFB collection

Manuring Using Fertiliser Spreader

REVIEW OF OPERATIONS (continued)

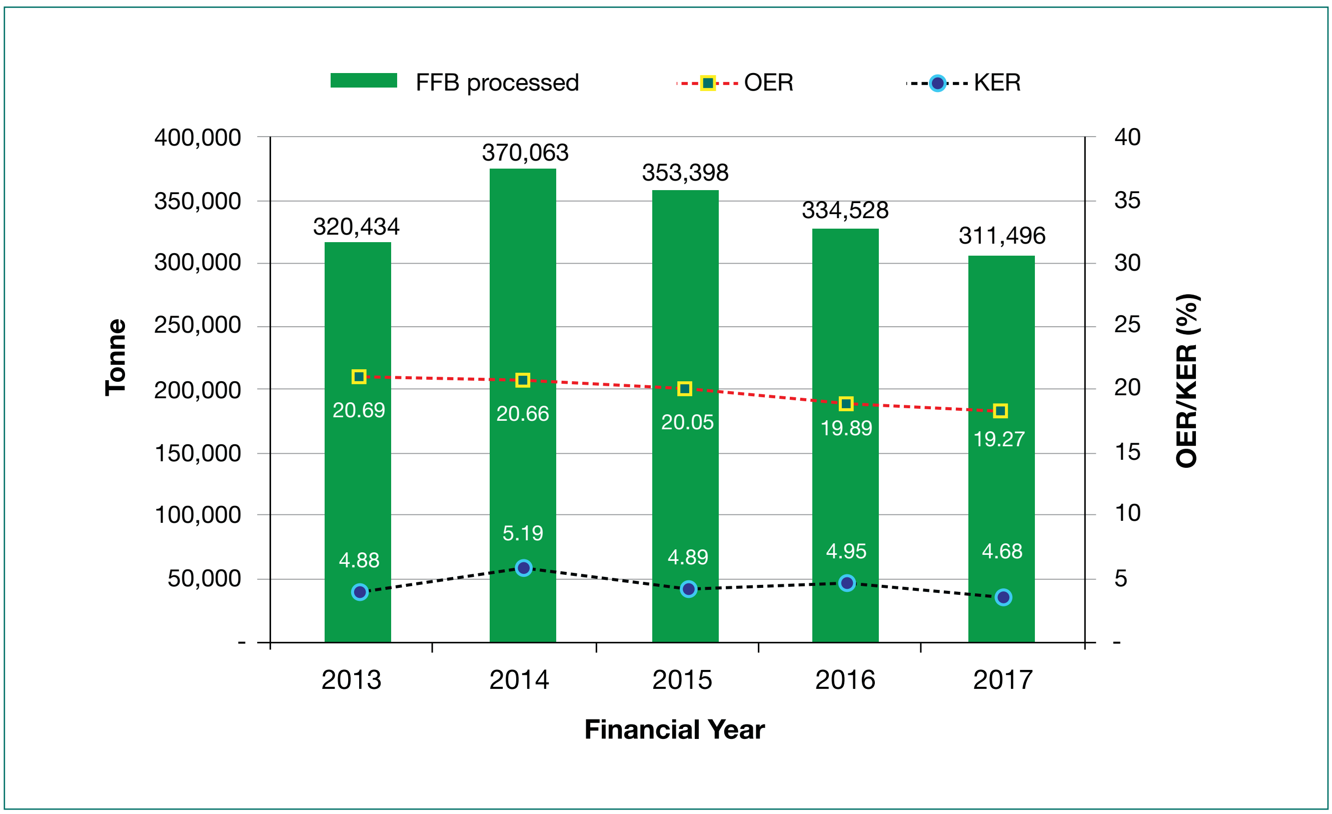
Milling Operations

The Group owns two palm oil mills – Bukit Senorang Palm Oil Mill and Meridian Palm Oil Mill with a total production capacity of 80 tonnes per hour (tph). In FY2017, total FFB processed was 311,496 tonnes, 7% lower compared with 334,528 tonnes in the preceding year. UMB's own FFB accounted for 82% of the total crop processed. Lower FFB processed was due to reduced output from UMB's estates.

Both mills collectively recorded total production of 60,025 tonnes (2016: 66,525 tonnes) of CPO and 14,586 tonnes (2016: 16,566 tonnes) of palm kernel oil with an average 19.27% oil extraction rate (OER) (2016: 19.89%) and a 4.68% kernel extraction rate (KER) (2016: 4.95%) in FY2017. Lower OER was due to inclement weather which affected the quality of FFB.

UMB plans to set up another two oil mills, one in Millian-Labau Plantation in Sabah and another in LAK in Kalimantan with a capacity of 40 tonnes per hour (tph) and 45 tph respectively.

GROUP'S PALM OIL MILL PERFORMANCE FOR PAST 5 YEARS



FORWARD LOOKING STATEMENT

For the financial year ending 30 April 2018, the Group expects better FFB output due to an additional 4,867 hectares coming into maturity – 1,906 hectares from Malaysia and 2,961 hectares from Indonesia. Overall, management targets to achieve an increase of 17% in FFB production with 10% contributed by Malaysia and 7% by Indonesia.

Financially, the Group's performance will be influenced largely by palm oil prices and production costs. The latter includes a significant increase in the cost of recruiting foreign workers and an uptrend in interest rates. Nevertheless, Management will focus on improving labour productivity, enhancing cost efficiency and strengthening estate management practices.

UMB is optimistic about the long-term prospects of palm oil due to a projected increase in world population and higher income per capita. Palm oil is the cheapest and the most efficiently produced vegetable oil in the world. It also possesses superior health qualities as it contains a significant proportion of healthy mono-unsaturated fats, Vitamin E and other anti-oxidant compounds.

To broaden UMB's earning base and reduce its dependence on a single commodity, the Group is exploring diversifying into other crops and increasing its land bank. To facilitate expansion plans, UMB is also focusing on improving the skills and capabilities of its staff through enhanced training while continuing to offer more scholarships for university students.

With expanded planted areas coming into maturity, UMB anticipates escalating production growth in Sabah and Indonesia. Barring unpredictable events such as volatile CPO prices, currency fluctuations and weather conditions, UMB expects satisfactory results in the financial year ending 30 April 2018.

This statement is made in accordance with the resolution of the Board of Directors passed on 26 July 2017.

AT A GLANCE

Towards full certification in UMB plantations everywhere

In Malaysia

Left: briefing on Company policy by Sustainability Executive
Right: briefing on Gap Analysis conducted at MLP Estate by MPOB Auditor

In Indonesia

On-site briefing on ISPO

Group photo of operators with trainer for tractor driver training

Coined by author and world authority on corporate responsibility, John Elkington in 1994, the 3BL or the triple bottom line covers the environmental, social and financial or “planet, people and profit”.

UMB fully subscribes to the philosophy of fair trade, sustainable business and benefits for all stakeholders without exploiting or endangering the environment. Plans have been put in place to move towards full certification both in Malaysia through MSPO (Malaysian Sustainable Palm Oil) certification by 2019 and in Indonesia for the ISPO certification by end of 2018.

Certification means subscribing and implementing the 7 MSPO & ISPO Principles in all our Estates and Mills which evolve around:

- Management commitment and responsibility
- Transparency
- Compliance to legal requirements
- Social responsibility: health, safety and employment conditions
- Environment: natural resources, biodiversity and ecosystem services
- Best practices
- Development of new plantings

The Board see certification as essential in providing tangible and credible assurance that UMB’S FFB meet quality and safety standards and is grown ethically and in an environmentally-friendly manner

Source: www.mpoc.org.my

MANAGEMENT COMMITMENT AND RESPONSIBILITY

UMB’s oil mills and estates in Malaysia are progressing towards 100% certification in line with Code of Good Agriculture and Milling Practice Certification by Malaysian Palm Oil Board (MPOB). For the year under review, all 19 units of our estates and mills have been successfully certified with Code of Good Agriculture Practices (GAP).

The remaining two units are targeted to be certified by June 2017.

An MSPO certification plan covering all operating units in Malaysia has been in place since 2015 and is expected to be fully achieved by 2019.

TRANSPARENCY

disclosure and appropriate scrutiny

UMB is happy to report on its certification progress and current pre-certification practices :

MSPO Progress

UMB has completed the 1st stage of MSPO Audit for its Pahang operations covering Bukit Senorang Estate, and South-East Pahang Estate and the Oil Mill. Based on the audit findings, UMB will take the necessary corrective measures within six months before proceeding to second phase of the audit.

Training and Gap Analysis for MSPO audits is ongoing in the remaining operating centres in Peninsular and Sabah.

On-site discussion with MPOB auditor at South East Pahang Estate's labour quarter (Left) and Bukit Senorang Palm Oil Mill's ramp (Right).

ISPO PROGRESS

Acquired in the previous financial year, PT LAK is moving towards Indonesia Sustainable Palm Oil (ISPO) certification.

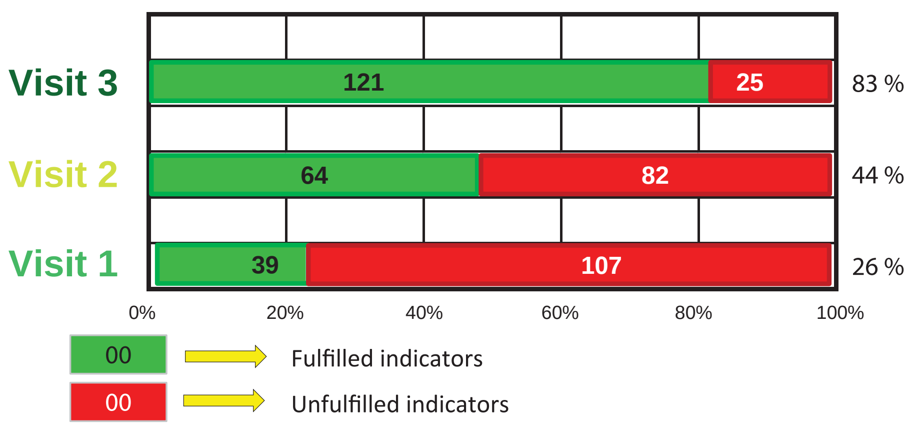


Chart showing the progress of implementation for ISPO Principles

PT LAK has upgraded from grade 4 to grade 2 status which is vital to register for ISPO certification. Registration was effected on 18th March 2017 and the first phase audit is scheduled to begin within six months.

Briefing and distribution of Personal Protection Equipment (PPE) to workers.

Procurement By Tender

Sustainability is embedded in its procurement and tender process. Minimum requirements have been incorporated into tender requirements:

1. Licensing & Ethical clauses

   - All vendors are required to be appropriately licensed and must agree to abide by UMB's ethical clauses included in the Terms and Condition of the Job Contract.
   - All vendors of chemicals must provide information required in the Safety Data Sheet as stated in CLASS Regulation 2013.

SOCIAL RESPONSIBILITY

health, safety and employment conditions

(Left) New semi-D labour quarters at Leong Hin San estate completed in August 2016. (Right) Concrete labour quarters in Meridian estate.

(Left) New labour quarters under construction at Machap estate. (Right) New fertilizer store.

To nurture healthy and long-term staff, UMB provides the following:

1. A happy home environment. UMB has instituted a long-term housing plan to replace old or wooden houses with new concrete units that comply with the Minimum Standards of Housing and Amenities Act.

2. Proper communication channel. All operating units have a uniform Grievance Reporting System. This enables workers to raise concerns relating to housing, workplace and sexual harassment and related community issues that will then be addressed by Estate Manager.

3. Social activities. UMB organises events like Sports Day and Family Day to strengthen the bonds among the employees and to enhance team spirit.

4. Green Earth Project. UMB encourages vegetable farming by staff for their own consumption to improve their diet and health at lower cost.

Green Earth Project is well-promoted in all UMB estates.

Cultural dance performance (Left) and prize-giving ceremony (Right) during Sports Day in MLP Estate.

(Left) CSR programme – Contribution of fund for school repairs by PT LAK. (Right) Distribution of gifts to school children by the Chairperson.

(Left) Ping-pong competition during UMB 2017 Sport Days. (Right) The Football championship was won by MLP team.

Presentation of school bags for Unit Pemukiman Trasmigrasi (UPT) schools in nine villages in Kalimantan.

5. Medical check-up. This is provided to pesticide sprayers, workers involved in manuring as well as store keepers, mandores, water treatment operators and workshop personnel who handle chemicals.

Medical check-up for workers in MLP Estates.

ENVIRONMENT
natural resources, biodiversity and ecosystem services

UMB is increasingly putting in place systems to treat, minimise or otherwise eliminate contamination that would threaten biodiversity in and around our estates:

1. *Water Quality Management*.

   Water is an essential resource to life. UMB minimises contamination risks and treats effluents before discharging into the waterways. UMB ensures the water provided to employees complies with Malaysian National Water Standards. In line with that, water samples are sent to the accredited laboratory.

2. *Waste Management*

   UMB's waste management programme is centred on scheduled waste under the Scheduled Waste Regulation 2005 of Environmental Quality Act 1974.

   Wastes generated by UMB operations must be handled by approved waste disposal contractors.

   Management of scheduled wastes from UMB's estates and mills are subject to strict regulations imposed by the government in accordance with global standards and agreements. Implementation is monitored by Senior Safety Officer and individual operational staff.

3. *Mechanisation*

   UMB has implemented mechanisation wherever possible through the introduction of the mini tractor grabber (MTG) for infield collection of FFB and the mechanised fertiliser spreader.

Water treatment facility in all estates.

On-site training on scheduled waste management by Kualiti Alam

Natural waterways passing through UMB estates are protected through the establishment of riparian buffer zone.

Protection of riparian buffer zone

DRIVING MECHANISATION

(Left) Mechanized fertilizer application. (Right) In-field FFB loading using MTG.

Training and certification of Operators for the machines.

BEST PRACTICES

UMB has put in place the Plantation Micro Macro Program (PMMP) which is an integrated centralized platform linking all operations from estate offices to Head Office in Melaka. This updated platform has allowed the use of a new hand held technology through use of a Tablet for FFB Count and FFB grading. PMMP has been fully implemented in all Peninsular estates and will be expanded to Estates in Sabah.

This allows for immediate corrective action using real time data at the Estates.

This Statement is made in accordance with the resolution of the Board of Directors passed on 22 June 2017.

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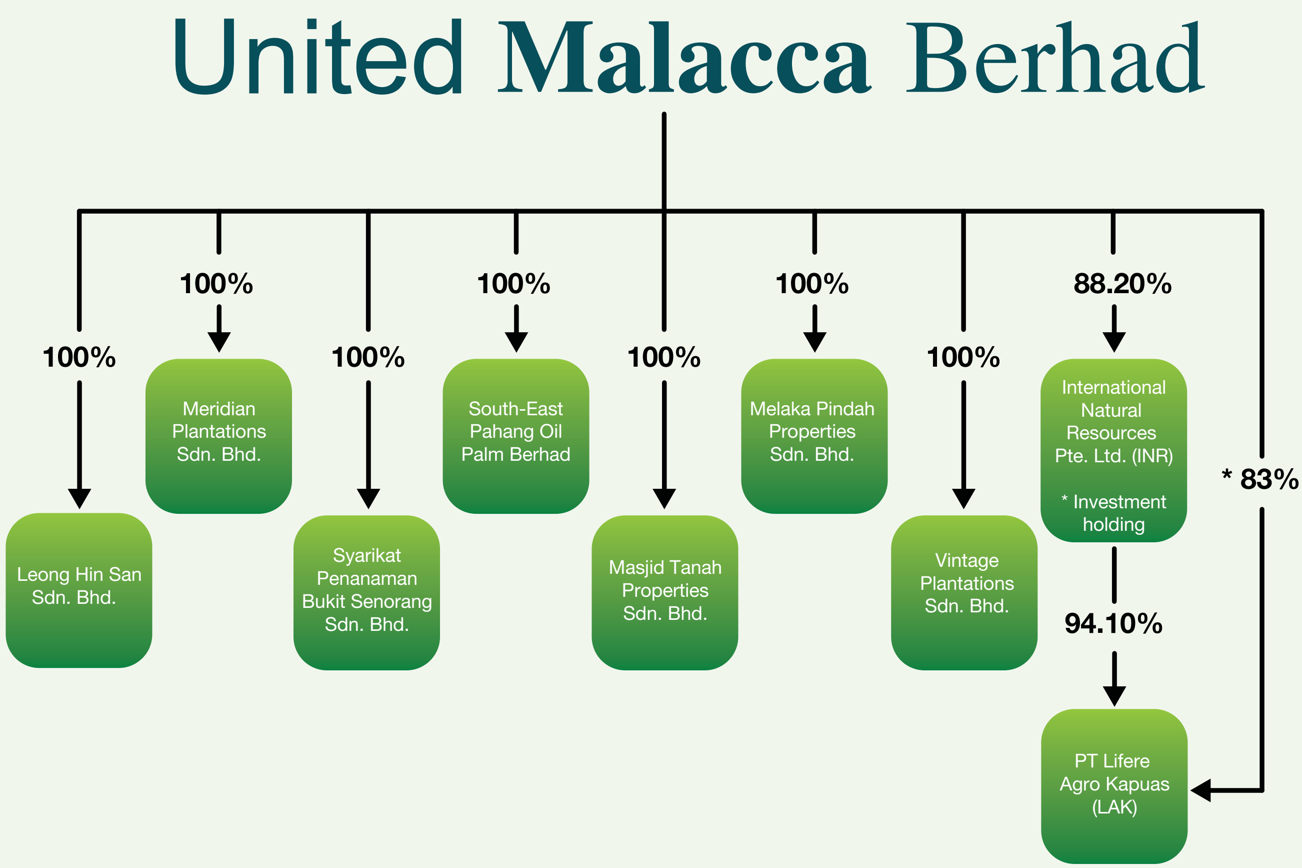
CORPORATE STRUCTURE
AS AT 30 JUNE 2017

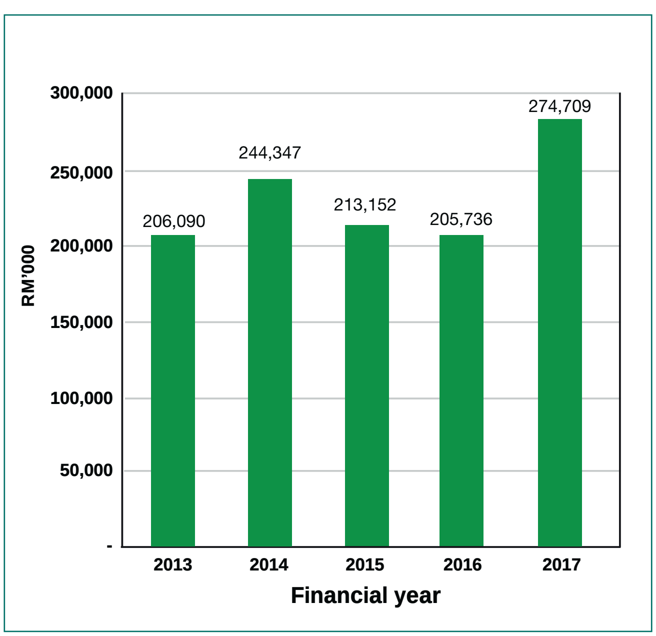


* 83% effective equity interest in LAK via INR.

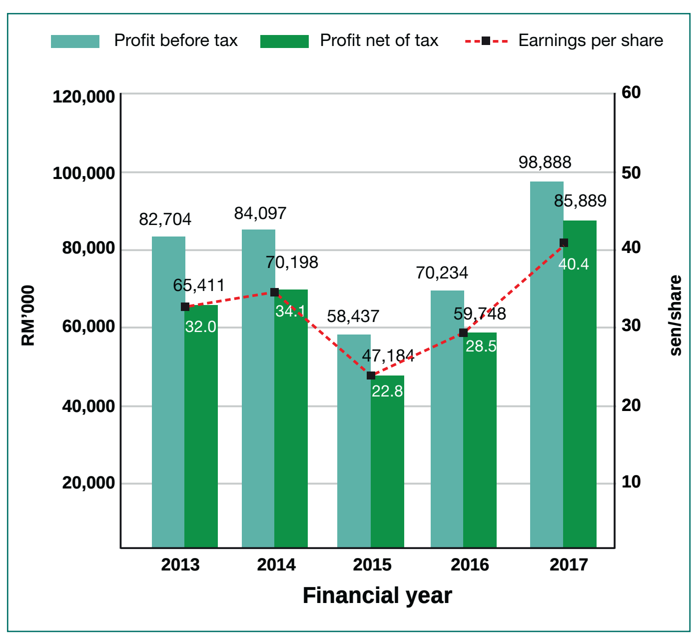
FIVE YEARS' FINANCIAL STATISTICS

	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
REVENUE					
Plantation	**274,709**	205,736	213,152	244,347	206,090
GROUP PROFIT					
Oil palm products	**91,577**	50,276	53,144	73,825	72,788
Replanting expenses	**(1,696)**	(1,830)	(2,596)	(4,179)	(2,870)
Profit from plantation activities	**89,881**	48,446	50,548	69,646	69,918
Gain on disposal of an associate	**-**	-	-	5,675	-
Investment income	**12,893**	23,014	7,889	8,776	8,414
Interest expenses	**(3,886)**	(1,226)	-	-	-
Operating profit	**98,888**	70,234	58,437	84,097	78,332
Share of results of an associate	**-**	-	-	-	4,372
Profit before tax	**98,888**	70,234	58,437	84,097	82,704
Income tax expense	**(12,999)**	(10,486)	(11,253)	(13,899)	(17,293)
Profit net of tax	**85,889**	59,748	47,184	70,198	65,411
Profit net of tax attributable to:					
Owners of the Company	**84,554**	59,572	47,184	70,198	65,411
Non-controlling interests	**1,335**	176	-	-	-
	85,889	59,748	47,184	70,198	65,411
Earnings per share attributable to owners of the Company (sen)	**40.4**	28.5	22.8	34.1	32.0

Revenue



Profit and Earnings per Share



FIVE YEARS' FINANCIAL STATISTICS (continued)

	2017 RM'000	2016 RM'000 (restated)	2015 RM'000	2014 RM'000	2013 RM'000
ASSETS					
Property, plant and equipment	**693,912**	683,930	681,453	692,545	685,060
Biological assets	**991,901**	954,671	846,483	827,418	803,422
Prepaid land lease payments	**132,527**	133,047	11,355	11,829	10,254
Investment property	**-**	1,147	1,054	1,040	960
Goodwill on consolidation	**82,474**	82,474	18,628	18,628	18,628
Available-for-sale investments	**-**	21,272	25,002	47,418	57,105
Current assets	**238,420**	190,239	230,323	211,949	166,016
Non-current assets held for sale	**-**	-	-	-	31,536
Total assets	**2,139,234**	2,066,780	1,814,298	1,810,827	1,772,981
EQUITY AND LIABILITIES					
Equity					
Issued and paid-up share capital	**209,494**	209,221	207,719	206,503	205,109
Capital reserves	**882,963**	893,844	897,275	895,596	897,977
Revenue reserves	**660,958**	605,586	575,175	573,858	543,038
Equity attributable to owners of the Company	**1,753,415**	1,708,651	1,680,169	1,675,957	1,646,124
Non-controlling interests	**46,414**	42,412	-	-	-
Total equity	**1,799,829**	1,751,063	1,680,169	1,675,957	1,646,124
Liabilities					
Term loan	**152,270**	136,896	-	-	-
Retirement benefit obligation	**365**	-	-	-	-
Deferred tax liabilities	**147,190**	152,568	111,605	111,661	105,232
Current liabilities	**39,580**	26,253	22,524	23,209	21,625
Total liabilities	**339,405**	315,717	134,129	134,870	126,857
Total equity and liabilities	**2,139,234**	2,066,780	1,814,298	1,810,827	1,772,981
FINANCIAL STATISTICS					
Earnings per share (sen)	**40.4**	28.5	22.8	34.1	32.0
Gross/Net dividend per share (sen)	**23.0**	16.0	16.0	26.0	21.0
Net dividend yield per share (%)	**3.7**	2.7	2.5	3.6	2.9
Return on average total assets (%)	**4.1**	3.1	2.6	3.9	4.5
Return on average equity (%)	**4.8**	3.5	2.8	4.2	4.8
Price earnings ratio (times)	**15.3**	20.9	28.0	20.9	22.8
Net assets per share (RM)	**8.4**	8.2	8.1	8.1	8.0
Share price as at financial year end (RM)	**6.18**	5.96	6.38	7.13	7.30
Debt/Equity (%)	**8.5**	7.8	N/A	N/A	N/A

GROUP TITLED AREA STATEMENT
AS AT 30 APRIL 2017

In Hectares	2017			2016			2015	2014	2013
	Malaysia	Indonesia	Total	Malaysia	Indonesia	Total	Malaysia	Malaysia	Malaysia
Oil Palm									
Mature	**18,407**	**1,792**	**20,199**	17,827	124	17,951	16,698	15,940	15,614
Immature	**3,390**	**4,076**	**7,466**	4,351	5,205	9,556	5,713	6,396	6,047
	21,797	**5,868**	**27,665**	22,178	5,329	27,507	22,411	22,336	21,661
Oil Palm (Plasma)									
Mature	**-**	**2,894**	**2,894**	-	102	102	-	-	-
Immature	**-**	**2,280**	**2,280**	-	5,072	5,072	-	-	-
	-	**5,174**	**5,174**	-	5,174	5,174	-	-	-
Total Planted Area	**21,797**	**11,042**	**32,839**	22,178	10,503	32,681	22,411	22,336	21,661
Development in progress	**-**	**-**	**-**	-	-	-	-	-	442
Plantable area	**85**	**5,710**	**5,795**	-	6,497	6,497	40	40	255
Unplantable area	**2,759**	**7,833**	**10,592**	2,463	7,585	10,048	2,190	2,265	2,217
	2,844	**13,543**	**16,387**	2,463	14,082	16,545	2,230	2,305	2,914
Total Group Titled Area	**24,641**	**24,585**	**49,226**	24,641	24,585	49,226	24,641	24,641	24,575

FIVE YEARS' PLANTATION STATISTICS

	2017	2016	2015	2014	2013
ESTATES					
FFB production (tonne)					
- Malaysian operations	**316,792**	310,563	341,200	333,703	336,734
- Indonesian operations	**19,198**	377 *	-	-	-
Yield per weighted average mature hectare (tonne/ha)					
- Malaysian operations	**17.11**	17.40	20.39	20.92	21.57
- Indonesian operations	**10.72**	3.03 *	-	-	-

* 3 months production.

