United Malacca Berhad
(1319-V)

2014
Annual Report

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 100th 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, 22 August 2014 at 11.00 a.m. for the following business:-

AGENDA

ORDINARY BUSINESS

1. To receive the Directors' Report and Audited Financial Statements for the financial year ended 30 April 2014 and the Report of the Auditors thereon. **[Resolution 1]**

2. To approve the payment of Directors' fees amounting to RM80,000 per annum for Non-Executive Chairperson and RM40,000 per annum for each of the Non-Executive Directors for the financial year ending 30 April 2015 to be payable on quarterly basis in arrears. *(Please refer to Explanatory Note A)* **[Resolution 2]**

3. 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]**

   To record the retirement of Datuk Boon Weng Siew who will be retiring pursuant to Section 129(2) of the Companies Act, 1965 and he has decided not to seek re-appointment. Hence, he will retain office until the conclusion of the 100th Annual General Meeting.

4. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorize the Directors to fix their remuneration. **[Resolution 4]**

SPECIAL BUSINESS

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

5. **ORDINARY RESOLUTION**

   Proposed Payment of Retirement Gratuity to Datuk Boon Weng Siew

   "THAT approval be and is hereby given for the Company to pay a retirement gratuity amounting to RM300,000 to Datuk Boon Weng Siew, an Independent Non-Executive Director of the Company in recognition of his 25 years' long service and contribution to the Company AND THAT authority be and is hereby given to the Directors of the Company to take all such actions as they may consider necessary and/or desirable to give full effect to this resolution" **[Resolution 5]**

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

By Order of the Board

Leong Yok Mui (MAICSA 0809324)
Yong Yoke Hiong (MAICSA 7021707)
Company Secretaries
Melaka

Date: 25 July 2014

NOTICE OF ANNUAL GENERAL MEETING (continued)

NOTES:

(1) The right of Foreign Depositors to vote in respect of their deposited securities with Bursa Malaysia Depository Sdn. Bhd. is subject to Section 41(1)(e) and Section 41(2) of the Securities Industry (Central Depositories) Act, 1991 and Securities Industry (Central Depositories)(Foreign Ownership) Regulations, 1996. The position of Depositors in this regard will be determined based on The General Meeting Record of Depositors. Depositors whose shares exceed the prescribed limit as at the date of The General Meeting Record of Depositors may attend the above Meeting but are not entitled to vote. Consequently, a proxy appointed by a Depositor who is not entitled to vote will also not be entitled to vote at the above meeting.

(2) 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.

(3) 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 15 August 2014 shall be eligible to attend the Annual General Meeting.

EXPLANATORY NOTE A RELATING TO RESOLUTION NO.2

Resolution 2, if passed, will allow the Company to pay Directors' fees in a timely manner on a quarterly basis in arrears, for services rendered during the course of the financial year ending 30 April 2015. The quantum of fees payable will be based on the existing remuneration structure for directors.

EXPLANATORY NOTE B RELATING TO RESOLUTION NO.5

Ordinary Resolution 5, if passed will give approval to the Company to pay a retirement gratuity amounting to RM300,000 to Datuk Boon Weng Siew, an Independent Non-Executive Director of the Company, who retires pursuant to Section 129(2) of the Companies Act, 1965 and will not be seeking re-appointment at the forthcoming Annual General Meeting. The retirement gratuity proposed is in recognition of his 25 years' long service and contribution to the company.

STATEMENT ACCOMPANYING NOTICE OF 100TH ANNUAL GENERAL MEETING

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

The Director who is standing for re-election is Mr. Teo Leng. He does not have any interest in shares, direct or indirect in the subsidiaries of United Malacca Berhad.

Further details of Mr. Teo Leng can be found in the Profile of Directors in page 10 of this Annual Report. The holding of shares, direct or indirect in United Malacca Berhad by him can be found in the Analysis of Shareholdings in page 148 of this Annual Report.