	2017	2016	2015	2014	2013
MILLS					
FFB processed (tonne)	**311,496**	334,528	353,398	370,063	320,434
Production					
- Crude palm oil (tonne)	**60,025**	66,525	70,850	76,455	66,299
- Palm kernel (tonne)	**14,586**	16,566	17,270	19,221	15,621
Oil extraction rate (OER) (%)	**19.27**	19.89	20.05	20.66	20.69
Kernel extraction rate (KER) (%)	**4.68**	4.95	4.89	5.19	4.88
AVERAGE SELLING PRICE					
Crude palm oil (RM/tonne)	**2,832**	2,207	2,265	2,485	2,516
Palm kernel (RM/tonne)	**2,825**	1,690	1,639	1,624	1,337
FFB (RM/tonne)	**585**	429	433	489	484

AUDIT COMMITTEE REPORT

1. 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 2017.

2. COMPOSITION

The Audit Committee was established since January 1991 to report to the Board of Directors, *inter alia*, on the independence of External Auditors, financial reporting compliance with Listing Requirements, Accounting Conventions and Reporting Standards including adequacy of disclosures to stockholders.

It oversees risk management and internal control issues in the Group and also serves as a conduit between Directors, External and Internal Auditors, Senior Management on all matters related to its scope of work. It comprises the following members:

Chairman : Dato' Tan Ang Meng [(a)]
(Independent Non-Executive Director)

Tan Sri Dato' Ahmad bin Mohd Don [(b)]
(Independent Non-Executive Director)

Members : Datin Paduka Tan Siok Choo
(Non-Independent Non-Executive Director)

Mr Teo Leng
(Independent Non-Executive Director)

[(a)] Resigned as Chairman and Member of the Audit Committee on 23 September 2016.
[(b)] Appointed as Chairman of the Audit Committee on 23 September 2016.

(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) Members of the Audit 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.

2. COMPOSITION (continued)

(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.

(v) The term of office and performance of the Audit Committee are reviewed by the Board of Directors periodically to determine whether members of the Audit Committee have carried out their duties in accordance with the terms of reference.

3. AUTHORITY

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

(i) Investigate any matter within its terms of reference.

(ii) Full and unrestricted access to any information pertaining to the Company including access to resources.

(iii) Obtain external legal or other independent professional advice.

(iv) Granted resources required to perform its duties.

(v) Communicate directly with the External Auditors and person(s) carrying out the internal audit function or activity, and the Senior Management of the Group.

(vi) Convene meetings with the External Auditors, the person(s) carrying out the internal audit function or activity or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

The key functions of the Audit Committee are stated in the AC's Terms of Reference which can be viewed at UMB website.

4. MEETINGS

The Audit Committee met on five (5) occasions during the FY2017 and the attendance of each member of the Audit Committee is as follows:

Directors	No Of Meetings Attended During Director's Tenure In Office
Dato' Tan Ang Meng	3 out of 3
Tan Sri Dato' Ahmad bin Mohd Don	5 out of 5
Datin Paduka Tan Siok Choo	5 out of 5
Mr Teo Leng	5 out of 5

The Company Secretary acts as Secretary to the Audit Committee. Minutes of each meeting are kept and circulated to the Audit Committee members and to all other Directors. 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 meetings at any time at his discretion. Upon request by the External Auditors, the Chairman shall convene a meeting of the Audit Committee to consider any matter the External Auditors believe should be brought to the attention of the Board of Directors or Stockholders.

(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 Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, External Auditors and the person(s) carrying out the internal audit function or activity shall attend meetings by invitation of the Audit Committee.

5. OVERVIEW ON WORK OF THE COMMITTEE

The Audit Committee reports to the Board of Directors and uses a comprehensive work plan, which identifies 4 areas of work: reporting compliance with Listing Requirements, effectiveness of the Internal Audit function, Risks & Internal Control issues and Special Areas.

During the FY2017, the Committee had reviewed and assessed the following:

5.1 Reporting Compliance To Listing Requirements

5.1.1 Quarterly financial results to be announced to Bursa Malaysia Securities Berhad comply with the Listing Requirements For Revamped Quarterly Reports on changes in or implementation of major accounting policies, significant and unusual events.

5.1.2 Presentation of the annual audited financial statements are in line with the spirit of the new framework for corporate governance to promote greater transparency and disclosure to provide better insight into the operations of the Group.

5. OVERVIEW ON WORK OF THE COMMITTEE (continued)

5.1 Reporting Compliance To Listing Requirements (continued)

5.1.3 Audit reports and observations made by External Auditors on the audited financial statements and the appropriate Management response.

5.1.4 Annual Audit Plan for FY2017 comprising the audit scope, programme, functions, resource requirements, audit reports and recommended actions to be taken by Management, and its implementation.

5.1.5 Proposed fees of the External Auditors for FY2017.

5.1.6 Related party transactions, if any, and conflict of interest situations.

5.1.7 Draft Audit Committee Report for disclosure in the Group's Annual Report.

5.2 Effectiveness Of The Internal Audit Function

5.2.1 The primary role of the internal audit function is to review the adequacy and effectiveness of the Group's systems of internal control and is performed with impartiality, proficiency and due professional care, and governed by the Internal Audit Charter and internal auditing standard practices.

5.2.2 Internal Audit Department adopts a risk based auditing approach by focusing on identified high risk areas for compliance with control policies and procedures, identifying business risks that have not been appropriately addressed and evaluating the adequacy and integrity of controls.

5.2.3 For the Sabah operations, an internal audit team has been established in Millian Labau Plantations, Keningau since September 2012.

5.2.4 During the financial year, a new Internal Audit Team was established for the newly acquired estates in Kalimantan, Indonesia.

5.2.5 In compliance with Paragraph 30, Appendix 9C of the Bursa Malaysia Securities Berhad's Listing Requirements, the Group has in place an Internal Audit Department headed by a Senior Manager, Manager and Senior Assistant Manager, and supported by five (5) Executives. The Senior Manager and Senior Assistant Manager are registered members of The Institute of Internal Auditors Malaysia.

5.2.6 The total cost incurred in managing the internal audit function during the financial year ended 30 April 2017 was RM552,260 [2016: RM437,503]. The higher cost incurred this financial year was due to additional staff in the Internal Audit Department in Malaysia and Indonesia.

5. OVERVIEW ON WORK OF THE COMMITTEE (continued)

5.2 Effectiveness Of The Internal Audit Function (continued)

5.2.7 Summary of work done by the Internal Audit Department in accordance with the approved Annual Audit Plan covers:

(i) auditing the Group's operating units, including its subsidiaries, to ensure compliance with internal control procedures, highlighting control weaknesses and offering advice to ensure more effective and efficient use of resources within the Company.

(ii) facilitate improvement of business processes within the Group and its subsidiaries.

(iii) establishing follow-up processes to address issues reported in previous audit visits.

(iv) drafting the Audit Committee Report and Statement on Internal Controls for disclosure in the Group's Annual Report.

(v) reviewing and verifying the allocation of share options under the Employee Share Option Scheme.

(vi) conducting investigation audits or ad-hoc reviews of specific areas that affect financial reporting or threatens the security of the Company's assets.

5.2.8 In total, Internal Audit Department issued 38 audit reports covering the operations in the Head Office, estates and palm oil mills in Peninsular Malaysia, Sabah and Indonesia. It included one special investigation audit carried out at the request of Management.

5.2.9 Follow up audit reviews were also carried out to monitor and ensure audit recommendations were implemented. Internal Audit focused was on high risk areas such as stores and manuring, FFB collection and despatch, estate payroll, vehicle operating cost, FFB quality and mill operations.

5.3 Risk and Internal Control Matters

5.3.1 Adopt the Group Risk Management Committee quarterly report on the risk profiles and Management Action Taken.

5.4 Special Item

Two (2) private sessions were held with the External Auditors on 15 August 2016 and 28 March 2017 respectively without the presence of Management to discuss issues or significant matters that the External Auditors wished to raise.

The External Auditors also provided written assurance of their independence as stated in their Audit Engagement Letter dated 1st March 2017 to the Audit Committee that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

This report is made in accordance with a resolution of the Board of Directors dated 22 June 2017.

INTRODUCTION

UMB is committed to adopting the highest standards of corporate governance based on the Principles and Best Practices set out in the Malaysian Code on Corporate Governance ("the Code").

Pursuant to Paragraph 15.25 of the Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements"), the Board is pleased to report that it has fully complied with the spirit and letter of the Principles of the Code for the financial year ended 30 April 2017.

PRINCIPLE 1 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

The Board has formulated a Board Charter to clarify the role of the Board and Management by listing matters specifically reserved for the Board and the powers delegated to the Committees and the CEO.

The Board is assisted by 6 Committees viz the Audit Committee, the Nomination Committee, the Remuneration Committee, the Board Tender Committee, the Diversification and Strategic Investment Committee and the Scholarship Committee.

Specific responsibilities have been delegated to these Committees which operate within clearly defined terms of reference and in compliance with the recommendations of the Malaysian Code on Corporate Governance.

Chairmanship of the Audit and other Committees are regularly rotated amongst its members once every 5 years.

The respective roles of the Chairperson and the CEO are clearly defined. The former is responsible for conceptualising corporate strategy as well as the conduct, governance and effectiveness of the Board, while the latter is responsible for the development and implementation of strategy and managing the day-to-day operations of the Group.

The Board Charter is available at the Group's website at *www.unitedmalacca.com.my*

Directors have easy and full access to information and advice. They receive Board papers by courier at least five working days before board and committees meetings to give them sufficient time to consider issues to be discussed at the meetings.

The CEO briefs the Board members on the progress of the Group's operations and provides updates on developments in the plantation industry. Senior management staff and external advisors may be invited to provide Directors with relevant information.

The CEO regularly updates the Chairperson and the Board members about current developments. Directors also visit Group estates to enhance their understanding of operational issues.

Directors have full access to the Company Secretary and Senior Management. They are also entitled to seek independent professional advice relating to their role as directors, at the Company's expense, with the approval of the Chairperson.

PRINCIPLE 2 STRENGTHEN COMPOSITION

The Board's composition complies with the requirements of the Code and paragraph 15.02 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

There are six Directors, comprising the Chairperson who is a Non-Independent Non-Executive Director and five other Independent Non-Executive Directors.

The Board does not have a formal gender diversity policy as it subscribes to a policy of non-discrimination. Equal opportunity is offered to all deserving employees. UMB also gives priority to recruiting and retaining the best available talent regardless of gender.

Two out of six directors are women, representing 33% of the Board composition. Among Senior Management, the Chief Financial Officer, the Company Secretary and the Head of Human Resources are women.

Article 118 of the Company's Articles of Association states at least one-third of the Directors or the number nearest to but not exceeding one-third, should retire by rotation at each Annual General Meeting and that all Directors shall retire once in every three consecutive years.

Article 124 also states a Director who is appointed by the Board during the year shall be subject to election at the next Annual General Meeting held following his or her appointment.

Names of Directors seeking for re-election at the forthcoming Annual General Meeting are disclosed in the Notice of Annual General Meeting in this Annual Report.

On 3 January 2017 Dato Dr. Nik Ramlah Binti Nik Mahmood was appointed an Independent Non-Executive Director of UMB while Mr. Ong Keng Siew was similarly appointed on 19 January 2017. Their entry provides the Board with additional knowledge, experience and skills in finance and accounting, law and corporate governance.

The Board has adopted the Directors' Code of Ethics that aims to:

- Establish a standard of ethical behaviour for directors based on trustworthiness.
- Uphold the ethos of corporate social responsibility in line with regulations and core values of the Group.

The said Code of Ethics is available for reference at *www.unitedmalacca.com.my*.

The Nomination Committee oversees the composition, appointment, retirement, re-election, re-appointment of directors as well as their independence and performance.

Each year, the Nomination Committee reviews the composition and size of the Board to facilitate its appropriateness.

The Nomination Committee also assesses annually the independence of the Independent Directors and the annual performance of the CEO.

PRINCIPLE 2 STRENGTHEN COMPOSITION (continued)

The Nomination Committee comprises the following members:-

Chairman Mr. Tan Jiew Hoe
Independent Non-Executive Director

Members Tan Sri Dato' Ahmad Bin Mohd Don
Independent Non-Executive Director

Mr. Teo Leng
Independent Non-Executive Director

Terms of reference of the Nomination Committee are available at www.unitedmalacca.com.my.

During the year ended 30 April 2017, the Nomination Committee conducted four meetings and the attendance of each member is as follows:-.

Nomination Committee	Attendance
Mr. Tan Jiew Hoe, Chairman	4 out of 4 meetings
Tan Sri Dato' Ahmad Bin Mohd Don	4 out of 4 meetings
Mr. Teo Leng	4 out of 4 meetings

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 to comply with regulatory and statutory obligations.

The profiles of the Directors are set out in this Annual Report on pages 8 to 13.

PRINCIPLE 3 REINFORCE INDEPENDENCE

Independent Directors are required to be independent of management and free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgement taking into account the interest of the Group, the shareholders, employees, customers and communities where the Group's plantations and oil mills are located.

Although committed to the progressive renewal of members of the Board and the recommendations of the Code, the Board believes a Director's independence cannot be determined solely on tenure, because this could result in a significant loss of experience of Directors who contribute significantly to the Group.

Two Directors, Tan Sri Dato' Ahmad Bin Mohd Don and Mr. Tan Jiew Hoe have served on the Board for more than 9 years.

Their length of service has not interfered with their independent judgement and the discharge of their roles as Independent Directors during the financial year ended 30 April 2017.

The Board is of the opinion that both Directors possess unique expertise and offer independent and objective judgement to the Board's deliberations. Their position as directors has not been compromised by their familiarity and long relationship with some Board members.

In line with the recommendation of MCCG, the Board will seek the approval of the shareholders at the forthcoming Annual General Meeting for Tan Sri Dato' Ahmad Bin Mohd Don and Mr. Tan Jiew Hoe to continue as Independent Directors.

PRINCIPLE 4 FOSTER COMMITMENT

The Board has put in place a Remuneration Committee that views and recommends the Remuneration for the Chairperson and Directors, the CEO and key senior management.

Individuals involved are required to abstain from discussing their own remuneration at Board meetings. Fees paid to Directors are subject to approval of shareholders at the Annual General Meeting.

The Remuneration Committee comprises the following members:-

Chairman Tan Sri Dato' Ahmad Bin Mohd Don
Independent Non-Executive Director

Members Datin Paduka Tan Siok Choo
Non-Independent Non-Executive Director

Mr. Tan Jiew Hoe
Independent Non-Executive Director

The terms of reference of the Remuneration Committee are available at *www.unitedmalacca.com.my*.

The Remuneration Committee held two meetings during the year ended 30 April 2017 and the attendance of each member is as follows:-

Remuneration Committee	Attendance
Tan Sri Dato' Ahmad Bin Mohd Don, Chairman	2 out of 2 meetings
Datin Paduka Tan Siok Choo	2 out of 2 meetings
Mr. Tan Jiew Hoe	2 out of 2 meetings

The quantum of fees paid to the members of the Board and Board Committees in respect of the financial year ended 30 April 2017 was as follows:-

Fee Structure	Board	Audit Committee	Diversification & Strategic Investment Committee	Nomination, Remuneration, United Malacca Scholarship and Board Tender Committees
Chairperson	RM80,000	RM24,000	RM12,000	RM12,000
Director	RM40,000	RM12,000	RM8,000	RM6,000
Meeting Allowance (per attendance)	RM1,000	RM1,000	RM1,000	RM1,000

The aggregate remuneration of the Chairperson and Directors for the financial year ended 30 April 2017 which was approved by shareholders at the 102nd Annual General Meeting categorised into appropriate components and bands of RM50,000 are as disclosed in Note 13 on pages 124 to 125.

PRINCIPLE 4 FOSTER COMMITMENT (continued)

All Board meetings are scheduled in advance at the beginning of each calendar year to enable Directors to maximise their attendance. At least four (4) Board meetings are held annually with additional meetings convened as and when necessary to discuss special or major issues.

During the financial year ended 30 April 2017, the Board held six meetings. As required by Paragraph 15.05 of the Bursa Malaysia Securities Berhad's Listing Requirements, all Directors have complied with the minimum 50% attendance.

Name of Director	Attendance
Datin Paduka Tan Siok Choo, Chairperson	5 out of 6 meetings
Tan Sri Dato' Ahmad Bin Mohd Don	6 out of 6 meetings
Mr. Tan Jiew Hoe	6 out of 6 meetings
Mr. Teo Leng	6 out of 6 meetings
Dato' Tan Ang Meng (*resigned as director on 23.09.2016)*	4 out of 4 meetings
Dato Dr. Nik Ramlah Binti Nik Mahmood *(appointed as director w.e.f. 03.01.2017)*	1 out of 1 meeting
Mr. Ong Keng Siew *(appointed as director w.e.f. 19.01.2017)*	1 out of 1 meeting

Directors' attendance at Training programmes:

Name of Director	Conference / Seminar / Workshop
Datin Paduka Tan Siok Choo	Sunway University - Jeffrey Cheah Distinguished Speakers Series by Professor Khaw Kay-Tee
	Sunway University – Talk on The World Economy
	ISIS Malaysia - Roundtable on The Future of Think Tanks & Nation Building in Malaysia
	Bursa Malaysia - Breakfast Series For Directors entitled "Improving Board Risk Oversight Effectiveness"
	ISIS Malaysia - The US 2016 Elections & their Implications for Asia Policy
	Jeffrey Cheah Institute on Southeast Asia - Talk on Reimagining Southeast Asia by Professor Mari Elka Pangestu
	Bursa Malaysia - Nominating Committee Programme Part 2 on Effective Board Evaluations
	Tan Sri Andrew Sheng - Talk on global economic developments & Brexit
	Tan Sri Andrew Sheng – Implication of Trump on the Asian Supply Chain and Investment Environment
	London School of Economy - Econs & Leadership Forum
	Khazanah Megatrends Forum 2016
	London School of Economy - Talk on Brexit

PRINCIPLE 4 FOSTER COMMITMENT (continued)

Name of Director	Conference / Seminar / Workshop
Datin Paduka Tan Siok Choo	Malaysian Palm Oil Board (MPOB) – Palm Oil Economic Review & Outlook Seminar Bank Negara Malaysia - Financial Institutions Directors' Education (FIDE) –Forum dialog on Economics & Financial Services Sector: Trends & Challenges Moving Forward
Tan Sri Dato' Ahmad Bin Mohd Don	Tan Sri Andrew Sheng – Implication of Trump on the Asian Supply Chain and Investment Environment
Mr. Tan Jiew Hoe	Bursa Malaysia Sustainability Forum 2017: The Velocity of Global Change & Sustainability – The New Business Model Tan Sri Andrew Sheng – Implication of Trump on the Asian Supply Chain and Investment Environment
Mr. Teo Leng	Centre For Management Technology - 8th Asia Sustainable Oil Palm Summit 28th Annual Palm & Lauric Oils Price Outlook Conference & Exhibition (POC 2017) Seminar on Companies Act 2016 Malaysian Palm Oil Board (MPOB) Program Advisory Committee (PAC) and PAC Seminar Tan Sri Andrew Sheng – Implication of Trump on the Asian Supply Chain and Investment Environment
Dato Dr. Nik Ramlah Binti Nik Mahmood	PNB Investment Institute – Value Creation: Creating a Customer Focused Organisation by Professor Salvatore Cantale Breakfast Talk with ACGA: CG Watch 2016 – Ecosystems Matter Tan Sri Andrew Sheng – Implication of Trump on the Asian Supply Chain and Investment Environment The International Organisation of Securities Commissions (IOSCO) & Securities Commission Malaysia – Global Emerging Markets Regulatory Conference

PRINCIPLE 4 FOSTER COMMITMENT (continued)

Name of Director	Conference / Seminar / Workshop
Mr. Ong Keng Siew	Breakfast Talk with ACGA: CG Watch 2016 – Ecosystems Matter Busatra Sdn. Bhd. - Remuneration Committee: Attracting and Retaining the Best Talents Tan Sri Andrew Sheng – Implication of Trump on the Asian Supply Chain and Investment Environment Bursa Malaysia – Sustainability Engagement Series for Directors & CEO by Professor Philip Anderson of INSEAD

External Auditors update the Board on new accounting standards as well as changes in financial reporting requirements and regulatory environment while Director, Mr. Teo Leng, who sits on the Council of the Malaysian Palm Oil Association, updates the Board on new developments affecting the plantation industry.

PRINCIPLE 5 UPHOLD INTEGRITY IN FINANCIAL REPORTING

In preparing the financial statements of the Group and Company, the Directors ensure appropriate accounting policies are consistently applied, supported by reasonable and prudent judgement, all applicable and approved accounting standards are followed and any material departure from accounting standards is disclosed and explained in the financial statements.

The Audit Committee scrutinises information for disclosure to ensure appropriate compliance.

The Internal Auditor is empowered and encouraged to make surprise visits to estates, palm oil mills and administrative units.

Both internal and external auditors attend all Audit Committee meetings.

During the financial year under review, the Audit Committee met with the external auditors twice without the presence of Management to encourage free and honest exchange of views and opinions between parties.

UMB's External Auditor Independence Policy outlines how the Audit Committee reviews, assesses and monitors the performance, suitability and independence of the Group's External Auditor.

This External Auditor Independence Policy can be downloaded from the Company's website at www.unitedmalacca.com.my.

A summary of the activities of the Audit Committee during the year, including evaluating the independent audit process, is set out in the Audit Committee Report on pages 49 to 53.

PRINCIPLE 5 UPHOLD INTEGRITY IN FINANCIAL REPORTING (continued)

To enhance work ethics, the Board recognises effective whistleblowing arrangements are key components of good governance. A Whistleblowing Policy has been established to encourage employees to raise genuine concerns of wrongdoing, corruption and instances of fraud, waste and / or abuse of corporate resources.

This Whistleblowing Policy is accessible through the Company's website at *www.unitedmalacca.com.my*.

For the year under review, Directors have taken reasonable steps to safeguard the assets of the Group and Company as well as to detect and minimise fraud and other irregularities.

PRINCIPLE 6 RECOGNISE AND MANAGE RISKS

The Board has instituted and strengthened an internal audit unit and a risk management committee to identify, evaluate and manage the significant risks faced by the Group throughout the financial year.

The Statement on Risk Management and Internal Control as set out in pages 63 to 70 provides an overview of the Group's state of internal controls.

PRINCIPLE 7 ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board is committed to ensuring accurate and timely dissemination of information through prompt corporate announcements and timely release of quarterly financial results to Bursa Malaysia as well as the distribution of interim and annual reports to shareholders.

PRINCIPLE 8 STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Board is committed to providing all investors full and timely access to the Group's affairs through its website *www.unitedmalacca.com.my*.

At the AGM, shareholders are briefed on the group's activities and strategy for the future. This is followed by a question and answer session between the shareholders on one hand and the Chairperson, Directors and Senior Management on the other hand.

Senior Management also meets institutional investors and research analysts to brief them about the Group's operations.

Tan Sri Dato' Ahmad Bin Mohd Don, is the Senior Independent Non-Executive Director assigned to handle enquiries and concerns of shareholders and employees.

This Statement is made in accordance with the resolution of the Board of Directors passed on 22 June 2017.

OTHER INFORMATION

PURSUANT TO THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITES BERHAD

1. Utilisation of Proceeds

There were no rights issue or issuance of bonds carried out during the financial year ended 30 April 2017 to raise any cash proceeds. However, the Company has issued 49,000 ordinary shares under the Employee Share Option Scheme (“ESOS”) for a cash consideration of RM251,000 during the financial year. The proceeds arising from the exercise of the share options pursuant to the ESOS were utilized for working capital purposes.

2. Non-Audit Fees

During the financial year under review, the Group’s non-audit fees paid or payable to the external auditors amounted to RM79,000 (please refer to page 123 of the audited financial statements).

3. Material Contracts Involving Directors and Major Shareholders

There is no material contract involving the Company and its subsidiaries with directors, Chief Executive who is not a director or major shareholders of the Company either still subsisting at the end of the financial year ended 30 April 2017 or entered into since the end of that financial year.

RISK MANAGEMENT: A TRIPLE LINE OF DEFENCE

1. Manages Day To Day Risk At Business Units
2. Anticipates Risk
3. Provides assurance Risk & Internal Control Systems are in place

1. INTRODUCTION

The Board of Directors of United Malacca Berhad views seriously risk issues. To safeguard shareholders' investment and the Group's assets, the Group has instituted a Risk Management Framework and an Internal Control System.

The Board believes any system of risk management and internal controls can only mitigate risks. Accordingly, the Risk Management Framework can only provide reasonable – and not absolute – assurance against any form of risks due to negligence, fraud and other factors beyond the Group's control.

mitigate vs eliminate

2. RISK MANAGEMENT

2.1. Risk Management Framework

2.1.1 An Enterprise Risk Management (ERM) framework has been instituted since 2002.

Through Risk Management Policies and Procedures, significant risks are continuously identified, appropriate controls instituted and adopted by Management to ensure risk profiles are acceptable to the Group. UMB also established functional responsibilities and management accountability.

significant risks continuously identified

2.1.2 UMB has put in place a triple line of defence to filter and address risks at three key levels.

1st Line of Defence *Monitoring Day to Day Risks at Business Units*

1st line of defence

Business Units are alert to risks in day to day business activities. Unit Heads manage risks as follows:

1. identify risks
2. report risk exposures to the Risk Officer
3. develop & implement an Action Plan to manage risks
4. report status of Action Plan & implementation results
5. ensure critical risks are addressed in the Management Plan

Unit Heads working closely with the Risk Officer provide a quarterly risk profile worksheet. Acting as a conduit between top management and Operating Units, the Risk Officer will table all significant risks at Management Meetings

2nd Line of Defence *Anticipating Risks By The Risk Management Committee (RMC)*

2nd line of defence

The Risk Management Committee meets quarterly to anticipate risks, review prospective changes in the Group's risk profile and plan preventive measures.

This is a high-level Committee, led by the Group's CEO and supported by the Chief Financial Officer, Plantation Controllers, Senior Manager (Administration and Corporate Affair), Head of Internal Audit and Risk Officer.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

2. RISK MANAGEMENT (continued)

2.1. Risk Management Framework (continued)

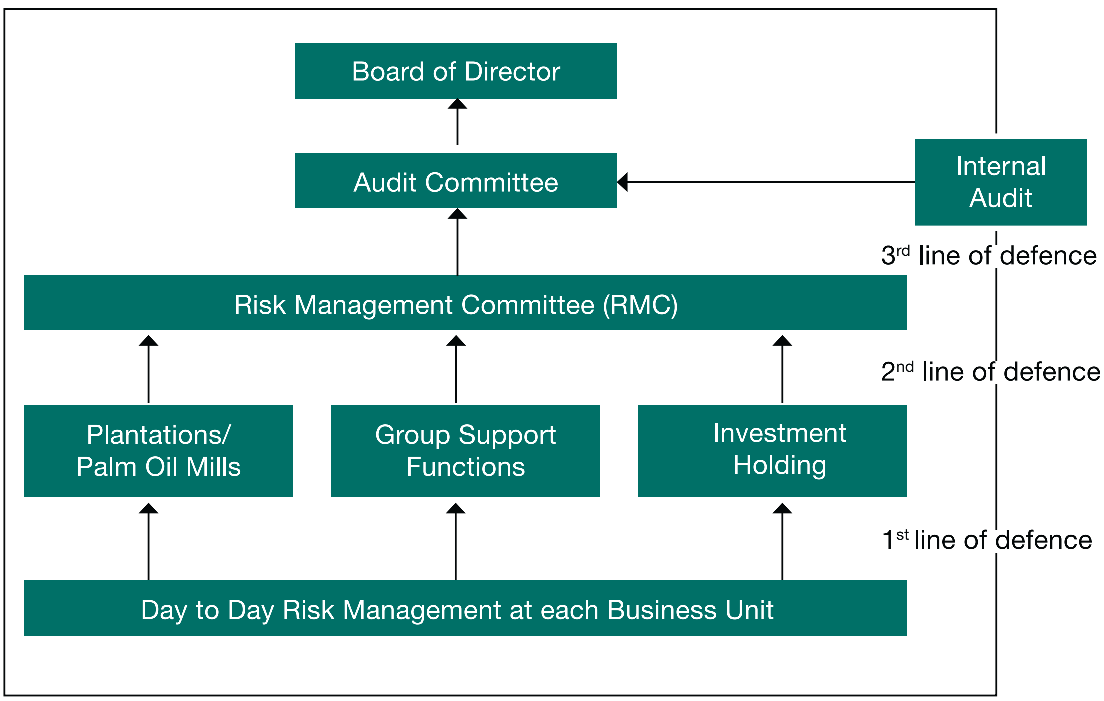
3rd Line of Defence *Ensuring the adequacy and integrity of Risk and Internal Control Systems by Audit Committee*

3rd line of defence

The Internal Audit Department reports directly to the Audit Committee and provides independent assurance of the adequacy and reliability of governance, risk management and internal control processes.

The Audit Committee meets with independent external auditors twice a year without the presence of Management to encourage free exchange of views and opinions on risks and controls related to the financial statements.

UMB's Risk Management Structure



2.2 Risk Assessment Process

ERM prioritises risks according to their likelihood and impact. This includes:

- Identifying and assessing the likelihood of occurrence and the magnitude of impact of key business risks arising from the processes within business units. Risk owners update their risk profile worksheets to the Risk Officer on a quarterly basis and confirm the risk profile of their related business processes has been reviewed and implementation of their action plan monitored.

how to identify risks & update risk profile

- Facilitate the risk assessment and risk action planning to ensure the likelihood and impact of an adverse event is within a manageable and acceptable level.

2. RISK MANAGEMENT (continued)

2.2 Risk Assessment Process (continued)

- Presenting on a quarterly basis, the causes and the mitigation actions to the RMC. The RMC will review and assess the adequacy risk owners' risk rating, control effectiveness and risk action plan.

- Reports to the Audit Committee on a quarterly basis.

- Review by internal auditor of the effectiveness of risk management and internal controls and provide independent view on specific risk and control issues, the state of internal control, trends and events.

2.3 Significant Risks Factors

Significant risks identified for the financial year are outlined below:

key risks this financial year

(i) Insufficient labour supply

Like all other plantation companies in Malaysia, the Group faces a shortage of harvesters and field workers who are mainly foreigners.

To address this shortage, a 4-prong approach is used:

1. recruit own workers rather than depend on recruitment agents.

2. encourage local villagers to join UMB's workforce.

3. A Workers' Retention Scheme has been introduced to retain existing workers. Housing and other amenities have been improved and productivity incentives offered.

4. continually mechanising operations to reduce labour dependency.

(ii) Increasing labour cost

Accounting for 42% of the total FFB production cost, wages and salaries are a major cost component.

This risk is managed through continually improving productivity through training, efficient management of human resources and mechanising selected activities like collecting FFB.

(iii) Adverse weather conditions

Prolonged dry weather – the most severe in 30 years – lowered FFB production in the preceding financial year and continued to impact in the financial year under review.

UMB manages this risk by constructing new conservation pits / ponds, deepening existing water reservoirs in each operating centre to mitigate the impact of the drought.

2. RISK MANAGEMENT (continued)

2.3 Significant Risks Factors (continued)

(iv) Financial Risk

UMB is exposed to financial risks relating to credit, liquidity, interest rates, foreign currency exchange rate, commodity prices and equity prices.

The Group's risk management objectives and policies coupled with the required quantitative and qualitative disclosures relating to its financial risks are set out in Note 43 to the financial statements on pages 174 to 179.

(v) Compliance Risk

Since 22 January 2016, UMB ventured into Indonesia through the purchase of an 83% indirect interest in PT Lifere Agro Kapuas. The Group is exposed to the risk of non-compliance with the laws and regulations in Indonesia as well as the local palm oil certification requirements.

UMB mitigates this risk by employing experienced Managers conversant with Indonesian laws and regulations.

(vi) Sustainability Risk

The Ministry of Plantation Industries and Commodities (MPIC) has announced Malaysia's certification scheme for sustainable palm oil will be mandatory by June 2019.

UMB has initiated appropriate sustainable policies and aims to be compliant by first quarter of 2019.

UMB has set up a Sustainability Department, led by the CEO, and a Sustainability Committee in each estate and oil mill in Peninsular Malaysia and Sabah to systematically implement sustainability policies.

The Indonesian operation is also in the midst of getting the Indonesian Sustainable Palm Oil (ISPO) certificate and aims to be compliant by end 2018.

3. INTERNAL AUDIT

3.1 The primary function of UMB's in-house Internal Audit Department is to provide regular, stringent and independent review of the Operating Units, conducting speedy ad hoc audits requested by the CEO and / or Audit Committee and implement follow up audits. *primary functions of Internal Audit*

3.2 Internal Audit provides assurance UMB's risk and control systems are functioning according to approved internal audit plans and that significant risks are identified with recommendations on how they are to be managed. These plans are reported to the Board of Directors on a quarterly basis.

3.3 A summary of focus areas of internal audit during the financial year under review, including reports submitted to Audit Committee, are set out in the Audit Committee Report on page 49 to 53 of this Annual Report.

4. SOFT AND HARD SYSTEMS OF INTERNAL CONTROL

combination of Hard & Soft Systems for more effective control

An important part of Internal Control are the soft systems – how the Organisation is structured, how authority levels are separated, how talents and issues are aired through the use of special committees, how to utilise communication channels to report irregularities and how to continuously infuse our employees with good work ethics and core values professionalism. Additionally, the following components enhance risk management and internal controls:

(i) Organisational Structure

The Group has a well-defined organisational structure with clear lines of responsibility, accountability and reporting.

(ii) Centralised Functions

Various support functions comprising finance, treasury, corporate affairs, administration, internal audit, human resource, agronomic, estate operations, palm oil mill operations, sustainability and mechanisation, safety and environment, marketing and purchasing are centralised to ensure uniform policies and procedures are implemented throughout the Group.

(iii) Whistleblowing Policy

A whistleblowing policy was established on 29 March 2016 to ensure confidence so that employees will be encouraged to report instances of wrongdoing, corruption, fraud, waste of the Company resources or abuse of rules and regulations within the Group. Whistle blower can contact the CEO or the Chairperson in the case where Management is involved.

(iv) SOP Manuals

Manuals on Policy and Operating Procedures and Agriculture are set to ensure accountability and control procedures are in place.

These policies and procedures are reviewed regularly and updated by Management. Control procedures cover the following key activities:

a. Authorisation Levels and Approval Limits

The Group has established authorisation levels and approval limits for Management, CEO, Chairperson and the Board.

b. Budgeting

Each operating unit prepares its own annual budget including financial and operating targets, proposed capital expenditure and performance indicators for the forthcoming year. Meetings are held among heads of operating units, senior management and the CEO to finalise the draft budget. In March each year, the annual budget is presented to the Board for final review and approval.

4. SOFT AND HARD SYSTEMS OF INTERNAL CONTROL (continued)

(iv) SOP Manuals (continued)

c. Tender Committee

Major purchases of goods and/or services and contract works are required to be tendered out. Comprising senior management staff, a Management Tender Committee carries out the tender exercise and submits recommendations to the CEO for tenders below RM300,000 and to the Board Tender Committee for its review and approval tenders above RM300,000.

d. Diversification and Strategic Investment Committee

The Board has formed a Diversification and Strategic Investment Committee (DSIC) to determine the Group's diversification and investment criteria, to recommend any new businesses as well as act as a liaison for research projects.

(v) Performance Review and Reporting

Every month, a management team comprising senior managers monitor and review the financial results and forecasts for the Group's business units. This includes assessing performance against annual budgets, monitoring marketing operations and formulating plans to address areas of concern.

Scheduled meetings between senior management and heads of operating units are held quarterly aimed at continually improving FFB quality, operational cost effectiveness, efficiency of operations and profitability. Estate and mill issues are discussed during the meetings.

Monthly financial and performance reports are submitted to the Board. Results are assessed against budgets, with major variances explained. Monthly marketing reports are also submitted to the Board detailing crude palm oil and palm kernel price movement and sales contracts committed.

Financial statements prepared on a quarterly and on a to-date basis together with detailed analysis 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, the Group's financial position as well as treasury and fund management are also presented at Board meetings.

(vi) Estate and Palm Oil Mill Visits

Regular visits to the estates and palm oil mills are undertaken by the Chairperson, Directors, CEO, Senior Management, Internal Auditors and the Group Finance team. In addition, during the year under review, the Group has engaged an independent palm oil mill advisor to assess and evaluate the operations and management of the mills and to recommend appropriate corrective measures areas that require improvement and enhancement.

To ensure consistent standards of agronomic practices throughout the Group, an in-house agriculture policy has been established to facilitate better estate management.

4. SOFT AND HARD SYSTEMS OF INTERNAL CONTROL (continued)

(vii) Coverage and Safeguarding of Major Assets

Yearly review of insurance risks and adequacy of coverage is carried out by Senior Management. Steps are taken to physically safeguard major assets to minimise significant risks that could result in material losses.

(viii) Occupational Safety and Health (OSHA) Committee

To ensure a safe working environment, the OSHA committee meets regularly and provides the necessary training in safety. Safety guidelines in pictorial form have been drawn up and circulated to all staff in the estates. A Safety Officer has been appointed at Millian Labau Plantations and Meridian Plantations to monitor and supervise OSHA activities for Sabah operations. In LAK, a Safety Officer has also been employed.

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 5 (Revised) [RPG 5 (Revised)], Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control, issued by the Malaysian Institute of Accountants.

RPG 5 (Revised) does not require the external auditors to, and they did not, consider whether this statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group’s risk and control procedures. RPG 5 (Revised) also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control is inconsistent with their understanding of the process the Board has adopted in reviewing the adequacy and effectiveness of the Group’s risk management and internal control system.

6. CONCLUSION

For the financial year under review, the Board is pleased to state the Group’s system of risk management and internal control was adequate and effective for the Group’s purpose. There were no material weaknesses or deficiencies in the system of internal controls that have directly resulted in any material loss to the Group.

The CEO and the Chief Financial Officer have also given written assurances to the Board that the Group’s risk management and internal control systems are operating adequately and effectively in all material respects, based on the risk management and internal control framework of the Group.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors dated 26 July 2017.

FINANCIAL STATEMENTS

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 2017.

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 22 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit net of tax	85,889	82,352
Profit net of tax attributable to:		
Owners of the Company	84,554	82,352
Non-controlling interests	1,335	-
	85,889	82,352

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.

DIVIDENDS

The amount of dividends paid by the Company since 30 April 2016 were as follows:

	RM'000
In respect of the financial year ended 30 April 2016 as reported in the directors' report of that year:	
Second interim single-tier dividend of 8%, on 209,221,201 ordinary shares, declared on 29 June 2016 and paid on 19 August 2016	16,738
In respect of the financial year ended 30 April 2017:	
First interim single-tier dividend of 8%, on 209,221,201 ordinary shares, declared on 16 December 2016 and paid on 25 January 2017	16,738
	33,476

DIVIDENDS (continued)

On 22 June 2017, the directors declared a second interim single-tier dividend of 12% in respect of the financial year ended 30 April 2017 and a special single-tier dividend of 3% on 209,318,701 ordinary shares, amounting to approximately RM31,398,000 (15 sen per ordinary share) which are payable on 24 August 2017.

The financial statements for the current financial year do not reflect these dividends. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 April 2018.

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

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Datin Paduka Tan Siok Choo	
Tan Sri Dato' Ahmad bin Mohd Don	
Tan Jiew Hoe	
Teo Leng	
Dato Dr. Nik Ramlah binti Nik Mahmood	(Appointed on 3 January 2017)
Ong Keng Siew	(Appointed on 19 January 2017)
Dato' Tan Ang Meng	(Resigned on 23 September 2016)

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 Option Scheme ("ESOS") and the ordinary shares granted under the Executive Share Incentive Plan ("ESIP"), both under the Employee Share Scheme ("ESS") of the Company.

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 13 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 38 to the financial statements.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

During the financial year, the total amount of indemnity coverage and insurance premium paid for Directors and Officers of the Company are RM20,000,000 and RM28,000 respectively.

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:

		Number of ordinary shares			
Name of director		**1.5.2016**	**Acquired**	**Transferred**	**30.4.2017**
Direct Interest:					
Ordinary shares of the Company					
Datin Paduka Tan Siok Choo		3,658,681	-	-	3,658,681
Tan Sri Dato' Ahmad bin Mohd Don		110,500	-	-	110,500
Tan Jiew Hoe		356,625	-	-	356,625
Teo Leng		77,000	-	(7,000)	70,000

		Number of ordinary shares			
Name of director		**1.5.2016**	**Transferred**	**Sold**	**30.4.2017**
Indirect Interest:					
Ordinary shares of the Company					
Datin Paduka Tan Siok Choo	i	2,605,549	-	-	2,605,549
Tan Jiew Hoe	ii	2,525,021	-	-	2,525,021
Teo Leng	iii	-	7,000	-	7,000

i Interest by virtue of shares held by her late mother.
ii Interest by virtue of shares held by the companies in which he is a director.
iii Interest by virtue of shares held by his spouse.

	Number of options over ordinary shares				
Name of director	**1.5.2016**	**Granted**	**Exercised**	**Expired**	**30.4.2017**
Share options of the Company under ESOS					
Teo Leng	100,000	-	-	(100,000)	-

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM209,221,201 to RM209,494,131 by way of issuance of 49,000 ordinary shares for cash pursuant to the ESOS at a weighted average exercise price of RM5.13 per ordinary share.

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 ESS comprises Employee Share Option Scheme ("ESOS") and Executive Share Incentive Plan ("ESIP") for the directors and eligible employees of the Company and its subsidiaries.

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 that 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.

The Scheme is administered by the Remuneration Committee.

The salient features of the By-Laws are disclosed in Note 37 to the financial statements.

Employee Share Option Scheme ("ESOS")

During the financial year, 641,000 options were offered and accepted by eligible employees under the ESOS, of which 20% are exercisable into new ordinary shares with immediate effect on 7 November 2016 whilst the balance of 80% are exercisable into new ordinary shares at different vesting periods and tranches beginning from November 2017, subject to the fulfilment of vesting conditions including but not limited to the satisfactory performance of the option holders during the exercise periods.

EMPLOYEE SHARE SCHEME (continued)

Employee Share Option Scheme ("ESOS") (continued)

Details of all the options to subscribe for ordinary shares of the Company pursuant to the ESOS as at 30 April 2017 are as follows:

Grant date	Expiry date	Exercise price	Number of options
7 November 2012	6 November 2017	RM6.49	1,180,000
22 October 2013	21 October 2018	RM6.42	1,350,000
13 May 2015	12 May 2020	RM5.77	1,260,000
27 October 2015	17 June 2020	RM5.26	450,000
7 November 2016	17 June 2020	RM5.13	641,000

As at 30 April 2017, the cumulative options granted to directors and senior management of the Group amounted to 13% of total options granted to eligible directors and employees.

Executive Share Incentive Plan ("ESIP")

During the current and previous financial years, no ordinary shares have been granted to the directors and selected executives of the Company and its subsidiaries.

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 adequate provision had been made for doubtful debt; 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 the amount of the provision for doubtful debts inadequate to any substantial extent; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

OTHER STATUTORY INFORMATION (continued)

(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.

(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 its 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 EVENT

Details of the significant event during the financial year are disclosed in Note 45 to the financial statements.

EVENT OCCURRING AFTER THE REPORTING DATE

Details of the event occurring after the reporting date are disclosed in Note 46 to the financial statements.

AUDITORS AND AUDITORS' REMUNERATION

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

Auditors' remuneration are disclosed in Note 11 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 July 2017.

Datin Paduka Tan Siok Choo **Tan Sri Dato' Ahmad bin Mohd Don**

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Datin Paduka Tan Siok Choo and Tan Sri Dato' Ahmad bin Mohd Don, 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 84 to 182 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 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 2017 and of their financial performance and cash flows for the year then ended.