The details of Directors' attendance at Board Meetings held during the financial year ended 30 April 2014 are as follows:-

Directors	Attendance
Ms. Tan Siok Choo	4 of 4 Meetings
Datuk Boon Weng Siew	4 of 4 Meetings
Tan Sri Dato' Ahmad Bin Mohd Don	4 of 4 Meetings
Mr. Tan Jiew Hoe	4 of 4 Meetings
Mr. Teo Leng	4 of 4 Meetings
Dato' Tan Ang Meng	4 of 4 Meetings

GROUP HIGHLIGHTS

	2014	2013
PRODUCTION		
	tonne	tonne
Crude palm oil	**76,455**	66,299
Palm kernel	**19,221**	15,621
Fresh fruit bunches	**333,703**	336,734
FINANCIAL		
	RM'000	RM'000
Revenue	**244,347**	206,090
Profit:		
Before tax	**84,097**	82,704
Net of tax	**71,518**	68,709
	sen	sen
Earnings per share:		
Basic	**34.77**	33.64
Diluted	**34.77**	33.63
Dividend per share:		
Gross/Net	**26.00**	21.00
	RM'000	RM'000
Total assets	**1,810,827**	1,772,981
	RM	RM
Net assets per share	**7.68**	7.52

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ms. Tan Siok Choo
(Chairperson)

Datuk Boon Weng Siew

Tan Sri Dato' Ahmad bin Mohd Don

Mr. Tan Jiew Hoe

Mr. Teo Leng

Dato' Tan Ang Meng

AUDIT COMMITTEE

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

Ms. Tan Siok Choo #

Mr. Teo Leng *

Dato' Tan Ang Meng *

** Independent Non-Executive Director*
 # Re-designated as Non-Independent Non-Executive Director effective 17 July 2014

SECRETARIES

Madam Leong Yok Mui

Ms. Yong Yoke Hiong

AUDITORS

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

DATE AND PLACE OF INCORPORATION

Incorporated on 27 April 1910 in Malaysia

SENIOR MANAGEMENT

Mr. Peter Benjamin
Chief Executive Officer

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

Ms. Susan Lai Swee Kee
Chief Financial Officer

Mr. Sim Leong Teik
General Manager (Plantations)

Mr. Ng Say Bock
General Manager (Oil Mills)

HEAD OFFICE/REGISTERED OFFICE

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

SHARE REGISTRAR

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

STOCK EXCHANGE LISTING

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

PROFILE OF DIRECTORS

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

A Malaysian, Ms Tan Siok Choo, aged 62, is the Chairperson. She joined the Board on 8 December 1988. She has been an Independent Non-Executive Director until recently, on 17 July 2014, she was re-designated as Non-Independent Non-Executive Director. Unanimously elected by the directors as Chairperson in July 2011, she is also a member of the Audit Committee, Remuneration Committee, Nomination Committee, Employee Share Scheme Committee, Board Tender Committee and United Malacca University Scholarship Committee. She is also a director of several subsidiaries of the Group.

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

She has had a varied career in corporate finance, stockbroking, executive search and journalism. She was head of Corporate Finance in Southern Bank Berhad, worked as an investment analyst for 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 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. Appointed a Director of OCBC Bank (Malaysia) Berhad on 27 July 2000 and a Director of OCBC AL-AMIN Berhad on 1 August 2008. She is currently a Director of several private companies.

She is not related to any Director and/or major shareholder of United Malacca Berhad and has no personal interest in any business arrangement involving the Company. She has attended all the four Board Meetings held during the financial year ended 30 April 2014. She has never been convicted of any offence.

DATUK BOON WENG SIEW (Independent Non-Executive Director)

Datuk Boon Weng Siew, aged 90 and a Malaysian, is an Independent Non-Executive Director who joined the Board since 26 September 1989. He is the Chairman of the Board Tender Committee, a member of the Remuneration Committee, Employee Share Scheme Committee and Diversification & Strategic Investment Committee. He is also the Senior Independent Non-Executive Director to whom concerns may be conveyed.

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

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

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

He is not related to any Director and/or major shareholder of United Malacca Berhad and has no personal interest in any business arrangement involving the Company. He has attended all the four Board Meetings held during the financial year ended 30 April 2014. He has never been convicted of any offence.

PROFILE OF DIRECTORS (continued)

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

Tan Sri Dato' Ahmad Bin Mohd Don, aged 67 and a Malaysian was appointed as an Independent Non-Executive Director on 1 October 2006. He is the Chairman of the Audit Committee and the Nomination Committee.

Tan Sri Dato' Ahmad graduated with a Bsc. Econ. Honours Degree from the 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 a Director of MAA Group Berhad, Zurich Insurance Malaysia Berhad, MAA Takaful Berhad, KAF Investment Bank Berhad, Hap Seng Plantations Holdings Berhad and Komarkcorp Berhad.

He is not related to any Director and/or major shareholder of United Malacca Berhad and has no personal interest in any business arrangement involving the Company. He has attended all the four Board Meetings held during the financial year ended 30 April 2014. He has never been convicted of any offence.