The supplementary information set out on page 183 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 26 July 2017.

Datin Paduka Tan Siok Choo | **Tan Sri Dato' Ahmad bin Mohd Don**

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Lai Swee Kee, being the chief financial officer 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 84 to 183 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 26 July 2017) **Lai Swee Kee**

Before me,

Chan Chiew Yen
Commissioner for Oaths
Melaka, Malaysia

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of United Malacca Berhad, which comprise statements of financial position as at 30 April 2017 of the Group and of the Company, 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 84 to 182.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 April 2017, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Key audit matters (continued)

Business combination – purchase price allocation

(We would like to draw your attention to Note 3.2 and Note 22 to the financial statements.)

The Group completed the acquisition of PT Lifere Agro Kapuas ("LAK") via the acquisition of 88.2% equity interest of International Natural Resources Pte. Ltd. in January 2016 for cash consideration of RM284.252 million.

FRS 3 Business Combinations requires the Group to recognise the identifiable assets, liabilities and contingent liabilities at fair value at the date of acquisition, with the excess of the acquisition cost over the identified fair values recognised as goodwill. As disclosed in Note 22, the Group completed the purchase price allocation exercise in current financial year.

The purchase price allocation exercise requires a significant amount of management estimation, particularly in relation to the identification and valuation of intangible assets, as well as the valuation of the respective assets, for example valuation of biological assets. The biological assets and goodwill recognised amounted to RM94 million and RM82.5 million, respectively.

The Group engaged an independent professional valuer to determine the fair value of the identified biological assets, prepaid land lease payments and properties, plant and equipment.

<u>How our audit addresses this matter</u>

We have discussed with management on the purchase price allocation, including the identification and valuation of intangible assets acquired, and their external specialist with regards to the fair values of biological assets, prepaid land lease payments, and properties, plant and equipment. We included a valuation specialist on our team to assist us on our assessment of management's assumptions used in the valuation and we also assessed the work of management's expert.

Our procedures included amongst other the following:

- We considered the objectivity, independence and expertise of the firm of independent valuer;
- We obtained an understanding of the methodology adopted by the independent valuer and management in estimating the fair values of the oil palm plantations, properties, plant and equipment assessed; and
- We considered the adequacy of Group's disclosures on the completion of purchase price allocation.

Impairment assessment of non-financial assets – Non-current

(Refer to Notes 7.2, 17, 18, 19 and 21 to the financial statements)

As at 30 April 2017, the carrying amounts of the property, plant and equipment; biological assets; prepaid land lease payments and goodwill of the Group are RM693.9 million, RM991.9 million, RM132.5 million and RM82.5 million respectively.

The Group is required to perform an impairment test of the cash generating units ("CGU") or groups of the CGUs when there is an indication that a CGU or groups of CGU may be impaired by comparing the carrying amount with its recoverable amount.

Key audit matters (continued)

Impairment assessment of non-financial assets – Non-current (continued)

Management has undertaken an assessment of the recoverable amount, which is defined as the higher of fair value less value in use ("VIU"). Given the significance of property, plant and equipment, biological assets, prepaid land lease payments and goodwill to the Group, the judgments and estimates involved in the assessment of the recoverable amount, we have identified this as an important area of our audit.

The areas that involved significant audit efforts and judgment were the assessment of possible variations in the amount and timing of cash flows and the determination of an appropriate discount rate.

<u>How our audit addresses this matter</u>

Where the impairment assessment of the CGU or groups of CGU is based on VIU, we have amongst others, assessed the assumptions used relating to the forecasted and projected Crude Palm Oil ("CPO") and Fresh Fruit Brunches ("FFB") prices, FFB yield of the oil palm estates and the estimated remaining useful lives of the biological assets. We assessed the CPO and FFB price assumptions through comparisons with the latest market evidence available, including long-term price forecasts.

We also assessed the discount factor used to determine the present value of the cash flows and whether the rate used reflect the current market assessment of the time value of money and the risk specific to the asset is the return that the investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the asset.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standard and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Auditors' responsibilities for the audit of the financial statements (continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other reporting responsibilities

The supplementary information set out on page 183 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. 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.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 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

Lee Ah Too
2187/09/17(J)
Chartered Accountant

Melaka, Malaysia

Date: 26 July 2017

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Revenue	8	**274,709**	205,736	**129,216**	86,393
Cost of sales		**(163,317)**	(138,647)	**(35,568)**	(30,629)
Gross profit		**111,392**	67,089	**93,648**	55,764
Other income	9	**30,488**	26,318	**25,089**	19,015
Selling and distribution expenses		**(5,957)**	(5,192)	**(2,627)**	(2,746)
Administrative expenses		**(16,527)**	(12,445)	**(8,566)**	(6,543)
Other expenses		**(14,926)**	(2,480)	**(15,883)**	(1,585)
Replanting expenses		**(1,696)**	(1,830)	**(1,663)**	(1,366)
Operating profit		**102,774**	71,460	**89,998**	62,539
Interest expenses	10	**(3,886)**	(1,226)	**(3,907)**	(1,229)
Profit before tax	11	**98,888**	70,234	**86,091**	61,310
Income tax expense	14	**(12,999)**	(10,486)	**(3,739)**	(1,727)
Profit net of tax		**85,889**	59,748	**82,352**	59,583
Profit net of tax attributable to:					
Owners of the Company		**84,554**	59,572	**82,352**	59,583
Non-controlling interests		**1,335**	176	**-**	-
		85,889	59,748	**82,352**	59,583
Earnings per share attributable to owners of the Company (sen per share):					
Basic	15	**40.41**	28.51		
Diluted	15	**40.41**	28.51		

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 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit net of tax	**85,889**	59,748	**82,352**	59,583
Other comprehensive income/(loss):				
Items that will be subsequently reclassified to profit or loss:				
Net gain/(loss) on fair value changes on available-for-sale investments	**1,409**	(3,730)	**1,409**	(3,730)
Transfer of gain on disposal of available-for-sale investments to profit or loss	**(20,191)**	-	**(20,191)**	-
Exchange differences on translation of foreign operations	**14,025**	(3,413)	**-**	-
	(4,757)	(7,143)	**(18,782)**	(3,730)
Items that will not be subsequently reclassified to profit or loss:				
Actuarial loss on retirement benefit obligation	**(3)**	-	**-**	-
Less: Deferred tax effect	**1**	-	**-**	-
	(2)	-	**-**	-
Total comprehensive income for the year	**81,130**	52,605	**63,570**	55,853
Total comprehensive income attributable to:				
Owners of the Company	**77,541**	52,954	**63,570**	55,853
Non-controlling interests	**3,589**	(349)	**-**	-
	81,130	52,605	**63,570**	55,853

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

STATEMENTS OF FINANCIAL POSITION
AS AT 30 APRIL 2017

	Note	Group 2017 RM'000	Group 2016 RM'000 (restated)	Company 2017 RM'000	Company 2016 RM'000
Assets					
Non-current assets					
Property, plant and equipment	17	**693,912**	683,930	**348,614**	347,136
Biological assets	18	**991,901**	954,671	**443,122**	434,899
Prepaid land lease payments	19	**132,527**	133,047	**-**	-
Investment property	20	**-**	1,147	**-**	1,147
Goodwill on consolidation	21	**82,474**	82,474	**-**	-
Investment in subsidiaries	22	**-**	-	**428,293**	425,206
Available-for-sale investments	23	**-**	21,272	**-**	21,272
		1,900,814	1,876,541	**1,220,029**	1,229,660
Current assets					
Inventories	24	**20,735**	17,704	**3,119**	4,681
Income tax recoverable		**-**	-	**-**	522
Trade and other receivables	25	**115,907**	91,286	**51,514**	12,058
Held-for-trading investments	26	**22,803**	17,232	**22,803**	17,232
Held-to-maturity investments	27	**301**	1,005	**48**	187
Financial assets at fair value through profit or loss	28	**48,375**	22,996	**48,339**	22,962
Cash and bank balances	29	**30,299**	40,016	**16,225**	23,746
		238,420	190,239	**142,048**	81,388
Total assets		**2,139,234**	2,066,780	**1,362,077**	1,311,048
Equity and liabilities					
Equity					
Share capital	30	**209,494**	209,221	**209,494**	209,221
Share premium	30	**42,795**	42,795	**42,795**	42,795
Other reserves	31	**840,168**	851,049	**359,058**	380,198
Retained earnings	32	**660,958**	605,586	**543,646**	491,986
Equity attributable to owners of the Company		**1,753,415**	1,708,651	**1,154,993**	1,124,200
Non-controlling interests		**46,414**	42,412	**-**	-
Total equity		**1,799,829**	1,751,063	**1,154,993**	1,124,200
Non-current liabilities					
Term loan	33	**152,270**	136,896	**152,270**	136,896
Retirement benefit obligation	34	**365**	-	**-**	-
Deferred tax liabilities	35	**147,190**	152,568	**42,008**	42,328
		299,825	289,464	**194,278**	179,224
Current liabilities					
Trade and other payables	36	**35,076**	25,850	**12,427**	7,624
Income tax payable		**4,504**	403	**379**	-
		39,580	26,253	**12,806**	7,624
Total liabilities		**339,405**	315,717	**207,084**	186,848
Total equity and liabilities		**2,139,234**	2,066,780	**1,362,077**	1,311,048

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017

Group 2017	Share capital (Note 30) RM'000	Share premium (Note 30) RM'000	Fair value adjustment reserve (Note 31) RM'000	Asset revaluation reserve (Note 31) RM'000	Foreign currency translation reserve (Note 31) RM'000	Employee share option reserve (Note 31) RM'000	Total other reserves (Note 31) RM'000	Retained earnings (Note 32) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	← Attributable to owners of the Company →										
		← Non-distributable →						Distributable			
Opening balance at 1 May 2016											
As previously stated	209,221	42,795	18,782	832,356	(2,888)	2,799	851,049	605,586	1,708,651	41,530	1,750,181
Prior year adjustments (Note 22(a))	-	-	-	-	-	-	-	-	-	882	882
As restated	209,221	42,795	18,782	832,356	(2,888)	2,799	851,049	605,586	1,708,651	42,412	1,751,063
Total comprehensive income:											
Profit for the financial year	-	-	-	-	-	-	-	84,554	84,554	1,335	85,889
Actuarial loss on retirement benefit obligation	-	-	-	-	-	-	-	(2)	(2)	-	(2)
Exchange differences on translation of foreign operations	-	-	-	-	11,771	-	11,771	-	11,771	2,254	14,025
Net gain on fair value changes on available-for-sale investments	-	-	1,409	-	-	-	1,409	-	1,409	-	1,409
Transfer of gain on disposal of available-for-sale investments to profit or loss	-	-	(20,191)	-	-	-	(20,191)	-	(20,191)	-	(20,191)
	-	-	(18,782)	-	11,771	-	(7,011)	84,552	77,541	3,589	81,130
Transfer to retained earnings:											
Realisation of asset revaluation reserve upon:											
- Depreciation	-	-	-	(3,289)	-	-	(3,289)	3,289	-	-	-
- Property, plant and equipment written off	-	-	-	(6)	-	-	(6)	6	-	-	-
	-	-	-	(3,295)	-	-	(3,295)	3,295	-	-	-

STATEMENTS OF CHANGES IN EQUITY (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017

	Attributable to owners of the Company										
	Non-distributable							Distributable			
Group (continued) 2017 (continued)	**Share capital (Note 30) RM'000**	**Share premium (Note 30) RM'000**	**Fair value adjustment reserve (Note 31) RM'000**	**Asset revaluation reserve (Note 31) RM'000**	**Foreign currency translation reserve (Note 31) RM'000**	**Employee share option reserve (Note 31) RM'000**	**Total other reserves (Note 31) RM'000**	**Retained earnings (Note 32) RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
Transactions with owners:											
Additional investment in a subsidiary	-	-	-	-	-	-	-	-	-	413	413
Fair value of share options granted to eligible directors and employees	-	-	-	-	-	448	448	-	448	-	448
Shares issued pursuant to ESOS	273	-	-	-	-	(22)	(22)	-	251	-	251
Employee share options forfeited	-	-	-	-	-	(387)	(387)	387	-	-	-
Employee share options expired	-	-	-	-	-	(614)	(614)	614	-	-	-
Dividends (Note 16)	-	-	-	-	-	-	-	(33,476)	(33,476)	-	(33,476)
	273	-	-	-	-	(575)	(575)	(32,475)	(32,777)	413	(32,364)
Closing balance at 30 April 2017	209,494	42,795	-	829,061	8,883	2,224	840,168	660,958	1,753,415	46,414	1,799,829

STATEMENTS OF CHANGES IN EQUITY (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017

	Attributable to owners of the Company										
	Non-distributable							Distributable			
Group (continued) 2016	Share capital (Note 30) RM'000	Share premium (Note 30) RM'000	Fair value adjustment reserve (Note 31) RM'000	Asset revaluation reserve (Note 31) RM'000	Foreign currency translation reserve (Note 31) RM'000	Employee share option reserve (Note 31) RM'000	Total other reserves (Note 31) RM'000	Retained earnings (Note 32) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Opening balance at 1 May 2015	207,719	33,551	22,512	835,801	-	5,411	863,724	575,175	1,680,169	-	1,680,169
Total comprehensive income:											
Profit for the financial year	-	-	-	-	-	-	-	59,572	59,572	176	59,748
Exchange differences on translation of foreign operations	-	-	-	-	(2,888)	-	(2,888)	-	(2,888)	(525)	(3,413)
Net loss on fair value changes on available-for-sale investments	-	-	(3,730)	-	-	-	(3,730)	-	(3,730)	-	(3,730)
	-	-	(3,730)	-	(2,888)	-	(6,618)	59,572	52,954	(349)	52,605
Transfer to retained earnings:											
Realisation of asset revaluation reserve upon:											
- Depreciation	-	-	-	(3,443)	-	-	(3,443)	3,443	-	-	-
- Property, plant and equipment written off	-	-	-	(2)	-	-	(2)	2	-	-	-
	-	-	-	(3,445)	-	-	(3,445)	3,445	-	-	-

STATEMENTS OF CHANGES IN EQUITY (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017

	Attributable to owners of the Company										
	Non-distributable							Distributable			
Group (continued) 2016 (continued)	**Share capital (Note 30) RM'000**	**Share premium (Note 30) RM'000**	**Fair value adjustment reserve (Note 31) RM'000**	**Asset revaluation reserve (Note 31) RM'000**	**Foreign currency translation reserve (Note 31) RM'000**	**Employee share option reserve (Note 31) RM'000**	**Total other reserves (Note 31) RM'000**	**Retained earnings (Note 32) RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
Transactions with owners:											
Acquisition of subsidiaries (restated) (Note 22(a))	-	-	-	-	-	-	-	-	-	42,761	42,761
Fair value of share options granted to eligible directors and employees	-	-	-	-	-	827	827	-	827	-	827
Shares issued pursuant to ESOS	1,502	9,244	-	-	-	(2,573)	(2,573)	-	8,173	-	8,173
Employee share options forfeited	-	-	-	-	-	(199)	(199)	199	-	-	-
Employee share options expired	-	-	-	-	-	(667)	(667)	667	-	-	-
Dividends (Note 16)	-	-	-	-	-	-	-	(33,472)	(33,472)	-	(33,472)
	1,502	9,244	-	-	-	(2,612)	(2,612)	(32,606)	(24,472)	42,761	18,289
Closing balance at 30 April 2016 (restated)	209,221	42,795	18,782	832,356	(2,888)	2,799	851,049	605,586	1,708,651	42,412	1,751,063

STATEMENTS OF CHANGES IN EQUITY (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017

Company 2017	Share capital (Note 30) RM'000	Share premium (Note 30) RM'000	Fair value adjustment reserve (Note 31) RM'000	Asset revaluation reserve (Note 31) RM'000	Employee share option reserve (Note 31) RM'000	Total other reserves (Note 31) RM'000	Retained earnings (Note 32) RM'000	Total equity RM'000
	Attributable to owners of the Company							
		Non-distributable					Distributable	
Opening balance at 1 May 2016	209,221	42,795	18,782	358,617	2,799	380,198	491,986	1,124,200
Total comprehensive income:								
Profit for the financial year	-	-	-	-	-	-	82,352	82,352
Net gain on fair value changes on available-for-sale investments	-	-	1,409	-	-	1,409	-	1,409
Transfer of gain on disposal of available-for-sale investments to profit or loss	-	-	(20,191)	-	-	(20,191)	-	(20,191)
	-	-	(18,782)	-	-	(18,782)	82,352	63,570
Transfer to retained earnings:								
Realisation of asset revaluation reserve upon:								
- Depreciation	-	-	-	(1,782)	-	(1,782)	1,782	-
- Property, plant and equipment written off	-	-	-	(1)	-	(1)	1	-
	-	-	-	(1,783)	-	(1,783)	1,783	-
Transactions with owners:								
Fair value of share options granted to eligible directors and employees	-	-	-	-	448	448	-	448
Shares issued pursuant to ESOS	273	-	-	-	(22)	(22)	-	251
Employee share options forfeited	-	-	-	-	(387)	(387)	387	-
Employee share options expired	-	-	-	-	(614)	(614)	614	-
Dividends (Note 16)	-	-	-	-	-	-	(33,476)	(33,476)
	273	-	-	-	(575)	(575)	(32,475)	(32,777)
Closing balance at 30 April 2017	209,494	42,795	-	356,834	2,224	359,058	543,646	1,154,993

STATEMENTS OF CHANGES IN EQUITY (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017

	Attributable to owners of the Company							
	Non-distributable						Distributable	
Company (continued) 2016	**Share capital (Note 30) RM'000**	**Share premium (Note 30) RM'000**	**Fair value adjustment reserve (Note 31) RM'000**	**Asset revaluation reserve (Note 31) RM'000**	**Employee share option reserve (Note 31) RM'000**	**Total other reserves (Note 31) RM'000**	**Retained earnings (Note 32) RM'000**	**Total equity RM'000**
Opening balance at 1 May 2015	207,719	33,551	22,512	360,399	5,411	388,322	463,227	1,092,819
Total comprehensive income:								
Profit for the financial year	-	-	-	-	-	-	59,583	59,583
Net loss on fair value changes on available-for-sale investments	-	-	(3,730)	-	-	(3,730)	-	(3,730)
	-	-	(3,730)	-	-	(3,730)	59,583	55,853
Transfer to retained earnings:								
Realisation of asset revaluation reserve upon depreciation	-	-	-	(1,782)	-	(1,782)	1,782	-
	-	-	-	(1,782)	-	(1,782)	1,782	-
Transactions with owners:								
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)	(2,573)	-	8,173
Employee share options forfeited	-	-	-	-	(199)	(199)	199	-
Employee share options expired	-	-	-	-	(667)	(667)	667	-
Dividends (Note 16)	-	-	-	-	-	-	(33,472)	(33,472)
	1,502	9,244	-	-	(2,612)	(2,612)	(32,606)	(24,472)
Closing balance at 30 April 2016	209,221	42,795	18,782	358,617	2,799	380,198	491,986	1,124,200

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 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Operating activities					
Profit before tax		**98,888**	70,234	**86,091**	61,310
Adjustments for:					
Amortisation of prepaid land lease payments	11	**1,393**	330	**-**	-
Depreciation of property, plant and equipment	11	**20,141**	19,546	**7,763**	7,269
Dividend income	9	**(1,346)**	(1,117)	**-**	-
Fair value of share options expensed off:					
- employees	12	**555**	771	**311**	451
- non-executive directors	13	**(107)**	56	**(107)**	56
Gain from fair value adjustment of investment property	9	**-**	(93)	**-**	(93)
Gain on disposal of:					
- available-for-sale investments	9	**(20,191)**	-	**(20,191)**	-
- property, plant and equipment	9	**(126)**	(90)	**(108)**	(59)
Impairment loss on trade receivables	11	**-**	180	**-**	-
Interest expenses	10	**3,886**	1,226	**3,907**	1,229
Interest income	9	**(1,034)**	(2,094)	**-**	-
Net fair value gains on financial assets at fair value through profit or loss:					
- realised	8,9	**(1,253)**	(3,461)	**(1,251)**	(3,461)
- unrealised	8,9	**(2)**	(238)	**(2)**	(238)
Net fair value (gains)/losses on held-for-trading investments:					
- realised	9,11	**(839)**	743	**(839)**	743
- unrealised	9,11	**(2,614)**	668	**(2,614)**	668
Net unrealised foreign exchange loss/(gain)	9,11	**14,235**	(12,974)	**15,327**	(13,463)
Property, plant and equipment written off	11	**79**	88	**25**	31
Operating cash flows before changes in working capital		**111,665**	73,775	**88,312**	54,443
Changes in working capital:					
(Increase)/decrease in inventories		**(2,515)**	(3,480)	**1,562**	(2,738)
(Increase)/decrease in trade and other receivables		**(16,272)**	34,016	**1,200**	(3,499)
Increase/(decrease) in trade and other payables		**8,999**	(10,240)	**4,691**	(416)
Increase in retirement benefit obligation		**356**	-	**-**	-
Cash flows from operations		**102,233**	94,071	**95,765**	47,790
Interest received		**1,051**	2,190	**-**	-
Interest paid		**(3,708)**	(1,040)	**(3,728)**	(1,043)
Net taxes paid		**(15,351)**	(10,321)	**(3,046)**	(1,106)
Net cash flows from operating activities		**84,225**	84,900	**88,991**	45,641

STATEMENTS OF CASH FLOWS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Investing activities					
Dividend received from:					
- available-for-sale investments		**743**	688	**-**	-
- held-for-trading investments		**599**	447	**-**	-
Purchase of:					
- available-for-sale investments		**(578)**	-	**(578)**	-
- financial assets at fair value through profit or loss		**(29,124)**	(20,000)	**(29,124)**	(20,000)
- held-for-trading investments		**(25,737)**	(28,436)	**(25,737)**	(28,436)
- property, plant and equipment	17	**(33,280)**	(8,685)	**(10,625)**	(3,861)
Proceeds from disposal of:					
- available-for-sale investments		**23,259**	-	**23,259**	-
- financial assets at fair value through profit or loss		**5,000**	111,001	**5,000**	111,001
- held-for-trading investments		**24,187**	27,469	**24,187**	27,469
- property, plant and equipment		**193**	463	**112**	547
Additions of:					
- biological assets		**(23,113)**	(10,638)	**(5,721)**	(7,670)
- prepaid land lease payments	19	**(2,873)**	(3,918)	**-**	-
Loan to a subsidiary		**-**	-	**(41,356)**	-
Net withdrawal/(placement) of held-to-maturity investments		**704**	(274)	**139**	107
Net cash outflow on acquisition of subsidiaries		**-**	(245,651)	**(3,087)**	(284,252)
Net cash flows used in investing activities		**(60,020)**	(177,534)	**(63,531)**	(205,095)
Financing activities					
Dividends paid	16	**(33,476)**	(33,472)	**(33,476)**	(33,472)
Payment of fair value of share options granted to eligible employees by subsidiaries		**-**	-	**244**	320
Proceeds from exercise of employee share options under ESOS		**251**	8,173	**251**	8,173
Drawdown of term loan		**-**	214,975	**-**	214,975
Repayment of finance lease		**-**	(229)	**-**	-
Repayment of term loans		**-**	(130,723)	**-**	(64,493)
Net cash flows (used in)/from financing activities		**(33,225)**	58,724	**(32,981)**	125,503
Net change in cash and cash equivalents		**(9,020)**	(33,910)	**(7,521)**	(33,951)
Effect of foreign exchange rate changes		**(697)**	123	**-**	-
Cash and cash equivalents at beginning of financial year		**40,016**	73,803	**23,746**	57,697
Cash and cash equivalents at end of financial year	29	**30,299**	40,016	**16,225**	23,746

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

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 22.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Financial Reporting Standards ("FRS") as issued by the Malaysian Accounting Standards Board ("MASB") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have also been prepared on a historical basis, unless otherwise indicated 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 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 for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) exposure, or rights, to variable returns from its investment with the investee; and

(iii) the ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) potential voting rights held by the Company, other vote holders or other parties;

(iii) rights arising from other contractual arrangements; and

(iv) any additional facts and circumstances that indicate that the Company/Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

3.2 Business combinations and goodwill

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Business combinations and goodwill (continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

3.3 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated income statement, consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3.4 Foreign currency translation

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at the respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken into the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Foreign currency translation (continued)

(b) Transactions and balances (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at average exchange rate. 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.

3.5 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Subsequent to recognition, property, plant and equipment except for freehold lands, long term leasehold lands 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 at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Freehold land is not depreciated and measured at fair value. Long term leasehold lands 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 at least once every 5 years to ensure that the carrying amount does not differ materially from the fair value of the freehold lands, long term leasehold lands and buildings at the reporting date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Property, plant and equipment (continued)

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. Long term 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% to 5%
Plant and machinery	5% to 10%
Office equipment, furniture and fittings	5% to 25%
Motor vehicles, tractors, trailers and boats	10% to 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.

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 (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.6 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. 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 at least once every 5 years to ensure that the carrying amount does not differ materially from the fair value of the biological assets at the reporting date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 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.

3.8 Investment property

Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuer having an appropriate recognised professional qualification. Gain or loss arising from change in the fair value of investment property is included in profit or loss in the year in which it arises.

A property is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both.

Investment property is derecognised when either it has been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 3.5 up to the date of change in use.

3.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Impairment of non-financial assets (continued)

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset, except for a property 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.

Goodwill is tested for impairment annually at reporting date and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

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. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

3.10 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for 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.

3.11 Plasma receivables

Plasma receivables represent the accumulated cost to develop plasma plantation, which are currently being self-financed by a subsidiary. Upon obtaining financing from the designated bank, the said advances will be offset against the corresponding funds received. For certain plasma plantations, the loan obtained from the bank are guaranteed by the subsidiary (acting as nucleus company). When the development of plasma plantation is substantially completed and ready to be transferred or handed-over to plasma farmers, the corresponding investment credit from the bank is also transferred to plasma farmers. Excess or shortfall resulting from the difference between the carrying value of the plasma receivables and the corresponding bank loan is regarded as payable or recoverable from the plasma farmers.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(a) Financial assets

(i) Initial recognition and measurement

Financial assets within the scope of FRS 139 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include available-for-sale investments, trade and other receivables, held-for-trading investments, held-to-maturity investments, cash and bank balances.

(ii) Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 139. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial instruments (continued)

(a) Financial assets (continued)

(ii) Subsequent measurement (continued)

Financial assets at fair value through profit or loss (continued)

Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or finance costs in the profit or loss.

The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method ("EIR"), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss in finance costs.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss in finance costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial instruments (continued)

(a) Financial assets (continued)

(ii) Subsequent measurement (continued)

Available-for-sale financial investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the profit or loss in finance costs and removed from the available-for-sale reserve. Interest income on available-for-sale debt securities is calculated using the effective interest method and is recognised in profit or loss.

The Group evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances.

Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial instruments (continued)

(a) Financial assets (continued)

(iii) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Group's continuing involvement in it.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(b) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial instruments (continued)

(b) Impairment of financial assets (continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the profit or loss.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the profit or loss.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss - is removed from other comprehensive income and recognised in the profit or loss. Impairment losses on equity investments are not reversed through the profit or loss; increases in their fair value after impairments are recognised directly in other comprehensive income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit or loss, the impairment loss is reversed through the profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial instruments (continued)

(c) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities within the scope of FRS 139 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and bank borrowing.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

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 are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in FRS 139 are satisfied. No financial liability has been designated at fair value through profit or loss during the reporting period.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate method ("EIR") amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the profit or loss.

This category generally applies to interest-bearing loans and borrowings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial instruments (continued)

(c) Financial liabilities (continued)

(ii) Subsequent measurement (continued)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

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 the profit or loss.

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.13 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, short-term deposits with a maturity of three months or less and highly liquid investments that are readily convertible to known amount of cash which are subject to an insignificant risk of changes in value.

3.15 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.

3.16 Dividend distributions

The Group recognises a liability to make cash or non-cash distributions to owners of equity when the distribution is authorised and is no longer at the discretion of the Group. A corresponding amount is recognised directly in equity. Non-cash distributions are measured at the fair value of the assets to be distributed. Upon settlement of the distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in income as a separate line in the statement of comprehensive income.

3.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.18 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 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.

The Company and its subsidiaries assess their revenue arrangements against specific criteria in order to determine if the Company and its subsidiaries are acting as principal or agent. The Group and the Company have concluded that they are acting as a principal in all of its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognised:

(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 arising from operating leases on leased assets is accounted for on a straight-line basis over the lease terms.

3.20 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Retirement benefits

The Group has various retirement benefit plans in accordance with local conditions and practices in the countries in which it operates. These benefits plans are either defined contribution or defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed constributions into a separate entity (a fund) and will have no legal or constructive oligations to pay further constributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that defines the amount of pension benefit to be provided, usually as a function of one or more factors such as age and years of service.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Employee benefits (continued)

(b) Retirement benefits (continued)

(i) Defined contribution plans

The Group makes contributions to the Employees Provident Fund in Malaysia, 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. Once the contributions have been paid, the Group has no further payment obligations.

(ii) Defined benefit plans

The Group operates defined benefit plans for eligible employees of a foreign subsidiary. The amount recognised as a liability in respect of the defined benefit plan is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets.

The Group determines the present value of the defined benefit obligations and the fair value of the plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

The present value of the defined obligations and the related current service cost and past service cost are determined using the projected unit credit method by an actuary. The rate used to discount the obligations is based on market yields at the reporting period for high quality corporate bond or government bonds.

Remeasurement of the net defined obligation which comprise of actuarial gains and losses, the effect of the asset ceiling, and the return on plan assets are recognised directly within equity in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

In measuring its defined benefit liability, the Group recognises past service cost as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, the defined benefit plan, the Group recognises past service cost immediately in profit or loss.

Net interest is recognised in profit or loss, and is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the balance of the net defined benefit obligation, considering the effects of contributions and benefit payment during the reporting period. Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Employee benefits (continued)

(c) Employee share option plan

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 the 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 capital if new shares are issued.

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

(d) Employee share incentive plan ("ESIP")

The Company's ESIP, an equity-settled, share-based compensation plan, allows the directors and selected executives of the Group to be entitled for ordinary shares of the Company as consideration for services rendered. The fair value of ordinary shares granted to directors and selected executives is recognised in the profit or loss, with a corresponding increase in the employee share incentive reserve within equity over the vesting period.

The fair value of ordinary shares is measured at grant date, taking into account, if any, the market vesting conditions.

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

3.21 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) Group as lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between 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 recognised in finance costs in the profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 Leases (continued)

(a) Group as lessee (continued)

A leased asset is depreciated over the 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 of the asset and the lease term.

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

(b) Group as lessor

Leases in which the Group do not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.22 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

3.23 Replanting expenditure

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

3.24 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current period 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, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.24 Taxes (continued)

(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 at the reporting date.

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

(i) 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

(ii) 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:

(i) 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

(ii) 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 profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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.

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.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.24 Taxes (continued)

(c) Goods and Services Tax ("GST") and Value-added Tax ("VAT")

Revenues, expenses and assets are recognised net of the amount of GST/VAT except:

- Where the amount of GST/VAT incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST/VAT 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 GST/VAT included.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.25 Current versus non-current classification

Assets and liabilities in statements of financial position are presented based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;

- Held primarily for the purpose of trading;

- Expected to be realised within twelve months after the reporting period, or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;

- It is held primarily for the purpose of trading;

- It is due to be settled within twelve months after the reporting period; or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.26 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group or by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.26 Fair value measurement (continued)

At each reporting date, the senior management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed according to the accounting policies of the Group and of the Company. For this analysis, the senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The senior management, in conjunction with the external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4. CHANGES IN ACCOUNTING POLICIES

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

On 1 May 2016, the Group and the Company adopted the following standards mandatory for the annual periods beginning on or after 1 January 2016:

Description	**Effective for annual periods beginning on or after**
Annual Improvements to FRSs 2012–2014 Cycle	1 January 2016
FRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to FRS 11: *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to FRS 101: *Disclosure Initiative*	1 January 2016
Amendments to FRS 116 and FRS 138: *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 127: *Equity Method in Separate Financial Statements*	1 January 2016

The adoption of the above standards have no material impact on the financial performance and position of the Group and of the Company.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretation that are issued but not yet effective up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards and interpretation, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to FRS 107: *Disclosure Initiative*	1 January 2017
Amendments to FRS 112: *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
FRS 9 *Financial Instruments*	1 January 2018
FRS 140 *Transfer of Investment Property (Amendments to MFRS 140)*	1 January 2018
Amendments to FRS 2: *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to FRS 10 and FRS 128: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The directors expect that the adoption of the above standards and interpretation will have no material impact on the financial statements in the period of initial application except as discussed below:

FRS 9 *Financial Instruments*

In November 2014, MASB issued the final version of FRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces FRS 139 *Financial Instruments: Recognition and Measurement* and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of FRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

6. MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS FRAMEWORK")

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

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.

6. MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS FRAMEWORK") (continued)

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.

7. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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 assets or liabilities affected in the future period.

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

7. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

7.2. Estimates and assumptions

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. The Group based its assumptions and estimates on parameters available when the consolidated financial statements are prepared. Existing circumstances and assumptions about future developments, however may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(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 21.

(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.

7. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

7.2. Estimates and assumptions (continued)

(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 37.

(g) Employee share incentive

The Group measures the cost of equity-settled transactions with directors and selected executives by reference to the fair value of the equity instruments at the date at which they are granted, taking into account, if any, the market vesting conditions.

8. REVENUE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sale of oil palm products	**274,709**	205,736	**73,090**	54,782
Interest income from:				
- loan to a subsidiary *	**-**	-	**1,398**	-
- held-to-maturity investments and short term deposits	**-**	-	**323**	1,236
Net fair value gains on financial assets at fair value through profit or loss:				
- realised	**-**	-	**1,251**	3,461
- unrealised	**-**	-	**2**	238
Dividend income from:				
- subsidiaries	**-**	-	**51,806**	25,559
- available-for-sale investments				
- quoted in Malaysia	**-**	-	**743**	688
- held-for-trading investments				
- quoted in Malaysia	**-**	-	**523**	342
- quoted outside Malaysia	**-**	-	**80**	87
	274,709	205,736	**129,216**	86,393

* This represents the interest income from loan to a subsidiary, bearing interest at the rate of 6.7% per annum (Note 25(c)).

9. OTHER INCOME

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Additional compensation received from compulsory land acquisition	**-**	249	**-**	249
Dividend income from:				
- available-for-sale investments				
- quoted in Malaysia	**743**	688	**-**	-
- held-for-trading investments				
- quoted in Malaysia	**523**	342	**-**	-
- quoted outside Malaysia	**80**	87	**-**	-
Gain from fair value adjustment of investment property (Note 20)	**-**	93	**-**	93
Gain on disposal of:				
- available-for-sale investments	**20,191**	-	**20,191**	-
- property, plant and equipment	**126**	90	**108**	59
Insurance claim received	**62**	148	**9**	17
Insurance commission received	**163**	173	**163**	173
Interest income	**1,034**	2,094	**-**	-
Management fee received	**1,036**	268	**-**	-
Miscellaneous income	**581**	486	**42**	100
Net fair value gains on held-for-trading investments:				
- realised	**839**	-	**839**	-
- unrealised	**2,614**	-	**2,614**	-
Net fair value gains on financial assets at fair value through profit or loss:				
- realised	**1,253**	3,461	**-**	-
- unrealised	**2**	238	**-**	-
Net foreign exchange gain:				
- realised	**701**	4,615	**593**	4,560
- unrealised	**-**	12,974	**-**	13,463
Net rental income	**250**	282	**246**	276
Road toll collection	**290**	30	**284**	25
	30,488	26,318	**25,089**	19,015

10. INTEREST EXPENSES

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Interest expenses on:				
- loan from a subsidiary *	**-**	-	**21**	21
- finance lease	**-**	11	**-**	-
- term loans	**3,886**	1,215	**3,886**	1,208
	3,886	1,226	**3,907**	1,229

* This represents the interest expense paid for loan from a subsidiary, bearing interest at the rate of one percent (1%) above Malayan Banking Berhad's 12 months fixed deposit interest rate per annum (Note 36(c)).

11. PROFIT BEFORE TAX

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

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Amortisation of prepaid land lease payments (Note 19)	**1,393**	330	**-**	-
Auditors' remuneration:				
- Statutory audits	**368**	237	**121**	84
- Other services	**79**	75	**41**	42
Depreciation of property, plant and equipment (Note 17)	**20,141**	19,546	**7,763**	7,269
Employee benefits expense (Note 12)	**48,345**	39,040	**19,285**	15,114
Impairment loss on trade receivables (Note 25(a))	**-**	180	**-**	-
Net fair value losses on held-for-trading investments:				
- realised	**-**	743	**-**	743
- unrealised	**-**	668	**-**	668
Net unrealised foreign exchange loss	**14,235**	-	**15,327**	-
Non-executive directors' remuneration (Note 13)	**414**	598	**397**	564
Property, plant and equipment written off	**79**	88	**25**	31

12. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Wages and salaries	**41,237**	33,187	**16,430**	12,332
Contributions to defined contribution plan	**2,504**	2,284	**1,057**	920
Social security contributions	**276**	207	**90**	74
Retirement benefit obligation (Note 34)	**356**	-	**-**	-
Fair value of share options granted under ESOS	**555**	771	**311**	451
Other staff related expenses	**3,417**	2,591	**1,397**	1,337
	48,345	39,040	**19,285**	15,114

13. DIRECTORS' REMUNERATION

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-executive:				
Directors of the Company				
Fees	**241**	240	**241**	240
Other emoluments	**263**	268	**263**	268
Fair value of share options granted under ESOS	**(107)**	56	**(107)**	56
Total excluding benefits-in-kind	**397**	564	**397**	564
Estimated money value of benefits-in-kind	**31**	31	**31**	31
Total including benefits-in-kind	**428**	595	**428**	595
Director of a subsidiary				
Fees	**17**	34	**-**	-
Total excluding benefits-in-kind	**17**	34	**-**	-
Total directors' remuneration	**445**	629	**428**	595

Analysis of directors' remuneration:

Total non-executive directors' remuneration excluding benefits-in-kind (Note 11 and 38(c))	**414**	598	**397**	564
Estimated money value of benefits-in-kind	**31**	31	**31**	31
	445	629	**428**	595

13. DIRECTORS' REMUNERATION (continued)

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

	Fees RM'000	Other emoluments RM'000	Fair value of share options granted under ESOS RM'000	Estimated money value of benefits-in-kind RM'000	Total RM'000
2017					
Non-executive directors:					
Datin Paduka Tan Siok Choo	80	50	-	31	161
Tan Sri Dato' Ahmad bin Mohd Don	40	69	-	-	109
Tan Jiew Hoe	40	44	-	-	84
Teo Leng	40	73	-	-	113
Dato' Tan Ang Meng	16	25	(107) *	-	(66)
Dato Dr. Nik Ramlah binti Nik Mahmood	13	1	-	-	14
Ong Keng Siew	12	1	-	-	13
	241	263	(107)	31	428
2016					
Non-executive directors:					
Datin Paduka Tan Siok Choo	80	50	-	31	161
Tan Sri Dato' Ahmad bin Mohd Don	40	59	-	-	99
Tan Jiew Hoe	40	43	-	-	83
Teo Leng	40	63	10	-	113
Dato' Tan Ang Meng	40	53	46	-	139
	240	268	56	31	595

* Fair value of share options granted but not vested which has been credited to profit or loss.

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

	Number of directors 2017	2016
Non-executive directors:		
Up to RM50,000	**2**	-
RM50,001 - RM100,000	**1**	2
RM100,001 - RM150,000	**2**	2
RM150,001 - RM200,000	**1**	1
(RM50,001 - RM100,000)	**1 ***	-

* Included the fair value of share options granted but not vested of RM107,000 which has been credited to profit or loss.

14. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the financial years ended 30 April 2017 and 2016 are:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current income tax:				
Malaysian income tax				
- Current year	**19,026**	9,199	**5,032**	360
- (Over)/underprovision in prior years	**(968)**	(22)	**(973)**	12
Foreign tax				
- Current year	**1,214**	-	**-**	-
	19,272	9,177	**4,059**	372
Deferred tax (Note 35):				
(Origination)/reversal of temporary differences	**(6,276)**	1,828	**(329)**	1,760
Under/(over)provision in prior years	**3**	(519)	**9**	(405)
	(6,273)	1,309	**(320)**	1,355
Income tax expense recognised in profit or loss	**12,999**	10,486	**3,739**	1,727

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year. On 21 October 2016, the Government of Malaysia announced the reduction of income tax rate based on the percentage of increase in chargeable income as compared to the immediate preceding year of assessment effective Year of Assessment 2017 and 2018. The effect of the change in future tax rate to deferred tax of the Company is determined not to be significant.

The corporate tax rates applicable to the Singapore subsidiary and Indonesia subsidiary of the Group are 17% (2016: 17%) and 25% (2016: 25%) respectively.

Reconciliation between income tax expense and accounting profit

The reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 30 April 2017 and 2016 are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Accounting profit before tax	**98,888**	70,234	**86,091**	61,310
Tax at Malaysian statutory tax rate of 24% (2016: 24%)	**23,733**	16,856	**20,662**	14,714
Different tax rates in other countries	**(111)**	(126)	**-**	-
Adjustments:				
Effect of reduction in tax rate	**(1,966)**	-	**(932)**	-
Effect of expenditure capitalised allowable for tax deduction	**(7,842)**	(2,012)	**(1,251)**	(1,900)
Effect of income not subject to tax	**(7,068)**	(5,707)	**(19,116)**	(11,698)
Effect of non-deductible expenses	**7,218**	2,016	**5,340**	1,004
(Over)/underprovision of income tax expense in prior years	**(968)**	(22)	**(973)**	12
Under/(over)provision of deferred tax in prior years	**3**	(519)	**9**	(405)
Income tax expense recognised in profit or loss	**12,999**	10,486	**3,739**	1,727

15. 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:

	Group 2017	Group 2016
Profit net of tax for the year attributable to owners of the Company (RM'000)	**84,554**	59,572
Weighted average number of ordinary shares in issue ('000 unit)	**209,225**	208,955
Basic earnings per share (sen)	**40.41**	28.51

(b) Diluted earnings per share

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

16. DIVIDENDS

	Group and Company 2017 RM'000	Group and Company 2016 RM'000
Recognised during the financial year:		
Second interim dividend for 2015: - single-tier dividend of 8%, on 209,188,001 ordinary shares (8 sen per ordinary share)	**-**	16,735
First interim dividend for 2016: - single-tier dividend of 8%, on 209,217,601 ordinary shares (8 sen per ordinary share)	**-**	16,737
Second interim dividend for 2016: - single-tier dividend of 8%, on 209,221,201 ordinary shares (8 sen per ordinary share)	**16,738**	-
First interim dividend for 2017: - single-tier dividend of 8%, on 209,221,201 ordinary shares (8 sen per ordinary share)	**16,738**	-
	33,476	33,472

On 22 June 2017, the directors declared a second interim single-tier dividend of 12% in respect of the financial year ended 30 April 2017 and a special single-tier dividend of 3% on 209,318,701 ordinary shares, amounting to approximately RM31,398,000 (15 sen per ordinary share) which are payable on 24 August 2017.

The financial statements for the current financial year do not reflect these dividends. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 April 2018.