PROFILE OF DIRECTORS (continued)

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

Mr. Tan Jiew Hoe, aged 67 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 Employee Share Scheme Committee and Diversification & Strategic Investment Committee, a member of the Remuneration Committee and United Malacca University Scholarship Committee.

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

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

He has attended all the four Board Meetings held during the financial year ended 30 April 2014. He has never been convicted of any offence.

MR. TEO LENG (Independent Non-Executive Director)

Mr. Teo Leng, aged 62 and a Malaysian, was appointed as an Independent Non-Executive Director on 1 September 2009. He is the Chairman of United Malacca University Scholarship Committee, a member of the Audit Committee, Nomination Committee, Board Tender Committee and Diversification & Strategic Investment Committee.

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

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

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

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

He is currently 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 the four Board Meetings held during the financial year ended 30 April 2014. He has never been convicted of any offence.

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

Dato' Tan Ang Meng, aged 58 and a Malaysian, was appointed as an Independent Non-Executive Director on 16 December 2010. He is the Chairman of Remuneration Committee, a member of the Audit Committee, Board Tender Committee and Diversification & Strategic Investment Committee. He has served on the Board of Niro Ceramic (M) Sdn. Bhd., an associate of the Group until June 2013.

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

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

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

He is not related to any Director and/or major shareholder of United Malacca Berhad and has no personal interest in any business arrangement involving the Company. He has attended all the four Board Meetings held during the financial year ended 30 April 2014. He has never been convicted of any offence.

PROFILE OF CHIEF EXECUTIVE OFFICER

MR. PETER BENJAMIN

Peter Benjamin, aged 57 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 35 years in the plantation industry holding various Senior Management positions in different companies. He has the experience in managing various crops during his career, oil palm, cocoa, forestry, sago 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 and oil palm plantations.

In 1992, he 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.

He is currently a council member in the Malaysian Palm Oil Association (MPOA) and the Malaysian Estates Owners Association (MEOA). 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.

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

MANAGEMENT TEAM

MADAM LEONG YOK MUI
General Manager
(Administration & Corporate Affairs)

MS. SUSAN LAI SWEE KEE
Chief Financial Officer

MR. SIM LEONG TEIK
General Manager
(Plantations)

MR. NG SAY BOCK
General Manager
(Oil Mills)

CHAIRPERSON'S STATEMENT

"On behalf of the Board of Directors of United Malacca Berhad, it is my pleasure to present the Annual Report and Audited Financial Statements of the Company and the Group for the financial year ended 30 April 2014 (FY2014)."

CHAIRPERSON'S STATEMENT (continued)

Financial Performance

Crude palm oil (CPO) prices started contracting in mid 2012 and continued well into the current financial year under review. For the first half year, CPO prices hovered at RM2,300 per tonne level, recovered slightly to RM2,555 in the November 2013 to January 2014 quarter and improved further to RM2,693 per tonne in the February to April quarter.

Consequently, for the financial year ended 30 April 2014, CPO prices averaged RM2,485 per tonne – slightly lower than the preceding year's average of RM2,516 per tonne.

After a 19% jump in output of fresh fruit bunches (FFB) in the preceding year, the palms experienced a resting period in the current FY2014. Coupled with dry weather in the fourth quarter, total FFB output was slightly lower at 333,703 tonnes compared with 336,734 tonnes in the preceding year.

Increase intake of FFB from third parties to the Bukit Senorang Oil Mill in Pahang helped boost processing for this mill. Together with that from the Meridian Oil mill in Sabah, total processing output jumped to 88,896 tonnes from 32,333 tonnes, a development that helped reduce unit processing cost and boosted milling income.

Including a gain of RM5.68 million from the disposal of a 25% stake in the associated company, Niro Ceramic Sdn Bhd, Group pre-tax profit edged up by 2% to RM84.1 million from RM82.7 million in the preceding year.

At the Company level, pre-tax profit increased by 6% to RM67.29 million compared with RM63.43 million in the preceding year mainly due to gain on disposal of Niro Ceramic Sdn Bhd.

United Malacca's earnings per share rose by 3% to 34.77 sen from 33.64 sen in the preceding year.

During the financial year, the Company's paid up capital increased from RM205,109,201 to RM206,503,101 due to the issue of 1,393,900 ordinary shares under the Employees' Share Scheme.

Dividends

The Board declared a second interim single-tier dividend of 11 sen for the financial year ended 30 April 2014 and a special single-tier dividend of 5 sen to commemorate the Company's forthcoming 100th Annual General Meeting, both payable on 22 August 2014.