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

17. PROPERTY, PLANT AND EQUIPMENT

	Freehold lands RM'000	Long term leasehold lands 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
Group								
2017								
At cost or valuation:								
At 1 May 2016	136,512	428,892	92,414	56,404	7,534	52,341	5,408	779,505
Additions	-	235	830	1,721	1,470	7,253	21,771	33,280
Disposals	-	-	-	-	(9)	(427)	-	(436)
Written off	-	-	(129)	(66)	(910)	(1,145)	-	(2,250)
Reclassifications	-	-	5,309	3,195	775	599	(9,878)	-
Transfer from investment property (Note 20)	-	399	748	-	-	-	-	1,147
Exchange differences	-	-	493	85	95	667	366	1,706
At 30 April 2017	136,512	429,526	99,665	61,339	8,955	59,288	17,667	812,952
Representing:								
At cost	-	235	37,666	61,339	8,955	59,288	17,667	185,150
At valuation	136,512	429,291	61,999	-	-	-	-	627,802
At 30 April 2017	136,512	429,526	99,665	61,339	8,955	59,288	17,667	812,952
Accumulated depreciation:								
At 1 May 2016	-	20,096	16,138	24,720	4,633	29,988	-	95,575
Depreciation charge for the year:	-	6,681	7,466	3,919	1,074	6,331	-	25,471
- Recognised in profit or loss (Note 11)	-	5,901	5,405	3,646	778	4,411	-	20,141
- Capitalised in biological assets (Note 18(a))	-	780	1,642	192	176	1,294	-	4,084
- Charged to Plasma receivables (Note 39(a))	-	-	419	81	120	626	-	1,246
Disposals	-	-	-	-	(7)	(362)	-	(369)
Written off	-	-	(92)	(66)	(887)	(1,126)	-	(2,171)
Exchange differences	-	-	125	36	78	295	-	534
At 30 April 2017	-	26,777	23,637	28,609	4,891	35,126	-	119,040
Net carrying amount:								
At cost	-	235	30,554	32,730	4,064	24,162	17,667	109,412
At valuation	136,512	402,514	45,474	-	-	-	-	584,500
At 30 April 2017	136,512	402,749	76,028	32,730	4,064	24,162	17,667	693,912

17. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold lands RM'000	Long term leasehold lands 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
Group (continued)								
2016								
At cost or valuation:								
At 1 May 2015	136,512	428,892	77,700	53,338	6,432	46,608	3,163	752,645
Acquisition of subsidiaries	-	-	11,385	778	917	7,156	2,421	22,657
Additions	-	-	862	1,961	346	1,776	3,740	8,685
Disposals	-	-	-	(40)	(5)	(1,528)	-	(1,573)
Written off	-	-	(338)	(474)	(235)	(1,571)	-	(2,618)
Reclassifications	-	-	2,893	857	97	18	(3,865)	-
Exchange differences	-	-	(88)	(16)	(18)	(118)	(51)	(291)
At 30 April 2016	136,512	428,892	92,414	56,404	7,534	52,341	5,408	779,505
Representing:								
At cost	-	-	31,046	56,404	7,534	52,341	5,408	152,733
At valuation	136,512	428,892	61,368	-	-	-	-	626,772
At 30 April 2016	136,512	428,892	92,414	56,404	7,534	52,341	5,408	779,505
Accumulated depreciation:								
At 1 May 2015	-	13,416	8,848	21,309	3,318	24,301	-	71,192
Acquisition of subsidiaries	-	-	998	305	698	2,556	-	4,557
Depreciation charge for the year:	-	6,680	6,622	3,614	861	5,880	-	23,657
- Recognised in profit or loss (Note 11)	-	5,656	5,192	3,435	705	4,558	-	19,546
- Capitalised in biological assets (Note 18(a))	-	1,024	1,430	179	156	1,322	-	4,111
Disposals	-	-	-	(33)	(3)	(1,164)	-	(1,200)
Written off	-	-	(308)	(467)	(226)	(1,529)	-	(2,530)
Exchange differences	-	-	(22)	(8)	(15)	(56)	-	(101)
At 30 April 2016	-	20,096	16,138	24,720	4,633	29,988	-	95,575
Net carrying amount:								
At cost	-	-	27,084	31,684	2,901	22,353	5,408	89,430
At valuation	136,512	408,796	49,192	-	-	-	-	594,500
At 30 April 2016	136,512	408,796	76,276	31,684	2,901	22,353	5,408	683,930

17. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold lands RM'000	Long term leasehold lands 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
Company								
2017								
At cost or valuation:								
At 1 May 2016	96,997	221,543	30,519	7,252	4,187	21,285	1,166	382,949
Additions	-	-	653	316	506	920	8,230	10,625
Disposals	-	-	-	-	(9)	(134)	-	(143)
Written off	-	-	(14)	(55)	(433)	(10)	-	(512)
Reclassifications	-	-	1,909	1,308	575	162	(3,954)	-
Transfer from investment property (Note 20)	-	399	748	-	-	-	-	1,147
At 30 April 2017	96,997	221,942	33,815	8,821	4,826	22,223	5,442	394,066
Representing:								
At cost	-	-	12,071	8,821	4,826	22,223	5,442	53,383
At valuation	96,997	221,942	21,744	-	-	-	-	340,683
At 30 April 2017	96,997	221,942	33,815	8,821	4,826	22,223	5,442	394,066
Accumulated depreciation:								
At 1 May 2016	-	11,613	5,953	3,169	2,447	12,631	-	35,813
Depreciation charge for the year:	-	3,853	2,758	624	539	2,491	-	10,265
- Recognised in profit or loss (Note 11)	-	3,074	1,963	497	446	1,783	-	7,763
- Capitalised in biological assets (Note 18(a))	-	779	795	127	93	708	-	2,502
Disposals	-	-	-	-	(7)	(132)	-	(139)
Written off	-	-	(5)	(55)	(417)	(10)	-	(487)
At 30 April 2017	-	15,466	8,706	3,738	2,562	14,980	-	45,452
Net carrying amount:								
At cost	-	-	9,319	5,083	2,264	7,243	5,442	29,351
At valuation	96,997	206,476	15,790	-	-	-	-	319,263
At 30 April 2017	96,997	206,476	25,109	5,083	2,264	7,243	5,442	348,614

17. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold lands RM'000	Long term leasehold lands 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
Company (continued)								
2016								
At cost or valuation:								
At 1 May 2015	96,997	221,543	29,538	6,715	4,186	21,744	355	381,078
Additions	-	-	807	679	85	1,010	1,280	3,861
Disposals	-	-	-	-	(5)	(1,186)	-	(1,191)
Written off	-	-	(273)	(142)	(83)	(301)	-	(799)
Reclassifications	-	-	447	-	4	18	(469)	-
At 30 April 2016	96,997	221,543	30,519	7,252	4,187	21,285	1,166	382,949
Representing:								
At cost	-	-	9,521	7,252	4,187	21,285	1,166	43,411
At valuation	96,997	221,543	20,998	-	-	-	-	339,538
At 30 April 2016	96,997	221,543	30,519	7,252	4,187	21,285	1,166	382,949
Accumulated depreciation:								
At 1 May 2015	-	7,760	3,266	2,763	1,996	10,862	-	26,647
Depreciation charge for the year:	-	3,853	2,948	547	531	2,758	-	10,637
- Recognised in profit or loss (Note 11)	-	2,829	1,876	398	415	1,751	-	7,269
- Capitalised in biological assets (Note 18(a))	-	1,024	1,072	149	116	1,007	-	3,368
Disposals	-	-	-	-	(3)	(700)	-	(703)
Written off	-	-	(261)	(141)	(77)	(289)	-	(768)
At 30 April 2016	-	11,613	5,953	3,169	2,447	12,631	-	35,813
Net carrying amount:								
At cost	-	-	7,725	4,083	1,740	8,654	1,166	23,368
At valuation	96,997	209,930	16,841	-	-	-	-	323,768
At 30 April 2016	96,997	209,930	24,566	4,083	1,740	8,654	1,166	347,136

17. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Revaluation of freehold lands, long term leasehold lands and buildings

Freehold lands, long term leasehold lands and buildings were last revalued on 30 April 2013 by an independent professional valuer. The valuation was determined by reference to open market value on an existing use basis.

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

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Freehold lands				
Cost and net carrying amount	**12,807**	12,807	**10,687**	10,687
Long term leasehold lands				
Cost brought forward	**151,690**	151,690	**136,428**	136,428
Transfer from investment property	**399**	-	**399**	-
Cost carried forward	**152,089**	151,690	**136,827**	136,428
Less: Accumulated depreciation	**(16,572)**	(14,832)	**(13,640)**	(12,052)
Net carrying amount	**135,517**	136,858	**123,187**	124,376
Buildings				
Cost	**81,921**	81,921	**22,839**	22,839
Less: Accumulated depreciation	**(37,819)**	(33,501)	**(9,921)**	(8,210)
Net carrying amount	**44,102**	48,420	**12,918**	14,629

(b) Assets pledged as security

Certain long term leasehold lands of the Company in Sabah with net carrying amount of RM183,888,000 (2016: RM185,733,000) are mortgaged to secure the Company's loan from a subsidiary (Note 36(c)).

All the assets of the Company are negative pledged to secure the Company's bank loan (Note 33).

(c) Transfer from investment property

During the current financial year, the Group and the Company transferred an office building located in Keningau town from investment property to property, plant and equipment (Note 20(a)). Such office building comprises a portion that is held to earn rentals and another portion that is held for own use. The Group and the Company have classified the whole office building as property, plant and equipment. The said office building was stated at valuation with a carrying amount of RM1,147,000.

18. BIOLOGICAL ASSETS

	Group		Company	
	2017 RM'000	2016 RM'000 (restated)	2017 RM'000	2016 RM'000
At cost or valuation:				
At beginning of financial year				
As previously stated	**955,305**	846,483	**434,899**	423,861
Prior year adjustments (Note 22(a))	**(634)**	-	**-**	-
As restated	**954,671**	846,483	**434,899**	423,861
Acquisition of subsidiaries (restated) (Note 22(a))	**-**	93,979	**-**	-
Additions	**30,013**	15,850	**8,223**	11,038
Exchange differences	**7,217**	(1,641)	**-**	-
At end of financial year	**991,901**	954,671	**443,122**	434,899
Representing:				
At cost	**188,479**	151,249	**57,058**	48,835
At valuation	**803,422**	803,422	**386,064**	386,064
At end of financial year	**991,901**	954,671	**443,122**	434,899

(a) Capitalisation of depreciation and amortisation

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Depreciation of property, plant and equipment capitalised (Note 17)	**4,084**	4,111	**2,502**	3,368
Amortisation of prepaid land lease payments capitalised (Note 19)	**2,816**	1,101	**-**	-
	6,900	5,212	**2,502**	3,368

(b) Revaluation of biological assets

Biological assets were last revalued on 30 April 2013 by an independent professional valuer. The valuation was determined by reference to open market value on an existing use basis.

(c) Assets pledged as security

The biological assets of the Company are negative pledged to secure the Company's bank loan (Note 33).

19. PREPAID LAND LEASE PAYMENTS

	Group 2017 RM'000	Group 2016 RM'000
At cost:		
At beginning of financial year	**137,233**	14,117
Acquisition of subsidiaries	**-**	115,973
Additions	**2,873**	7,307
Exchange differences	**823**	(164)
At end of financial year	**140,929**	137,233
Accumulated amortisation:		
At beginning of financial year	**4,186**	2,762
Amortisation for the year:	**4,209**	1,431
- Recognised in profit or loss(Note 11)	**1,393**	330
- Capitalised in biological assets(Note 18(a))	**2,816**	1,101
Exchange differences	**7**	(7)
At end of financial year	**8,402**	4,186
Net carrying amount	**132,527**	133,047
Amount to be amortised:		
- Not later than one year	**4,209**	1,431
- Later than one year but not later than five years	**16,839**	5,721
- Later than five years	**111,479**	125,895
	132,527	133,047

20. INVESTMENT PROPERTY

	Group and Company 2017 RM'000	Group and Company 2016 RM'000
At fair value:		
At beginning of financial year	**1,147**	1,054
Gain from fair value adjustment recognised in profit or loss (Note 9)	**-**	93
Transfer to property, plant and equipment (Note 17)	**(1,147)**	-
At end of financial year	**-**	1,147

20. INVESTMENT PROPERTY (continued)

(a) Transfer to property, plant and equipment

During the current financial year, the Group and the Company transferred an office building located in Keningau town from investment property to property, plant and equipment (Note 17(c)). Such office building comprises a portion that is held to earn rentals and another portion that is held for own use. The Group and the Company have classified the whole office building as property, plant and equipment. The said office building was stated at valuation with a carrying amount of RM1,147,000.

(b) Valuation of investment property

The investment property was last revalued on 30 April 2016 by an independent professional valuer. The valuation was determined by reference to open market value on an existing use basis.

(c) Asset pledged as security

The investment property is negative pledged to secure the Company's bank loan (Note 33).

21. GOODWILL ON CONSOLIDATION

	Group	
	2017	**2016**
	RM'000	**RM'000**
		(restated)
At net carrying amount:		
At beginning of financial year		
As previously stated	**86,777**	18,628
Prior year adjustments (Note 22(a))	**(4,303)**	-
As restated	**82,474**	18,628
Acquisition of subsidiaries (restated) (Note 22(a))	**-**	63,846
At end of financial year	**82,474**	82,474

Goodwill of RM18,628,000 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.

In the previous financial year, an additional provisional goodwill of RM63,846,000 has been allocated to the Group's cash generating units identified according to the newly acquired individual subsidiaries, namely International Natural Resources Pte. Ltd. ("INR"), an investment holding company incorporated in the Republic of Singapore and PT Lifere Agro Kapuas, a company incorporated under the laws of the Republic of Indonesia, which is held through INR and principally involved in plantation activities.

During the financial year, the purchase price allocation exercise was completed and the provisional goodwill was adjusted on a retrospective basis.

21. GOODWILL ON CONSOLIDATION (continued)

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 25 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's expected internal rate of return of 10%.

(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 where raw materials are sourced. Values assigned to key assumptions are consistent with external information sources.

22. INVESTMENT IN SUBSIDIARIES

	Company	
	2017	**2016**
	RM'000	**RM'000**
In Malaysia		
- Unquoted shares, at cost	**142,288**	142,288
- Less: Accumulated impairment losses	**(1,334)**	(1,334)
	140,954	140,954
Outside Malaysia		
- Unquoted shares, at cost	**287,339**	284,252
	428,293	425,206

22. INVESTMENT IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation/ Principal place of business	% of ownership interest held by the Group		% of ownership interest held by non-controlling interests		Principal activities
		2017	2016	2017	2016	
Held by the Company						
Leong Hin San Sdn. Bhd. [i]	Malaysia	**100**	100	**-**	-	Cultivation of oil palm
Meridian Plantations Sdn. Bhd. [i]	Malaysia	**100**	100	**-**	-	Cultivation of oil palm and palm oil milling
Syarikat Penanaman Bukit Senorang Sdn. Bhd. [i]	Malaysia	**100**	100	**-**	-	Cultivation of oil palm and palm oil milling
South-East Pahang Oil Palm Berhad [i]	Malaysia	**100**	100	**-**	-	Cultivation of oil palm
Masjid Tanah Properties Sdn. Bhd. [i]	Malaysia	**100**	100	**-**	-	Property development (currently dormant)
Melaka Pindah Properties Sdn. Bhd. [i]	Malaysia	**100**	100	**-**	-	Property development (currently dormant)
Vintage Plantations Sdn. Bhd. [i]	Malaysia	**100**	100	**-**	-	Dormant
International Natural Resources Pte. Ltd. [ii]	Singapore	**88**	88	**12**	12	Investment holding
Held through International Natural Resources Pte. Ltd.						
PT Lifere Agro Kapuas [iii]	Indonesia	**83**	83	**17**	17	Cultivation of oil palm

i Audited by Ernst & Young.
ii Audited by a firm other than Ernst & Young.
iii Audited by member firm of Ernst & Young Global.

22. INVESTMENT IN SUBSIDIARIES (continued)

(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 fair value of identifiable assets and liabilities of INR and LAK as at the date of acquisition were restated as follows:

<u>Fair value of the identifiable assets and liabilities of INR and LAK</u>

	Previously reported RM'000	Adjustment RM'000	Restated RM'000
Identifiable assets			
Property, plant and equipment	18,100	-	18,100
Biological assets (Note 18)	94,613	(634)	93,979
Prepaid land lease payments	115,973	-	115,973
Inventories	5,500	-	5,500
Trade and other receivables	40,083	-	40,083
Plasma receivables (Note 39(a))	62,944	7,547	70,491
Cash and bank balances	38,601	-	38,601
	375,814		382,727
Identifiable liabilities			
Finance lease	(229)	-	(229)
Loans and borrowings	(65,639)	-	(65,639)
Deferred tax liabilities	(38,028)	(1,728)	(39,756)
Trade and other payables	(13,936)	-	(13,936)
	(117,832)		(119,560)
Net identifiable assets	257,982		263,167
Fair value of net identifiable assets	257,982	5,185	263,167
Less: Non-controlling interests	(41,879)	(882)	(42,761)
Group's interest in the fair value of net identifiable assets	216,103		220,406
Goodwill on acquisition (Note 21)	68,149	(4,303)	63,846
Cost of business combination	284,252		284,252

22. INVESTMENT IN SUBSIDIARIES (continued)

(b) Additional investment in a subsidiary, International Natural Resources Pte. Ltd. ("INR")

On 26 April 2017, the Company has increased its investment in a subsidiary, INR by subscribing 441 ordinary shares of INR for a total consideration of RM3,087,000. The additional investment in INR did not affect the 88.2% equity interest held by the Company.

(c) Summarised financial information of subsidiaries which have non-controlling interests

Summarised financial information of INR and LAK which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination.

Summarised income statements

	INR		LAK		Total	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Revenue	**-**	-	**27,526**	2,036	**27,526**	2,036
Profit/(loss) net of tax	**1,640**	(2,285)	**6,715**	2,626	**8,355**	341
Profit/(loss) net of tax attributable to:						
- Owners of the Company	**1,446**	(2,015)	**5,574**	2,180	**7,020**	165
- Non-controlling interests	**194**	(270)	**1,141**	446	**1,335**	176
	1,640	(2,285)	**6,715**	2,626	**8,355**	341

Summarised statements of comprehensive income

	INR		LAK		Total	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Other comprehensive income/(loss) for the year	**2,501**	(1,002)	**11,522**	(2,411)	**14,023**	(3,413)
Other comprehensive income/(loss) for the year attributable to:						
- Owners of the Company	**2,206**	(884)	**9,563**	(2,004)	**11,769**	(2,888)
- Non-controlling interests	**295**	(118)	**1,959**	(407)	**2,254**	(525)
	2,501	(1,002)	**11,522**	(2,411)	**14,023**	(3,413)

22. INVESTMENT IN SUBSIDIARIES (continued)

(c) Summarised financial information of subsidiaries which have non-controlling interests (continued)

Summarised statements of financial position

	INR		LAK		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current assets	**139,187**	139,187	**127,928**	89,078	**267,115**	228,265
Current assets	**42,893**	38,264	**107,903**	83,683	**150,796**	121,947
Total assets	**182,080**	177,451	**235,831**	172,761	**417,911**	350,212
Non-current liabilities	-	-	**35,595**	40,167	**35,595**	40,167
Current liabilities	**230**	3,338	**55,121**	8,334	**55,351**	11,672
Total liabilities	**230**	3,338	**90,716**	48,501	**90,946**	51,839
Net assets	**181,850**	174,113	**145,115**	124,260	**326,965**	298,373
Equity attributable to:						
- Owners of the Company	**160,432**	153,597	**120,119**	102,364	**280,551**	255,961
- Non-controlling interests	**21,418** ^	20,516	**24,996**	21,896	**46,414**	42,412
	181,850	174,113	**145,115**	124,260	**326,965**	298,373

^ Included additional investment of RM413,000 in INR by non-controlling interest. The additional investment in INR by non-controlling interest did not affect the 88.2% equity interest held by the Company.

Summarised statements of cash flows

	INR		LAK		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Net cash (used in)/from operating activities	**-**	(4)	**31,170**	30,815	**31,170**	30,811
Net cash used in investing activities	**-**	-	**(32,655)**	(1,400)	**(32,655)**	(1,400)
Net cash used in financing activities	**-**	-	**-**	(66,459)	**-**	(66,459)
Net change in cash and cash equivalents	**-**	(4)	**(1,485)**	(37,044)	**(1,485)**	(37,048)
Effect of foreign exchange rate changes	**-**	-	**43**	292	**43**	292
Cash and cash equivalents at beginning of financial year	**-**	4	**1,845**	38,597	**1,845**	38,601
Cash and cash equivalents at end of financial year	**-**	-	**403**	1,845	**403**	1,845

23. AVAILABLE-FOR-SALE INVESTMENTS

	Group and Company			
	Carrying amount		Fair value	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Quoted investment:				
In Malaysia				
- shares	**-**	21,190	**-**	21,190
Unquoted investment:				
Outside Malaysia				
- shares	**-**	82	**-**	82
Total available-for-sale investments	**-**	21,272		

24. INVENTORIES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At cost:				
Produce stocks	**5,700**	4,527	**-**	-
Nursery stocks	**4,423**	4,724	**708**	762
Estate and palm oil mill stores	**10,612**	8,453	**2,411**	3,919
	20,735	17,704	**3,119**	4,681

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group and the Company was RM33,627,000 (2016: RM27,093,000) and RM10,809,000 (2016: RM11,233,000) respectively.

25. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000 (restated)	2017 RM'000	2016 RM'000
Trade receivables:				
Amount due from a subsidiary	**-**	-	**1,494**	1,189
Third parties	**17,980**	14,159	**4,190**	2,895
	17,980	14,159	**5,684**	4,084
Less: Allowance for impairment				
- Third parties	**(180)**	(180)	**-**	-
	17,800	13,979	**5,684**	4,084
Other receivables:				
Amounts due from subsidiaries	**-**	-	**2,547**	6,713
Loan to a subsidiary	**-**	-	**41,356**	-
Deposits	**384**	336	**247**	263
Prepayments	**920**	332	**731**	168
Interest receivable	**21**	38	**5**	15
Dividend receivable	**17**	13	**17**	13
Held-for-trading investments receivable	**78**	412	**78**	412
Plasma receivables (Note 39(a))	**95,438**	73,188	**-**	-
Sundry receivables	**1,249**	2,988	**849**	390
	98,107	77,307	**45,830**	7,974
	115,907	91,286	**51,514**	12,058

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 15 to 30 days (2016: 15 to 30 days) terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Neither past due nor impaired	**17,800**	13,979	**5,684**	4,084
Impaired	**180**	180	**-**	-
	17,980	14,159	**5,684**	4,084

25. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables (continued)

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Trade receivable that is impaired

The Group's trade receivable that is impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group Individually impaired	
	2017 RM'000	**2016 RM'000**
Trade receivable - nominal amount	**180**	180
Less: Allowance for impairment	**(180)**	(180)
	-	-

Movement in allowance accounts:

	Group	
	2017 RM'000	**2016 RM'000**
At beginning of financial year	**180**	-
Charge for the year (Note 11)	**-**	180
At end of financial year	**180**	180

Trade receivable that is individually determined to be impaired at the reporting date relate to a debtor that is in significant financial difficulties and has defaulted on payments. This receivable is not secured by any collateral or credit enhancements.

(b) Amounts due from subsidiaries

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

(c) Loan to a subsidiary

The loan to a subsidiary is unsecured, bearing interest at the rate of 6.7% and repayable upon demand.

26. HELD-FOR-TRADING INVESTMENTS

	Group and Company			
	Carrying amount		Fair value	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Quoted investments:				
In Malaysia				
- shares	**17,210**	13,182	**17,210**	13,182
Outside Malaysia				
- shares	**5,593**	4,050	**5,593**	4,050
	22,803	17,232		

27. HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments consist of deposits with licensed financial institutions with maturity period of more than three months as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deposits with licensed commercial banks	**301**	1,005	**48**	187

(a) Interest rates of held-to-maturity investments

The weighted average effective interest rates of held-to-maturity investments at the reporting date were as follows:

	Group		Company	
	2017 %	2016 %	2017 %	2016 %
Deposits with licensed commercial banks	**3.64**	3.95	**3.63**	3.95

(b) Varying periods of held-to-maturity investments

The varying periods of held-to-maturity investments at the reporting date were as follows:

	Group		Company	
	2017 days	2016 days	2017 days	2016 days
Deposits with licensed commercial banks	**181 - 184**	182 - 184	**181 - 184**	182 - 184

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss consist of investment in income trust funds placed with licensed investment banks and asset management companies in Malaysia which are highly liquid and readily convertible to cash as follows:

	Group			
	Carrying amount		Fair value	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
In Malaysia				
- income trust funds	**48,375**	22,996	**48,375**	22,996

	Company			
	Carrying amount		Fair value	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
In Malaysia				
- income trust funds	**48,339**	22,962	**48,339**	22,962

29. CASH AND BANK BALANCES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Cash at banks and on hand	**1,720**	6,900	**1,255**	4,995
Deposits with:				
- Licensed commercial banks	**11,567**	20,155	**5,233**	5,790
- Licensed investment banks	**17,012**	12,961	**9,737**	12,961
	30,299	40,016	**16,225**	23,746

29. CASH AND BANK BALANCES (continued)

(a) Interest rates of cash and bank balances

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

The weighted average effective interest rates of deposits at the reporting date are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	%	**%**	**%**	**%**
Deposits with:				
- Licensed commercial banks	**3.05**	3.37	**2.95**	3.18
- Licensed investment banks	**3.14**	3.42	**3.05**	3.42

(b) Varying periods of deposits

The varying periods of deposits at the reporting date are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	days	**days**	**days**	**days**
Deposits with:				
- Licensed commercial banks	**4 - 92**	6 - 92	**4 - 92**	6 - 30
- Licensed investment banks	**4 - 29**	4 - 31	**4 - 13**	4 - 31

30. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares '000	Amount: Share capital RM'000	Amount: Share premium RM'000	Amount: Total share capital and share premium RM'000
Group and Company				
At 1 May 2015	207,719	207,719	33,551	241,270
Shares issued pursuant to ESOS	1,502	1,502	9,244	10,746
At 30 April 2016 and 1 May 2016	209,221	209,221	42,795	252,016
Shares issued pursuant to ESOS	49	273	-	273
At 30 April 2017	209,270	209,494	42,795	252,289

(a) Share capital

The Companies Act 2016 ("the Act"), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Section 74 of the Act states that all shares issued before or after 31 January 2017 shall have no par or nominal value. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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 Option Scheme ("ESOS") where options to subscribe for the Company's ordinary shares have been granted to eligible directors and employees of the Group as disclosed in Note 37.

(b) Share premium

Section 618(2) of the Act states that upon the commencement of Section 74, the share premium account shall become part of share capital. However, the share premium account is maintained pursuant to the transitional provisions set out in Section 618(3) of the Companies Act 2016.