Together with the first interim single-tier dividend of 10 sen paid on 28 January 2014, the total single-tier dividend for the financial year ended 30 April 2014 is 26 sen or RM53.68 million.

For the previous financial year, United Malacca paid a total single-tier dividend of 21 sen amounting to a cumulative RM43.08 million.

United Malacca directors do not recommend any final dividend for the financial year ended 30 April 2014.

DOSH Negeri Sembilan's OSHA Award giving ceremony held at Leong Hin San Estate

Leong Hin San estate received OSHA Award for Best Compliance at Negeri Sembilan State level

CHAIRPERSON'S STATEMENT (continued)

Review of Operations

In the FY 30 April 2014, an additional 360.22 hectares of oil palms reached maturity, boosting the total matured hectareage to 15,940 hectares or 71% of the total.

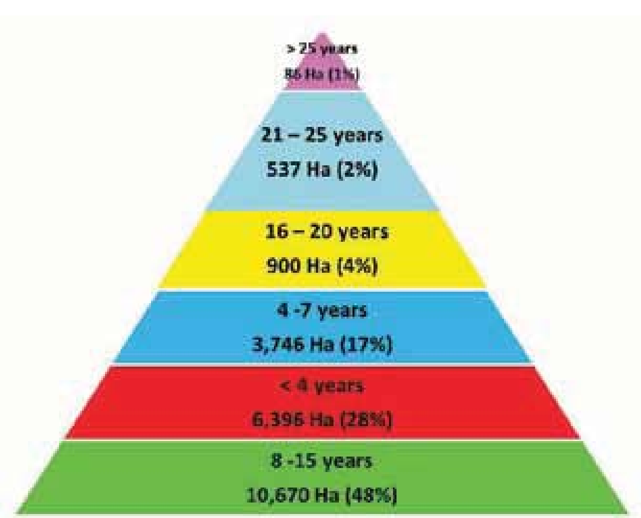
Having completed planting in the 8,080 hectare Millian-Labau estate in Sabah, I am pleased to report that facilities in the estate now include housing for all employees, workshops, stores, three kindergartens/ pre-schools and five crèches.

Additionally, Meridian Plantations, also in Sabah, has completed planting its recently acquired 508 hectares (1,255 acres). Connecting Paitan Estate with Tengkarasan Estate, this strategically located and flat piece of land has boosted Meridian Plantations' planted area to 7,188 hectares (17,761 acres).

Age Profile of Oil Palms

During the current financial year, 94% of United Malacca's oil palms have yet to attain peak productivity. Of the total planted hectareage, 48% are in prime production (8 to 15 years), 17% are on an increasing yield trend (4 to 7 years) and 29% are immature palms of less than 4 years old.

On a trial basis 2,000 clonal, 2,000 semi clonal and 1,000 D x P seedlings were planted in 33 Ha in Leong Hin San and 500 clonal, 500 semi clonal and 300 D X P seedlings were planted in 9 Ha in Macap Estate. To date, progress of these cloned seedlings is 6 months and management will evaluate these palms over the next few years.



Acquired in February 2004 together with the 3,248 hectare estate, Bukit Senorang's oil mill in Pahang is now in need of an extensive upgrading which will be spread over a five-year period.

Current Year Prospects

Volatility in CPO prices is likely to be the watchword in the short term. At end-May this year, palm oil stocks inched upwards by 4.2% to 1.840 million tonnes, a 5-month high as higher output outstripped demand for the vegetable oil.

While export data for May showed a welcome 10.7% increase in exports, the rise is slower than that for the previous year.

Despite market uncertainties, the gradual recovery in the US and Europe as well as the resilience shown by India and China are favourable trends for exports of palm oil.

Although the political turmoil in Iraq has caused a spike on oil prices, if the unrest is sustained, this could have a knock-on impact on global economic growth.

However, the biggest uncertainty is El Nino, a phenomenon that causes hot weather and drought. While El Nino is likely to occur in East Asia and the Pacific in September this year, whether its impact will be moderate or severe is uncertain.

On balance, medium and long-term prospects for palm oil are bright as the vegetable oil.

Visit by Directors and Senior Management at Leong Hin San Estate

To ensure continued growth and sustainability of the Group's plantation activity, the Board is continuously exploring opportunities overseas to expand its land bank as well as to reduce its reliance on a single commodity for earnings growth.

Corporate social responsibility (CSR)

Recognising the impact of its business activities on the community and the environment, United Malacca Berhad is committed to Corporate Social Responsibility (CSR). CSR initiatives undertaken by the Group include collaborating with University Putra Malaysia to carry out joint research programmes to improve the operation and management of oil palm plantation, offering scholarships in areas relevant to the plantation industry as well as philanthropic donations to charitable organisations.

Research collaboration with University Putra Malaysia consists of developing high yielding planting material with early maturity and uniform reproductive pattern. This includes selecting and nurturing dwarf oil palm material with less than 20 cm increase in height per year and clonal propagation of the selected planting materials with high yields and dwarf characteristics through in vitro technology. Currently, UPM researchers are focusing on finding suitable markers to facilitate the selection of desirable varieties.

UPM researchers are also collecting data and developing models to assess and map the status of nitrogen in oil palms and to detect early signs of Ganoderma disease, an infection that destroys oil palms.

Another area of focus is improving soil fertility to boost FFB yields and enhance resistance to Ganoderma infection through the addition of different levels of copper and zinc.

Crop loss due to pest and disease are a major threat to oil palms. If left unchecked, bagworm infestation and Ganoderma disease could lead to yield and revenue losses. UPM researchers are evaluating beneficial microbes to suppress and control the spread of Ganoderma and bagworm.

Since harvesting of FFB is laborious, time consuming and constitutes a major cost in the output of FFB, the concept of self-propelled climber with a special rotary cutter for pruning and harvesting of FFB is being developed.

In line with a pledge made in 2010, United Malacca contributed RM50,000 last year, to Assunta Hospital in Kuala Lumpur, the fifth tranche of a five-year commitment to to sustain the operations and programmes of the Assunta Palliative Care Centre.

United Malacca is also dedicated to providing its employees with a safe and healthy work place through the implementation of regular training by the Group's safety officer.

On 6th May 2014, Leong Hin San Estate was cited as the best estate in complying with the Department of Safety and Health (DOSH) regulations by the Department of Safety and Health, Negeri Sembilan.

Visit by University Putra Malaysia research team at Machap Estate

Directorate and Acknowledgements

Datuk Boon Weng Siew who retires as Director of the Company pursuant to Section 129 (2) of the Companies Act, 1965 at the forthcoming Annual General Meeting, has decided not to seek re-appointment. However, the Board is pleased that Datuk Boon has agreed to stay on as a Director of Meridian Plantations Sdn Bhd.

On behalf of the Board of Directors, management and staff, I would like to thank Datuk Boon for his invaluable guidance, support and contributions during his 25 year tenure as director and I wish him a happy and healthy retirement.

I would like take this opportunity to inform our Shareholders that after having served as an Independent Non-Executive Director for a cumulative term of more than 9 years and in compliance with the recommendation of the Malaysian Code of Governance 2012, I have decided to be re-designated as Non-Independent Non-Executive Director with effect from 17 July 2014.

On behalf of the Board, I would like to thank all employees for their hard work and endeavour in financial year ended 30 April 2014.

The Board and I are pleased to welcome Mr. Peter a/l Benjamin, as the new Chief Executive Officer (CEO), effective 1 May 2014. The Board would also like to record its appreciation to Dr. Leong Tat Thim who retired as CEO on 30 April 2014, after 13 years of incomparable service.

United Malacca also bade farewell to Mr Chong Seong Hoe, General Manager of Plantations. As the company's longest-serving employee, Mr Chong retired in May 2014 after working for United Malacca for 47 years.

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 during the past financial year. Among others, the two major challenges included the search for a new CEO and the continuing challenge of finding land outside Malaysia.

MS. TAN SIOK CHOO
Chairperson

Visit to mill hopper top by Executives, staffs and mandores to make observation on the grading of fruit bunches sent to mill

Employees participation at May 2013 Sports Day in Meridian Plantations, Sabah

PENYATA PENGERUSI

Bagi pihak Lembaga Pengarah United Malacca Berhad, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Syarikat dan Kumpulan yang telah diaudit bagi tahun kewangan berakhir 30 April 2014.

Prestasi Kewangan

Penurunan harga minyak sawit mentah (MSM) bermula pada pertengahan tahun 2012 dan beransur pulih pada tahun kewangan semasa. Untuk setengah tahun yang pertama, harga MSM berada pada paras sekitar RM 2,300 setan metrik dan meningkat kepada RM 2,555 setan metrik pada November 2013 hingga Januari 2014 dan seterusnya meningkat kepada RM 2,693 setan metrik untuk suku tahunan Februari hingga April.