31. OTHER RESERVES

	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
Group					
At 1 May 2016	18,782	832,356	(2,888)	2,799	851,049
Other comprehensive income:					
Net gain on fair value changes on available-for-sale investments	1,409	-	-	-	1,409
Transfer of gain on disposal of available-for-sale investments to profit or loss	(20,191)	-	-	-	(20,191)
Exchange differences on translation of foreign operations	-	-	14,025	-	14,025
Less: Non-controlling interests	-	-	(2,254)	-	(2,254)
	(18,782)	-	11,771	-	(7,011)
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:					
Fair value of share options granted to eligible directors and employees	-	-	-	448	448
Shares issued pursuant to ESOS	-	-	-	(22)	(22)
Employee share options forfeited	-	-	-	(387)	(387)
Employee share options expired	-	-	-	(614)	(614)
	-	-	-	(575)	(575)
At 30 April 2017	-	829,061	8,883	2,224	840,168

31. OTHER RESERVES (continued)

	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
Group (continued)					
At 1 May 2015	22,512	835,801	-	5,411	863,724
Other comprehensive loss:					
Net loss on fair value changes on available-for-sale investments	(3,730)	-	-	-	(3,730)
Exchange differences on translation of foreign operations	-	-	(3,413)	-	(3,413)
Less: Non-controlling interests	-	-	525	-	525
	(3,730)	-	(2,888)	-	(6,618)
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:					
Fair value of share options granted to eligible directors and employees	-	-	-	827	827
Shares issued pursuant to ESOS	-	-	-	(2,573)	(2,573)
Employee share options forfeited	-	-	-	(199)	(199)
Employee share options expired	-	-	-	(667)	(667)
	-	-	-	(2,612)	(2,612)
At 30 April 2016	18,782	832,356	(2,888)	2,799	851,049

31. OTHER RESERVES (continued)

	Fair value adjustment reserve RM'000	Asset revaluation reserve RM'000	Employee share option reserve RM'000	Total RM'000
Company				
At 1 May 2016	18,782	358,617	2,799	380,198
Other comprehensive income:				
Net gain on fair value changes on available-for-sale investments	1,409	-	-	1,409
Transfer of gain on disposal of available-for-sale investments to profit or loss	(20,191)	-	-	(20,191)
	(18,782)	-	-	(18,782)
Transfer to retained earnings:				
Realisation of asset revaluation reserve upon:				
- Depreciation	-	(1,782)	-	(1,782)
- Property, plant and equipment written off	-	(1)	-	(1)
	-	(1,783)	-	(1,783)
Transactions with owners:				
Fair value of share options granted to eligible directors and employees	-	-	448	448
Shares issued pursuant to ESOS	-	-	(22)	(22)
Employee share options forfeited	-	-	(387)	(387)
Employee share options expired	-	-	(614)	(614)
	-	-	(575)	(575)
At 30 April 2017	-	356,834	2,224	359,058

31. OTHER RESERVES (continued)

	Fair value adjustment reserve RM'000	Asset revaluation reserve RM'000	Employee share option reserve RM'000	Total RM'000
Company (continued)				
At 1 May 2015	22,512	360,399	5,411	388,322
Other comprehensive loss:				
Net loss on fair value changes on available-for-sale investments	(3,730)	-	-	(3,730)
	(3,730)	-	-	(3,730)
Transfer to retained earnings:				
Realisation of asset revaluation reserve upon depreciation	-	(1,782)	-	(1,782)
	-	(1,782)	-	(1,782)
Transactions with owners:				
Fair value of share options granted to eligible directors and employees	-	-	827	827
Shares issued pursuant to ESOS	-	-	(2,573)	(2,573)
Employee share options forfeited	-	-	(199)	(199)
Employee share options expired	-	-	(667)	(667)
	-	-	(2,612)	(2,612)
At 30 April 2016	18,782	358,617	2,799	380,198

31. OTHER RESERVES (continued)

(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. This reserve arose following the adoption of FRS 139 *Financial Instruments: Recognition and Measurement* on 1 May 2010, the effect of which, was recognised as an opening balance of fair value adjustment reserve on that date.

(b) Asset revaluation reserve

Asset revaluation reserve represents increases in the fair value of freehold lands, long term leasehold lands, buildings, biological assets and investment property, net of tax, and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

(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 Group's presentation currency.

(d) Employee share option reserve

Employee share option reserve represents the fair value of equity-settled share options granted to the eligible directors and employees under ESOS (Note 37). This reserve is made up of the cumulative value of services receive 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.

32. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings under the single tier system.

33. TERM LOAN

		Group and Company	
		2017	**2016**
	Maturity	**RM'000**	**RM'000**
Non-current			
Secured:			
- USD loan from OCBC Bank (Malaysia) Berhad at bank's cost of funds + 1% p.a.	2020	**152,270**	136,896

The USD loan is used by the Company to part finance the acquisition of subsidiaries. It is secured by negative pledge over all the assets of the Company (Note 17(b), 18(c) and 20(c)).

33. TERM LOAN (continued)

The first instalment payment of this loan is due on January 2019 and the maturity of the loan as at the reporting date is as follows:

	Group and Company	
	2017	**2016**
	RM'000	**RM'000**
More than one year and less than two years	**45,570**	-
More than two years and less than five years	**106,700**	136,896
	152,270	136,896

34. RETIREMENT BENEFIT OBLIGATION

	Group	
	2017	**2016**
	RM'000	**RM'000**
At beginning of financial year	**-**	-
Expenses recognised in profit or loss (Note 12)	**356**	-
- Current service cost	**352**	-
- Interest cost	**4**	-
Actuarial loss recognised in other comprehensive income	**3**	-
Exchange differences	**6**	-
At end of financial year	**365**	-
Present value of obligation	**365**	-
Recognised liability for retirement benefit obligation	**365**	-

(a) The Group provides provision for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the Indonesian Law No. 13/2003 (the "Labour Law"). This provision is unfunded and estimated using actuarial calculations. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

(b) The Group's obligation under the defined benefit plan is determined based on the latest actuarial valuations perfomed by an independent actuary on 15 May 2017.

34. RETIREMENT BENEFIT OBLIGATION (continued)

(c) Principal actuarial assumptions used as at the reporting date in respect of the Group's defined benefit plan are as follows:

	2017	2016
Discount rate (% p.a.)	**8.32**	N/A
Future salary increase (% p.a.)	**5.00**	N/A
Retirement age (years)	**55**	N/A
Mortality rate (% p.a.)	**0.038 - 0.707**	N/A

(d) The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the reporting date, assuming if all other assumptions were held constant:

		Increase/(decrease) in retirement benefit obligation	
		2017 RM'000	2016 RM'000
Discount rate	+ 1%	**(333)**	-
	- 1%	**403**	-
Future salary	+ 1%	**405**	-
	- 1%	**(330)**	-

35. DEFERRED TAX LIABILITIES

Deferred income tax as at 30 April relates to the following:

	At 1 May 2015 RM'000	Acquisition of subsidiaries RM'000 (restated)	Recognised in profit or loss RM'000	Under/ (over) provision in prior years RM'000	Exchange differences RM'000	At 30 April 2016 and 1 May 2016 RM'000 (restated)	Recognised in profit or loss RM'000	Under/ (over) provision in prior years RM'000	Recognised in other comprehensive income RM'000	Exchange differences RM'000	At 30 April 2017 RM'000
Group											
Deferred tax assets:											
Provisions	(820)	(759)	861	84	(6)	(640)	(660)	-	(1)	(1)	(1,302)
Unabsorbed capital allowances	(1,659)	(30)	1,124	46	14	(505)	546	-	-	(41)	-
	(2,479)	(789)	1,985	130	8	(1,145)	(114)	-	(1)	(42)	(1,302)
Deferred tax liabilities:											
Property, plant and equipment	14,768	2,039	(191)	(115)	-	16,501	462	5	-	1	16,969
Biological assets	21,085	11,434	1,357	(554)	(110)	33,212	(4,765)	(2)	-	937	29,382
Prepaid land lease payments	-	27,072	(205)	-	-	26,867	(821)	-	-	-	26,046
Asset revaluation reserve	78,231	-	(1,118)	20	-	77,133	(1,038)	-	-	-	76,095
	114,084	40,545	(157)	(649)	(110)	153,713	(6,162)	3	-	938	148,492
	111,605	39,756	1,828	(519)	(102)	152,568	(6,276)	3	(1)	896	147,190

35. DEFERRED TAX LIABILITIES (continued)

	At 1 May 2015 RM'000	Recognised in profit or loss RM'000	Under/ (over) provision in prior years RM'000	At 30 April 2016 and 1 May 2016 RM'000	Recognised in profit or loss RM'000	Under/ (over) provision in prior years RM'000	At 30 April 2017 RM'000
Company							
Deferred tax assets:							
Provisions	(467)	42	-	(425)	(495)	-	(920)
Unabsorbed capital allowances	(1,659)	1,613	46	-	-	-	-
	(2,126)	1,655	46	(425)	(495)	-	(920)
Deferred tax liabilities:							
Property, plant and equipment	4,037	(40)	(7)	3,990	232	12	4,234
Biological assets	10,512	708	(444)	10,776	497	(3)	11,270
Asset revaluation reserve	28,550	(563)	-	27,987	(563)	-	27,424
	43,099	105	(451)	42,753	166	9	42,928
	40,973	1,760	(405)	42,328	(329)	9	42,008

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	**(1,302)**	(1,145)	**(920)**	(425)
Deferred tax liabilities	**148,492**	153,713	**42,928**	42,753
	147,190	152,568	**42,008**	42,328

36. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade payables:				
Third parties	**13,381**	7,444	**2,047**	1,895
Other payables:				
Directors' fees and other emoluments	**-**	20	**-**	-
Amount due to a subsidiary	**-**	-	**2**	2
Loan from a subsidiary	**-**	-	**500**	500
Balance outstanding on acquisition of land	**846**	1,477	**-**	-
GST/VAT payable	**755**	720	**258**	146
Accruals and sundry payables	**20,094**	16,189	**9,620**	5,081
	21,695	18,406	**10,380**	5,729
	35,076	25,850	**12,427**	7,624

(a) Trade and other payables

These amounts are non-interest bearing and are normally settled on 30 to 60 days (2016: 30 to 60 days) terms.

(b) Amount due to a subsidiary

This amount is unsecured, non-interest bearing and repayable on demand.

(c) Loan from a subsidiary

This loan is bearing interest at the rate of one percent (1%) above Malayan Banking Berhad's 12 months fixed deposit interest rate per annum and secured by a first mortgage over certain of the Company's long term leasehold lands (Note 17(b)). The loan is repayable on demand.

37. 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.

The ESS comprises Employee Share Option Scheme ("ESOS") and Executive Share Incentive Plan ("ESIP") for the directors and eligible employees of the Company and its subsidiaries.

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.

37. EMPLOYEE BENEFITS (continued)

Employee Share Scheme (continued)

Under the ESIP, the selected executive will be granted the right to have a certain number of ordinary shares 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.

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 that 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) 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) and 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) shall be determined by the ESS Committee at its discretion based on the five (5)-day weighted average market price of the underlying shares immediately prior to the date of offer and/or date of grant by the ESS Committee, provided the said option and/or grant price shall not be lower than 10% from the five (5)-day weighted average market price of the underlying shares immediately prior to the date of offer and/or date of grant and the par value of the shares of the Company.

    Notwithstanding the above, with the implementation of the Companies Act 2016 effective 31 January 2017, the concept of par value of share capital was abolished. Therefore, the par value of the shares of the Company as one of the option or grant price determinant is to be disregarded.

(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.

37. EMPLOYEE BENEFITS (continued)

Employee Share Scheme (continued)

Employee Share Option Scheme ("ESOS")

Movement of share options during the financial year

The following table illustrates the number ("No.") and weighted average exercise price ("WAEP") of, and movements in, share options during the financial year:

	2017		2016	
	No.	**WAEP (RM)**	**No.**	**WAEP (RM)**
Outstanding at beginning of financial year	**3,383,000**	**6.01**	4,146,600	5.91
- Granted	**641,000**	**5.13**	1,710,000	5.64
- Exercised	**(49,000)**	**5.13**	(1,502,200)	5.44
- Forfeited	**(317,300)**	**6.41**	(584,800)	6.10
- Expired	**(410,000)**	**5.82**	(386,600)	5.42
Outstanding at end of financial year	**3,247,700**	**5.83**	3,383,000	6.01
Exercisable at end of financial year	**1,218,300**	**6.09**	1,336,200	6.13

- The weighted average fair value of options granted during the financial year was RM0.85 (2016: RM1.04).
- The weighted average share price at the date of exercise of the options during the financial year was RM6.46 (2016: RM6.23).
- The range of exercise prices for options outstanding at the end of financial year was RM5.13 to RM6.49 (2016: RM5.26 to RM6.49). The weighted average remaining contractual life for these options is 2.34 years (2016: 2.71 years).

During the financial year, options for 49,000 (2016: 1,502,200) ordinary shares of the Company were exercised at a weighted average price of RM5.13 each (2016: RM5.44 each), with a total cash consideration of approximately RM251,000 (2016: RM8,173,000) paid to the Company.

37. EMPLOYEE BENEFITS (continued)

Employee Share Scheme (continued)

Employee Share Option Scheme ("ESOS") (continued)

Fair value of share options granted

The fair value of the share options granted under ESOS 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 years ended 30 April 2017 and 2016 are as follows:

	2017	2016	
	Granted on 7 Nov 2016	**Granted on 13 May 2015**	**Granted on 27 Oct 2015**
Dividend yield (%)	**3.78**	3.67	3.76
Expected volatility (%)	**9.82**	12.13	10.26
Risk-free interest rate (% p.a.)	**3.19**	3.58	3.68
Expected life of option (years)	**3.61**	5.00	4.64

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 RM448,000 (2016: RM827,000) for the Group and RM204,000 (2016: RM507,000) for the Company were charged to profit or loss. No cash outflows was incurred for this charge to profit or loss.

Employee Share Incentive Plan ("ESIP")

During the current and previous financial years, no ordinary shares have been granted to the directors and selected executives of the Company and its subsidiaries.

38. RELATED PARTY DISCLOSURES

(a) Transactions with related parties

In addition to the related party transactions information as disclosed in Note 8 and 10, 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	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Subsidiaries				
- Sale of oil palm fresh fruit bunches	**-**	-	**34,143**	25,403
- Administrative expenses charged	**-**	-	**4,934**	4,310
- Fair value of share options granted to eligible employees charged	**-**	-	**244**	320
- Sale of property, plant and equipment	**-**	-	**1**	386
- Purchase of property, plant and equipment	**-**	-	**38**	208

(b) Balances with related parties

Information regarding other outstanding balances arising from related party transactions as at 30 April 2017 and 30 April 2016 are disclosed in Note 25 and 36.

(c) Compensation of key management personnel

The remuneration of directors and other members of key management, being the Chief Executive Officer, Chief Financial Officer, General Manager (Plantation), Plantation Controllers and Mill Controller during the financial year was as follows:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Short-term employee benefits	**3,045**	2,074	**2,294**	1,861
Contributions to defined contribution plan	**268**	220	**268**	203
Social security contributions	**2**	2	**2**	1
Fair value of share options granted under ESOS	**32**	104	**32**	104
	3,347	2,400	**2,596**	2,169

Included in the total compensation of key management personnel of the Group and of the Company was non-executive directors' remuneration amounting to RM414,000 (2016: RM598,000) and RM397,000 (2016: RM564,000) respectively (Note 13).

38. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel (continued)

Directors' interest in Employee Share Option Scheme ("ESOS")

The following table illustrates the number of share options granted to eligible directors:

Granted date	Exercise price	Number of options granted	Number of eligible directors
1 November 2011	RM5.82	270,000	1
7 November 2012	RM6.49	270,000	1^

^ Granted to a former director who resigned during current financial year.

The following table illustrates the number ("No.") and weighted average exercise price ("WAEP") of, and movements in, share options granted to eligible directors (included share options granted to a retired former director) during the financial year:

	2017		2016	
	No.	WAEP (RM)	No.	WAEP (RM)
Outstanding at beginning of financial year	**370,000**	**6.31**	1,056,000	5.75
- Exercised	**-**	**-**	(420,000)	5.48
- Forfeited	**(270,000)**	**6.49**	-	-
- Expired	**(100,000)**	**5.82**	(266,000)	5.42
Outstanding at end of financial year	**-**	**-**	370,000	6.31
Exercisable at end of financial year	**-**	**-**	275,500	6.25

Directors' interest in Employee Share Incentive Plan ("ESIP")

During the current and previous financial years, no ordinary shares has been granted to the directors.

39. COMMITMENTS

(a) Plasma receivables

The Indonesian government requires oil palm plantation companies to develop new plantations together with the local small landholders, generally known as the "Plasma Scheme". Once developed, the plasma plantations will be transferred to the small landholders who then operate the plasma plantations under the management of the developer for a management fee. In line with this requirement, our subsidiary, PT Lifere Agro Kapuas is commited to developing plantations under the Plasma Scheme through two cooperatives. The funding for the development of the plantations under the Plasma Scheme is currently advanced by the subsidiary. This advance is repayable to the subsidiary upon the cooperatives obtaining a loan from commercial bank. This includes the subsidiary providing corporate guarantees for the loans advanced by the bank to the cooperatives.

When the oil palm matures, the cooperatives are obliged to sell their entire crop to the subsidiary and a portion of the resulting proceeds will be used to repay the loans from the bank and the subsidiary.

The accumulated development costs net of funds receives are presented as Plasma receivables under trade and other receivables (Note 25) and classified in the plantation segment. An analysis of the movement in the Plasma receivables is as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
		(restated)
At beginning of financial year		
As previously stated	**65,641**	-
Prior year adjustments (Note 22(a))	**7,547**	-
As restated	**73,188**	-
Acquisition of subsidiaries (restated) (Note 22(a))	**-**	70,491
Additional development and maintenance costs, net of proceeds from fresh fruit bunches	**13,319**	4,063
Depreciation of property, plant and equipment charged (Note 17)	**1,246**	-
Exchange differences (IDR to RM)	**7,685**	(1,366)
At end of financial year	**95,438**	73,188

39. COMMITMENTS (continued)

(b) Capital commitments

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Capital expenditure approved and contracted for:				
Construction of new oil mills	**71,115**	-	**-**	-
Purchase of property, plant and equipment	**5,581**	908	**4,780**	908
	76,696	908	**4,780**	908
Capital expenditure approved but not contracted for:				
Biological assets	**22,414**	4,408	**1,668**	3,884
Construction of new oil mills	**88,737**	144,732	**-**	-
Purchase of property, plant and equipment	**53,087**	27,511	**15,045**	14,076
	164,238	176,651	**16,713**	17,960
	240,934	177,559	**21,493**	18,868

40. SEGMENT INFORMATION

(a) Business segments

Segment information is presented in respect of the Group's business segments as follows:

(i) Plantation - cultivation of oil palm and palm oil milling
(ii) Investment holding

The primary format of business segments is based on the Group's management and internal reporting structure. 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.

40. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

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.

The following table provides an analysis of the Group's revenue, results, assets and other segment information by business segments:

	Plantation RM'000	Investment holding RM'000	Consolidated RM'000
30 April 2017			
Revenue:			
Total sale of oil palm products	333,748	-	333,748
Inter-company sales	(59,039)	-	(59,039)
Total revenue	274,709	-	274,709
Results:			
Segment results/profit before tax	89,881	9,007	98,888
Income tax expense			(12,999)
Profit net of tax			85,889
Assets:			
Segment assets	2,037,340	101,894	2,139,234
Other segment information:			
Material income			
Dividend income	-	1,346	1,346
Gain on disposal of available-for-sale investments	-	20,191	20,191
Interest income	-	1,034	1,034
Management fee received	1,036	-	1,036
Net fair value gains on financial assets at fair value through profit or loss:			
- realised	-	1,253	1,253
- unrealised	-	2	2
Net fair value gains on held-for-trading investments:			
- realised	-	839	839
- unrealised	-	2,614	2,614
Net realised foreign exchange gain	-	701	701

40. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

	Plantation RM'000	Investment holding RM'000	Consolidated RM'000
30 April 2017 (continued)			
Other segment information (continued):			
Material expenses			
Amortisation of prepaid land lease payments	1,393	-	1,393
Depreciation of property, plant and equipment	20,141	-	20,141
Fair value of share options granted to eligible directors and employees expensed off	448	-	448
Interest expenses	-	3,886	3,886
Net unrealised foreign exchange loss	-	14,235	14,235
Additions to non-current assets			
Purchase of:			
- available-for-sale-investments	-	578	578
- property, plant and equipment	33,280	-	33,280
Additions of:			
- biological assets	30,013	-	30,013
- prepaid land lease payments	2,873	-	2,873
30 April 2016			
Revenue:			
Total sale of oil palm products	247,717	-	247,717
Inter-company sales	(41,981)	-	(41,981)
Total revenue	205,736	-	205,736
Results:			
Segment results/profit before tax	48,446	21,788	70,234
Income tax expense			(10,486)
Profit net of tax			59,748

40. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

	Plantation RM'000	Investment holding RM'000	Consolidated RM'000
30 April 2016 (continued)			
Assets:			
Segment assets	1,969,215	97,565	2,066,780
Other segment information:			
Material income			
Dividend income	-	1,117	1,117
Interest income	-	2,094	2,094
Net fair value gains on financial assets at fair value through profit or loss:			
- realised	-	3,461	3,461
- unrealised	-	238	238
Net foreign exchange gain:			
- realised	-	4,615	4,615
- unrealised	-	12,974	12,974
Material expenses			
Amortisation of prepaid land lease payments	330	-	330
Depreciation of property, plant and equipment	19,546	-	19,546
Fair value of share options granted to eligible directors and employees expensed off	827	-	827
Interest expenses	-	1,226	1,226
Net fair value losses on held-for-trading investments:			
- realised	-	743	743
- unrealised	-	668	668
Additions to non-current assets			
Purchase of:			
- property, plant and equipment	8,685	-	8,685
Additions of:			
- biological assets	15,850	-	15,850
- prepaid land lease payments	7,307	-	7,307

40. SEGMENT INFORMATION (continued)

(b) Geographical segments

Revenue and non-current assets information based on geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Malaysia	**247,183**	203,700	**1,569,853**	1,584,430
Indonesia	**27,526**	2,036	**330,961**	292,111
	274,709	205,736	**1,900,814**	1,876,541

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2017 RM'000	2016 RM'000
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

41. FINANCIAL ASSETS AND LIABILITIES

(a) Financial assets

Total financial assets of the Group and of the Company at the reporting date consist of the following:

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Available-for-sale investments	23	**-**	21,272	**-**	21,272
Trade and other receivables *	25	**114,987**	90,954	**50,783**	11,890
Held-for-trading investments	26	**22,803**	17,232	**22,803**	17,232
Held-to-maturity investments	27	**301**	1,005	**48**	187
Financial assets at fair value through profit or loss	28	**48,375**	22,996	**48,339**	22,962
Cash and bank balances	29	**30,299**	40,016	**16,225**	23,746
		216,765	193,475	**138,198**	97,289

* Excluding prepayments of the Group and of the Company amounting to RM920,000 (2016: RM332,000) and RM731,000 (2016: RM168,000) which are not recoverable in cash.