Walau bagaimanapun, pada tahun kewangan berakhir 30 April 2014, harga purata MSM ialah RM 2,485 setan metrik adalah lebih rendah berbanding harga purata tahun sebelumnya iaitu RM 2,516 setan metrik.

Selepas peningkatan 19% pengeluaran buah tandan segar (BTS) pada tahun sebelumnya, pokok-pokok sawit mengalami tempoh berehat pada tahun kewangan 2014. Dengan cuaca kering pada suku keempat, jumlah pengeluaran BTS menurun sedikit pada 333,703 tan metrik berbanding dengan 336,734 tan metrik tahun sebelumnya.

Peningkatan penghantaran BTS dari pihak ketiga ke Kilang Sawit Bukit Senorang di Pahang meningkatkan lagi kapasiti pemprosesan kilang ini. Mengambilkira peningkatan BTS di Kilang Sawit Meridian di Sabah, jumlah keseluruhan pemprosesan BTS bertambah kepada 88,896 tan metrik daripada 32,333 tan metrik iaitu perkembangan yang berupaya mengurangkan unit kos pemprosesan dan meningkatkan pendapatan pengilangan.

Dengan mengambilkira keuntungan sebanyak RM 5.68 juta hasil dari pelupusan 25% kepentingan di dalam Syarikat Bersekutu, Niro Ceramic Sdn Bhd, keuntungan sebelum cukai Kumpulan bertambah 2% kepada RM 84.1 juta berbanding RM 82.7 juta tahun sebelumnya.

Di peringkat Syarikat, keuntungan sebelum cukai meningkat 6% kepada RM 67.29 juta berbanding RM 63.43 juta tahun sebelumnya disebabkan keuntungan dari penjualan Niro Ceramic Sdn Bhd.

Pendapatan sesaham United Malacca Berhad bertambah 3% kepada 34.77 sen berbanding 33.64 sen tahun sebelumnya. Pada tahun kewangan semasa, modal berbayar Syarikat meningkat daripada RM 205,109,201 kepada RM 206,503,101 disebabkan perlaksanaan sejumlah 1,393,900 saham biasa di bawah Skim Saham Pekerja.

Dividen

Lembaga Pengarah mengumumkan dividen “single-tier” interim kedua sebanyak 11 sen untuk tahun kewangan semasa berakhir 30 April 2014 dan dividen “single-tier” khusus sebanyak 5 sen bagi memperingati Mesyuarat Agung Tahunan Syarikat Untuk 100 Tahun Penubuhan yang mana kedua-dua dividen akan di bayar pada 22 Ogos 2014.

Bersama dengan dividen “single-tier” pertama sebanyak 10 sen yang telah di bayar pada 28 Januari 2014, jumlah dividen “single-tier” untuk tahun kewangan berakhir 30 April 2014 adalah 26 sen atau RM 53.68 juta.

Pada tahun kewangan sebelumnya, United Malacca membayar jumlah dividen “single-tier” sebanyak 21 sen melibatkan sejumlah RM 43.08 juta.

Lembaga Pengarah United Malacca tidak mencadangkan dividen akhir untuk tahun kewangan berakhir 30 April 2014.

PENYATA PENGERUSI (sambungan)

Penilaian Operasi

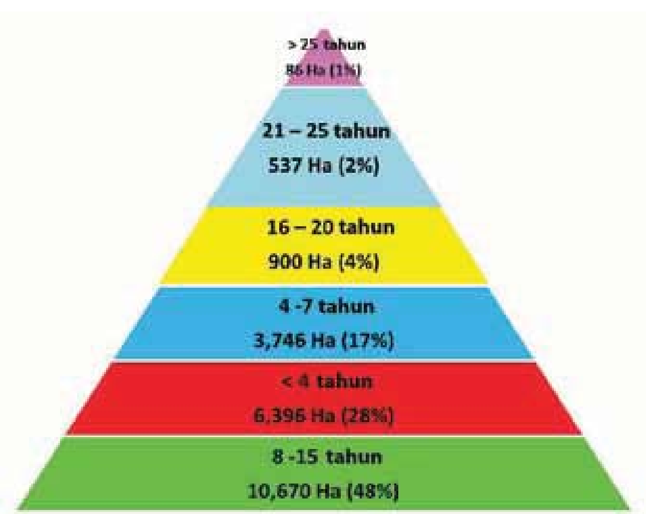
Pada tahun kewangan 2014, pertambahan 360.22 hektar kawasan penanaman kelapa sawit yang telah matang akan meningkatkan kawasan kelapa sawit matang kepada 15,490 hektar atau 71% daripada keseluruhan kawasan penanaman.

Dengan selesainya penanaman kelapa sawit seluas 8,080 hektar di Estet Millian Labau, Sabah, saya dengan sukacitanya melaporkan bahawa antara kemudahan yang terdapat di estet adalah perumahan untuk semua pekerja, bengkel kenderaan, bangunan stor, 3 tadika dan 5 pusat jagaan kanak-kanak.

Tambahan pula, Meridian Plantations di Sabah telah selesai menanam kelapa sawit di kawasan seluas 508 hektar (1,255 ekar) yang baru diperolehi. Kawasan ini yang menghubungkan Estet Paitan dan Estet Tengkarasan adalah amat strategik, dan tanah yang rata ini akan meningkatkan kawasan penanaman Meridian Plantations kepada 7,188 hektar (17,761 ekar).

Profil Usia Pokok Kelapa Sawit

Pada tahun kewangan semasa, 94% daripada penanaman kelapa sawit United Malacca masih belum mencapai kemuncak produktiviti. Daripada jumlah keseluruhan hektar penanaman, 48% adalah pada peringkat pengeluaran utama (8 – 15 tahun), 17% pada peringkat peningkatan pengeluaran hasil (4 – 7 tahun) dan 29% pada peringkat pra-matang yang berumur kurang dari 4 tahun.



Di peringkat percubaan, 2,000 klon, 2,000 semi-klon dan 1,000 anak benih D x P telah ditanam di kawasan seluas 33 hektar di Estet Leong Hin San sementara 500 klon, 500 semi-klon dan 300 anak benih D x P telah ditanam di Estet Machap seluas 9 hektar. Sehingga kini, perkembangan anak benih klon ini ialah 6 bulan dan pihak Pengurusan akan memantau dan menilai untuk beberapa tahun akan datang.

Kilang Sawit Bukit Senorang yang dibeli pada Februari 2004 bersama dengan 3,248 hektar estet memerlukan penambahbaikan yang ketara yang akan dibahagikan dalam tempoh 5 tahun.

Prospek Tahun Semasa.

Dalam jangkamasa pendek, ketidaktentuan harga MSM akan diperhatikan. Setakat Mei 2014, stok MSM meningkat sebanyak 4.2% kepada 1.840 juta tan metrik iaitu stok tertinggi dalam masa 5 bulan disebabkan pengeluaran mengatasi permintaan bagi minyak sayuran.

Walaupun data eksport bagi Mei menunjukkan peningkatan sebanyak 10.7%, peningkatan tersebut adalah lebih rendah berbanding tahun sebelumnya. Di sebalik ketidaktentuan pasaran, pemulihan secara beransur-ansur di Amerika Syarikat dan Eropah serta daya tahan yang ditunjukkan oleh India dan China, aliran eksport MSM adalah menggalakkan.

Walaupun kegawatan politik di Iraq telah menyebabkan kenaikan harga minyak dan jika pergolakan ini berterusan, ia akan memberi kesan kepada pertumbuhan ekonomi global. Walau bagaimanapun, ketidaktentuan yang paling besar adalah El Nino, satu fenomena yang menyebabkan cuaca panas dan kemarau. Walaupun El Nino mungkin berlaku di Asia Timur dan Pasifik pada September tahun ini, sama ada ia memberi kesan sederhana atau teruk masih belum dikenal pasti.

Kadar unjuran jangka sederhana dan jangka panjang bagi prospek MSM adalah cerah sepertimana minyak sayuran. Bagi memastikan pertumbuhan secara berterusan dan kemampanan aktiviti perladangan Kumpulan, Ahli Lembaga Pengarah secara berterusan akan meneroka peluang-peluang di luar negara untuk mengembangkan dan memperluaskan keluasan tanah serta mengurangkan pergantungan kepada komoditi tunggal untuk pertumbuhan pendapatan.

PENYATA PENGERUSI (sambungan)

Tanggungjawab Sosial Korporat (CSR)

Bagi mengiktiraf kesan aktiviti perniagaan kepada masyarakat dan alam sekitar, United Malacca Berhad komited untuk melaksanakan Tanggungjawab Sosial Korporat. Inisiatif Tanggungjawab Sosial Korporat yang dilaksanakan oleh Kumpulan adalah termasuk bekerjasama dengan Universiti Putra Malaysia bagi menjalankan program penyelidikan bersama untuk meningkatkan operasi dan pengurusan ladang kelapa sawit, menawarkan biasiswa dalam bidang yang berkaitan dengan industri perladangan dan juga sumbangan amal kepada pertubuhan amal.