(b) Financial liabilities

Total financial liabilities carried at amortised cost of the Group and of the Company at the reporting date consist of the following:

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Term loan	33	**152,270**	136,896	**152,270**	136,896
Trade and other payables ^	36	**34,321**	25,130	**12,169**	7,478
		186,591	162,026	**164,439**	144,374

^ Excluding GST/VAT payable of the Group and of the Company amounting to RM755,000 (2016: RM720,000) and RM258,000 (2016: RM146,000).

42. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial instruments that are carried at fair value

The followings are the classes of financial instruments that are carried at fair value which is determined directly by reference to their published market bid price at the reporting date:

	Note
Available-for-sale investments	23
Held-for-trading investments	26
Financial assets at fair value through profit or loss	28

(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:

	Note
Trade and other receivables *	41(a)
Held-to-maturity investments	41(a)
Term loan	41(b)
Trade and other payables ^	41(b)

* Excluding prepayments.
^ Excluding GST/VAT payable.

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amount of term loan is reasonable approximations of fair value due to the insignificant impact of discounting.

The fair value of term loan is estimated by discounting expected future cash flows at market incremental lending rate for similar type of borrowing arrangement at the reporting date.

42. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(c) Fair value hierarchy

At the reporting date, the Group and the Company held the following financial instruments carried at fair value in the statements of financial position:

	Group			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
30 April 2017				
Held-for-trading investments:				
Quoted investments:				
In Malaysia				
- shares	17,210	-	-	17,210
Outside Malaysia				
- shares	5,593	-	-	5,593
Financial assets at fair value through profit or loss:				
In Malaysia				
- income trust funds	-	48,375	-	48,375
30 April 2016				
Available-for-sale investments:				
Quoted investment:				
In Malaysia				
- shares	21,190	-	-	21,190
Unquoted investment:				
Outside Malaysia				
- shares	-	82	-	82
Held-for-trading investments:				
Quoted investments:				
In Malaysia				
- shares	13,182	-	-	13,182
Outside Malaysia				
- shares	4,050	-	-	4,050

42. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(c) Fair value hierarchy (continued)

	Group			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
30 April 2016 (continued)				
Financial assets at fair value through profit or loss:				
In Malaysia				
- income trust funds	-	22,996	-	22,996

	Company			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
30 April 2017				
Held-for-trading investments:				
Quoted investments:				
In Malaysia				
- shares	17,210	-	-	17,210
Outside Malaysia				
- shares	5,593	-	-	5,593
Financial assets at fair value through profit or loss:				
In Malaysia				
- income trust funds	-	48,339	-	48,339

42. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(c) Fair value hierarchy (continued)

	Company			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
30 April 2016				
Available-for-sale investments:				
Quoted investment:				
In Malaysia				
- shares	21,190	-	-	21,190
Unquoted investment:				
Outside Malaysia				
- shares	-	82	-	82
Held-for-trading investments:				
Quoted investments:				
In Malaysia				
- shares	13,182	-	-	13,182
Outside Malaysia				
- shares	4,050	-	-	4,050
Financial assets at fair value through profit or loss:				
In Malaysia				
- income trust funds	-	22,962	-	22,962

No transfers between any levels of the fair value hierachy took place during the current financial year. There was also no changes in the purpose of any financial assets that subsequently resulted in a different classification of that asset.

43. FINANCIAL RISK MANAGEMENT OBJECTIVE 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, foreign currency 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, held-to-maturity investments 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 with the result that the Group's exposure to bad debt is not significant.

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.

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 25(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.

Financial asset that is impaired

Information regarding trade receivable that is impaired is disclosed in Note 25(a).

43. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

(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's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group strives to maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group maintains available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations:

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
At 30 April 2017				
Group				
Term loan	-	165,641	-	165,641
Trade and other payables ^	34,321	-	-	34,321
Total undiscounted financial liabilities	34,321	165,641	-	199,962
Company				
Term loan	-	165,641	-	165,641
Trade and other payables ^	12,169	-	-	12,169
Total undiscounted financial liabilities	12,169	165,641	-	177,810

43. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

(b) Liquidity risk (continued)

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
At 30 April 2016				
Group				
Term loan	-	149,552	-	149,552
Trade and other payables ^	25,130	-	-	25,130
Total undiscounted financial liabilities	25,130	149,552	-	174,682
Company				
Term loan	-	149,552	-	149,552
Trade and other payables ^	7,478	-	-	7,478
Total undiscounted financial liabilities	7,478	149,552	-	157,030

^ Excluding GST/VAT payable of the Group and of the Company amounting to RM755,000 (2016: RM720,000) and RM238,000 (2016: RM146,000).

At the reporting date, the counterparties to the financial guarantees do not have a right to demand cash as the defaults have not occurred. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

(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's and the Company's exposure to interest rate risk arises primarily from their term loan. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowing. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets.

In addition, the Group and the Company have short term interest bearing financial assets as at 30 April 2017. The investment in financial assets are mainly short term in nature and are not held for speculative purposes but have been mostly placed in deposits which classified as held-to-maturity investments or cash and bank balances.

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 RM318,000 (2016: RM14,000) and RM314,000 (2016: RM60,000) lower/higher respectively, arising mainly as a result of higher/lower interest expense on term loan and higher/lower interest income from placements of fund in short term deposits and fixed deposits.

43. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchanges rates.

The Group has transactional currency exposure mainly arising from bank borrowing that is denominated in United States Dollar ("USD"), which is a currency other than the functional currency of the operations to which they relate. At the reporting date, such foreign currency balance amount to RM152,270,000 (2016: RM136,896,000).

Sensitivity analysis for foreign currency risk

The hypothetical sensitivity of the Group's and the Company's profit net of tax to every 1% change in USD exchange rate at the reporting date against RM (based rate 2017: USD1 = RM4.34; 2016: USD1 = RM3.9035), assuming all other variables remain unchanged, is RM1,519,000 (2016: RM1,366,000).

(e) 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

The following table demonstrates the sensitivity of the Group's and the Company's profit net of tax to a reasonable possible change in commodity prices of CPO and PK at the reporting date, with all other variables held constant.

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Increase/(decrease) on profit net of tax				
- CPO price 5% higher	**6,851**	5,269	**2,544**	2,132
- CPO price 5% lower	**(6,851)**	(5,269)	**(2,544)**	(2,132)
- PK price 5% higher	**1,639**	1,006	**584**	388
- PK price 5% lower	**(1,639)**	(1,006)	**(584)**	(388)

43. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

(e) Market price risk (continued)

(ii) Equity price risk

The Group's and the Company's investment in unit trust funds (comprising equity funds and income trust funds) and equity instruments (comprising quoted shares listed on Bursa Malaysia Securities Berhad and outside Malaysia) are subject to fluctuation in net asset values of the unit trust funds and market prices of equity instruments. These instruments are classified as available-for-sale investments, held-for-trading investments or financial assets at fair value through profit or loss.

For investment in unit trust funds, the Group's objective is to manage market price risk by investing in unit trust funds with consistent returns. A careful selection of fund managers with creditable 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 shares which classified as available-for-sale investments, the Group's objective is to manage market price risk by investing in shares with consistent dividend returns.

For investment in quoted shares held for trading managed by licensed fund managers, a careful selection of fund managers with creditable performance track record is carried out. The market price risk is managed by the fund managers 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 managers of the equity portfolio are required to provide monthly report 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, held-for-trading investments or financial assets at fair value through profit or loss at the reporting date:

	Group		Company	
	Increase/ (decrease) on profit before tax RM'000	Increase/ (decrease) on equity RM'000	Increase/ (decrease) on profit before tax RM'000	Increase/ (decrease) on equity RM'000
30 April 2017				
Held-for-trading investments:				
Investment in shares				
- Market value + 5%	1,140	1,140	1,140	1,140
- Market value - 5%	(1,140)	(1,140)	(1,140)	(1,140)
Financial assets at fair value through profit or loss:				
Investment in income trust funds				
- Market value + 5%	2,419	2,419	2,417	2,417
- Market value - 5%	(2,419)	(2,419)	(2,417)	(2,417)

43. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

(e) Market price risk (continued)

(ii) Equity price risk (continued)

Sensitivity analysis for equity price risk (continued)

	Group		Company	
30 April 2016	**Increase/ (decrease) on profit before tax RM'000**	**Increase/ (decrease) on equity RM'000**	**Increase/ (decrease) on profit before tax RM'000**	**Increase/ (decrease) on equity RM'000**
Available-for-sale investments:				
Investment in shares				
- Market value + 5%	-	1,064	-	1,064
- Market value - 5%	-	(1,064)	-	(1,064)
Held-for-trading investments:				
Investment in shares				
- Market value + 5%	862	862	862	862
- Market value - 5%	(862)	(862)	(862)	(862)
Financial assets at fair value through profit or loss:				
Investment in income trust funds				
- Market value + 5%	1,150	1,150	1,148	1,148
- Market value - 5%	(1,150)	(1,150)	(1,148)	(1,148)

44. 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.

No changes were made in the objectives, policies or processes during the financial years ended 30 April 2017 and 2016.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, trade and other payables, less cash and bank balances and highly liquid short term investments. Capital includes equity attributable to equity holders of the Company.

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Term loan	**152,270**	136,896	**152,270**	136,896
Trade and other payables	**35,076**	25,850	**12,427**	7,624
Less: - Cash and bank balances	**(30,299)**	(40,016)	**(16,225)**	(23,746)
- Held-for-trading investments	**(22,803)**	(17,232)	**(22,803)**	(17,232)
- Held-to-maturity investments	**(301)**	(1,005)	**(48)**	(187)
- Financial assets at fair value through profit or loss	**(48,375)**	(22,996)	**(48,339)**	(22,962)
Net debt	**85,568**	81,497	**77,282**	80,393
Equity attributable to owners of the Company	**1,753,415**	1,708,651	**1,154,993**	1,124,200
Capital and net debt	**1,838,983**	1,790,148	**1,232,275**	1,204,593
Gearing ratio	**5%**	5%	**6%**	7%

45. SIGNIFICANT EVENT

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").

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.

46. EVENT OCCURRING AFTER THE REPORTING DATE

On 17 July 2017, the Company has announced the award of 109,800 ordinary shares of the Company under Executive Share Incentive Plan to the selected executives of the Company and its subsidiaries.

47. COMPARATIVE AND PRIOR YEAR ADJUSTMENTS

As disclosed in Note 22(a) to the 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 purchase price allocation exercise was completed and the fair value of identifiable assets and liabilities of INR and LAK as at the date of acquisition were adjusted on a retrospective basis.

Comparative amounts as at 30 April 2016 have been restated as follows:

	Group		
	Previously reported RM’000	**Adjustment RM’000**	**Restated RM’000**
Statement of financial position As at 30 April 2016			
Biological assets	955,305	(634)	954,671
Goodwill on consolidation	86,777	(4,303)	82,474
Trade and other receivables	83,739	7,547	91,286
Non-controlling interests	41,530	882	42,412
Deferred tax liabilities	150,840	1,728	152,568

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

48. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 30 April 2017 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 July 2017.

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 2017 and 30 April 2016 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		**Company**	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained earnings of the Company and its subsidiaries:				
- Realised	**698,364**	630,841	**557,083**	493,532
- Unrealised	**(34,069)**	(22,963)	**(13,437)**	(1,546)
	664,295	607,878	**543,646**	491,986
Less: Consolidation adjustments	**(3,337)**	(2,292)	**-**	-
Total retained earnings	**660,958**	605,586	**543,646**	491,986

LIST OF PROPERTIES HELD
AS AT 30 APRIL 2017

Location	Tenure	Titled Hectarage	Description	Year of Acquisition/ Revaluation *	Carrying Amount of Properties # as at 30 April 2017 RM'000
MALAYSIA					
Masjid Tanah Estate 78300 Masjid Tanah Melaka	Freehold Leasehold (expiring on: 31-12-2033 15-03-2066)	354.3 2.8 0.2	Oil palm estate	2013 *	31,442
Pelin Estate 71300 Rembau Negeri Sembilan	Freehold	154.3	Oil palm estate	2013 *	11,262
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	2013 *	56,293
Tampin Estate 73300 Batang Melaka Negeri Sembilan	Freehold	298.9	Oil palm estate	2013 *	16,487
Selandar Estate Selandar P.O. 77500 Jasin Melaka	Freehold Leasehold (expiring on: 31-07-2025)	194.5 22.1	Oil palm estate	2013 *	17,686
Batu Anam Estate Batu Anam P.O. 85100 Batu Anam Segamat, Johor	Freehold	864.9	Oil palm estate	2013 *	44,022
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	2013 *	22,820
Leong Hin San Estate 71200 Rantau Negeri Sembilan	Freehold	844.6	Oil palm estate	2013 *	50,554
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	2013 *	107,315
South-East Pahang Estate 28380 Kemayan Pahang	Leasehold (expiring on: 06-09-2066 18-09-2084)	 202.3 1,416.4	Oil palm estate	2013 *	83,460
Marmahat 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	2013 *	103,366
Paitan and Tanjung 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	2013 *	206,380

LIST OF PROPERTIES HELD (continued)
AS AT 30 APRIL 2017

Location	Tenure	Titled Hectarage	Description	Year of Acquisition/ Revaluation *	Carrying Amount of Properties # as at 30 April 2017 RM'000
Tengkarasan Estate Labuk Sugut Beluran District 90000 Sabah	Leasehold (expiring on 2100) Lease land (expiring between: 2031 and 2035 2098 and 2100) (expiring on: 08-01-2043)	 68.2 938.1 1,291.9 508.3	Oil palm estate	2013 * 2013	165,334
Millian-Labau Estate Sungai Millian-Labau Kinabatangan District 89950 Nabawan Sabah	Leasehold (expiring on: 31-12-2098)	10,126.3	Oil palm estate	2013 *	559,871
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: 11 years)	2013 *	10,425
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: 7 years)	2016 *	1,130
Office Building Lot 130, One Avenue 10, Mile 6, North Road, 90000 Sandakan, Sabah	Leasehold (expiring on: 31-12-2081)	2,242 sq. ft.	Shophouse (Age of: building 2 years)	2016	726
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: 16 years)	2013 *	746
Awana Condominium Unit 5542 Awana Condominium 8th Mile, Genting Highlands 89000 Genting Highlands Pahang	Freehold	1,258 sq. ft.	Holiday condominium (Age of building: 30 years)	2013 *	266
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: 17 years)	2013 *	565
INDONESIA Belida, Haruan, Biawan, Arwana and Seluang Estates Kecamatan Dadahup, Mentangai Kapuas Murung, Kapuas Barat Kabupaten Kapuas Propinsi Kalimantan Tengah	Leasehold (expiring between: 2049 and 2050)	24,584.8	Oil palm estate	2016	249,567
				TOTAL	**1,739,717**

Include freehold lands, long term leasehold lands, buildings, biological assets and prepaid land lease payments.

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JUNE 2017

Issued shares	:	209,289,001
Class of share	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

DISTRIBUTION SCHEDULE

Size of Shareholdings	No. of Shareholders	Total Holdings	% of issued shares
Less than 100	215	11,260	0.01
100 to 1,000	1,062	847,416	0.40
1,001 to 10,000	4,917	19,543,089	9.34
10,001 to 100,000	1,410	38,041,997	18.18
100,001 to less than 5% of issued shares	145	97,709,218	46.68
5% and above of issued shares	3	53,136,021	25.39
	7,752	**209,289,001**	**100**

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct shareholdings	% of issued shares	Indirect shareholdings	% of issued shares
Datin Paduka Tan Siok Choo	3,658,681	1.75	2,605,549	1.25
Tan Sri Dato' Ahmad bin Mohd Don	110,500	0.05	-	-
Tan Jiew Hoe	356,625	0.17	2,525,021	1.21
Teo Leng	70,000	0.03	7,000	0.003
Dato Dr Nik Ramlah Binti Nik Mahmood	-	-	-	-
Ong Keng Siew	-	-	-	-

Name	Shareholdings registered in the name of the substantial shareholders	Shareholdings in which the substantial shareholders are deemed to be interested	Total	% of issued shares
Oversea-Chinese Banking Corporation Ltd	-	29,589,138 *1	29,589,138	14.14
Great Eastern Life Assurance (Malaysia) Bhd	28,185,701	-	28,185,701	13.47
Aberdeen Asset Management PLC and its subsidiaries	-	23,077,200 *2	23,077,200	11.03
HSBC Nominees (Asing) Sdn. Bhd. - Exempt An For The Hongkong And Shanghai Corporation Limited (HBAP-SGDIV-ACCL)	-	17,868,485	17,868,485	8.52
Aberdeen Asset Management Sdn Bhd	-	16,950,900	16,950,900	8.09
Employees Provident Fund Board	17,113,800 *3	-	17,113,800	8.18

1. Oversea-Chinese Banking Corporation Ltd is deemed interested in the shareholdings registered in the following names:-
   - Malaysia Nominees (Tempatan) Sdn Bhd – for Great Eastern Life Assurance (Malaysia) Berhad – 28,185,701
   - Citigroup Nominees (Asing) Sdn. Bhd. for CB Singapore GW for Orient Holdings Private Limited – 1,392,187
   - Apex Pharmacy Holdings Sdn. Bhd. – 11,250

2. Aberdeen Asset Management PLC and its subsidiaries is deemed interested in the shareholdings registered in the following nominees:-
   - Aberdeen Asset Management Asia Limited – 4,206,900
   - Aberdeen Asset Management Inc. – 100,700
   - Aberdeen Asset Management Sdn. Bhd. – 16,950,900
   - Aberdeen Fund Managers Limited – 3,039,200
   - Aberdeen Islamic Asset Management Sdn Bhd – 1,919,400

3. 9,745,600 shares out of 17,113,800 shares under Employees Provident Fund Board are held through Aberdeen.

LIST OF TOP 30 SHAREHOLDERS AS AT 30/6/2017

		No. of shares	% of issued shares
(1)	Malaysia Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad	28,185,701	13.47
(2)	HSBC Nominees (Asing) Sdn Bhd - Exempt An for The Hong Kong and Shanghai Banking Corporation Limited (HBAP-SGDIV-ACCL)	17,856,485	8.53
(3)	Citigroup Nominees (Asing) Sdn Bhd - Exempt An for OCBC Securities Private Limited (CLIENT A/C-NR)	13,217,013	6.32
(4)	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Aberdeen)	7,900,000	3.77
(5)	Cartaban Nominees (Asing) Sdn Bhd - Exempt An for Standard Chartered Bank Singapore Branch (SG PVB CL AC)	7,514,000	3.59
(6)	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	7,368,200	3.52
(7)	CIMB Group Nominees (Tempatan) Sdn Bhd - Yayasan Hasanah (AUR – VCAM)	6,323,600	3.02
(8)	Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	6,221,400	2.97
(9)	Datin Paduka Tan Siok Choo	3,658,681	1.75
(10)	Tan Siok Lee	3,111,222	1.49
(11)	HSBC Nominees (Asing) Sdn Bhd - BNP Paribas Secs Svs Paris for Aberdeen Asian Smaller Companies Investment Trust PLC	3,039,200	1.45
(12)	Tan Siok Eng	2,633,963	1.26
(13)	The late Toh Puan Lim Cheng Neo	2,605,549	1.25
(14)	Klebang Investments Pte Ltd	1,906,400	0.91
(15)	AMSEC Nominees (Tempatan) Sdn Bhd - Aberdeen Asset Management Sdn Bhd for Tenaga Nasional Berhad Retirement Benefit Trust Fund (FM-Aberdeen)	1,870,000	0.89
(16)	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Aberislamic)	1,801,000	0.86

LIST OF TOP 30 SHAREHOLDERS AS AT 30/6/2017 (continued)

		No. of shares	% of issued shares
(17)	Citigroup Nominees (Asing) Sdn Bhd - CB Spore GW for Orient Holdings (Private) Limited	1,392,187	0.67
(18)	Maybank Nominees (Tempatan) Sdn Bhd National Trust Fund (IFM Maybank)	1,135,000	0.54
(19)	HSBC Nominees (Asing) Sdn Bhd - Exempt An For BNP Paribas Securities Services (Singapore-SGD)	1,067,000	0.51
(20)	Chee Bay Hoon & Co. Sdn Bhd	1,060,000	0.51
(21)	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt An For OCBC Securities Private Limited (Client A/C-RES)	1,042,387	0.50
(22)	Tan Jin Tuan	999,310	0.48
(23)	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	960,500	0.46
(24)	Amanahraya Trustees Berhad - Public Smallcap Fund	913,800	0.44
(25)	Seah Mok Khoon	822,000	0.39
(26)	Amanahraya Trustees Berhad - Public Strategic Smallcap Fund	817,400	0.39
(27)	Nora Ee Siong Chee	718,875	0.34
(28)	Chee Swee Cheng & Co Sdn Bhd	663,342	0.32
(29)	Lok Choon Hong	556,000	0.27
(30)	Tan Kee Lock Sdn Bhd	510,000	0.24
		127,870,215	**61.11**

United **Malacca** Berhad
(1319-V)
(Incorporated in Malaysia)

FORM OF PROXY

I/We .... NRIC/Company No..
(FULL NAME IN CAPITAL)

of ....
(FULL ADDRESS)

being a member of UNITED MALACCA BERHAD hereby appoints ....

.... NRIC/Company No..
(FULL NAME IN CAPITAL)

of ....
(FULL ADDRESS)

or failing him/her .... NRIC/Company No..
(FULL NAME IN CAPITAL)

of..
(FULL ADDRESS)

or the Chairperson of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the 103rd Annual General Meeting of the Company to be held on Friday, 25 August 2017 at 11.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below. (Please indicate with an "X" how you wish your vote to be cast. If no specific instruction as to the voting is given, the proxy will vote or abstain at his/her own discretion).

Resolution	**Relating to:**	**For**	**Against**
No. 1	Approval for payment of Directors' remuneration (excluding Directors' fees)		
No. 2	Re-election of Tan Sri Dato' Ahmad Bin Mohd Don, a Director retiring by rotation in accordance with Article 118 of the Company's Articles of Association		
No. 3	Re-election of Mr. Teo Leng, a Director retiring by rotation in accordance with Article 118 of the Company's Articles of Association		
No. 4	Election of Dato Dr Nik Ramlah Binti Nik Mahmood, a Director retiring in accordance with Article 124 of the Company's Articles of Association		
No. 5	Election of Mr. Ong Keng Siew, a Director retiring in accordance with Article 124 of the Company's Articles of Association		
No. 6	Re-appointment and fixing of Auditors' remuneration		
No. 7	Continuing In Office as Independent Non-Executive Director by Tan Sri Dato' Ahmad Bin Mohd Don		
No. 8	Continuing In Office as Independent Non-Executive Director by Mr. Tan Jiew Hoe		

As Witness my hand this ....day of 2017

No. of Shares Held

Signed by the said: ....
(Signature of Member)

CDS Account No.

in the presence of: ....
(Name & Signature of Witness)

Notes:

1. *A member of the Company entitled to attend, speak and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy need not be a member of the Company. A member shall not be entitled to appoint more than two (2) proxies to attend at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
2. *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.*
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 48 hours before the time appointed for holding the Meeting or any adjournment thereof for the proxy to be valid.*
4. *Only members whose name appear in the Register of Members or registered in the General Meeting Record of Depositors on or before 5.00 p.m. on 17 August 2017 shall be eligible to attend the Annual General Meeting.*
5. *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.*
6. *All the Resolutions will be put to vote by poll.*

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United **Malacca** Berhad
(1319-V)
(Incorporated in Malaysia)

Stamp

The Company Secretary
United **Malacca** Berhad
(Company No. 1319-V)
6th Floor, No. 61, Jalan Melaka Raya 8,
Taman Melaka Raya,
75000 Melaka.

please fold along this line (2)

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

www.unitedmalacca.com.my