Usahasama penyelidikan dengan Universiti Putra Malaysia termasuk membangunkan bahan tanaman keberhasilan tinggi dengan tempoh matang yang lebih awal dan corak pembiakan seragam. Ini termasuk memilih dan memupuk benih kelapa sawit yang lebih kecil dengan kurang daripada 20 cm peningkatan dalam ketinggian setahun dan pengeluaran klon dalam kaedah bahan tanaman yang dipilih dengan hasil yang tinggi dan ciri-ciri pengecilan melalui teknologi in-vitro.

Pada masa ini, penyelidik UPM memberi tumpuan dalam mencari penanda aras sesuai untuk memudahkan pemilihan jenis secara wajar.

Penyelidik UPM juga mengumpulkan data dan membangunkan model untuk menilai dan memetakan status nitrogen dalam kelapa sawit serta mengesan tanda-tanda awal penyakit Ganoderma iaitu jangkitan yang memusnahkan pokok kelapa sawit. Satu lagi bidang tumpuan ialah meningkatkan kesuburan tanah untuk meningkatkan hasil BTS dan meningkatkan ketahanan terhadap jangkitan penyakit Ganoderma melalui tahap penambahan tembaga dan zink yang berbeza-beza.

Kerugian tanaman akibat makhluk perosak dan penyakit adalah ancaman paling utama kepada pokok kelapa sawit. Jika dibiarkan, ulat bungkus dan penyakit Ganoderma boleh membawa kepada pengurangan hasil dan pendapatan. Penyelidik UPM akan menilai mikrob yang berfaedah untuk membunuh dan mengawal penyebaran Ganoderma dan ulat bungkus. Memandangkan penuaian BTS adalah sukar, memakan masa dan merupakan kos utama dalam pengeluaran BTS, konsep pemotong putar khas yang bergerak secara automatik bagi tujuan pemangkasan dan penuaian BTS akan dimajukan.

Selaras dengan ikrar dibuat pada tahun 2010, United Malacca Berhad telah menyumbang RM 50,000 kepada Hospital Assunta di Kuala Lumpur pada tahun lepas, sebagai “tranche” ketiga dalam komitmen 5 tahun untuk mengekalkan operasi dan bantuan program Pusat Penjagaan Paliatif Assunta.

United Malacca Berhad juga berdedikasi dalam menyediakan pekerja dengan tempat kerja yang selamat dan sesuai melalui pelaksanaan latihan berkala oleh Pegawai Keselamatan Kumpulan. Pada 6 Mei 2014, Estet Leong Hin San telah dipilih sebagai estet terbaik dalam mematuhi Jabatan Keselamatan dan Kesihatan Pekerjaan (JKKP) di bawah peraturan-peraturan oleh Jabatan Keselamatan dan Kesihatan, Negeri Sembilan.

Ketua Pengawai Eksekutif baru melawat Meridian Palm Oil Mill bersama-sama Pengawai Pengurusan Kanan.

Permukaan jalan sentiasa diselengara dengan liputan batu kelikir untuk memastikan keadaan jalan yang baik di Sabah.

PENYATA PENGERUSI (sambungan)

Direktorat dan Penghargaan

Datuk Boon Weng Siew yang akan bersara sebagai Pengarah Syarikat menurut seksyen 129 (2) Akta Syarikat 1965 pada Mesyuarat Agung Tahunan yang akan datang, telah mengambil keputusan untuk tidak dilantik semula. Walau bagaimanapun, pihak Lembaga Pengarah berasa gembira kerana Datuk Boon telah bersetuju untuk kekal sebagai Pengarah Meridian Plantations Sdn. Bhd.

Bagi pihak Ahli Lembaga Pengarah, Pengurusan dan Kakitangan, saya ingin mengucapkan terima kasih kepada Datuk Boon atas panduan, sokongan dan sumbangan sepanjang tempoh 25 tahun berkhidmat sebagai Pengarah, dan saya mengucapkan beliau bersara dengan gembira dan sihat.

Saya ingin mengambil kesempatan di sini untuk mengumumkan kepada para pemegang saham bahawa setelah berkhidmat sebagai Pengarah Bebas Bukan Eksekutif selama lebih 9 tahun secara kumulatif dan telah mematuhi cadangan Kod Urus Tadbir Malaysia 2012, saya telah mengambil keputusan untuk menjawat jawatan sebagai Pengarah Bukan Bebas Bukan Eksekutif bermula 17 Julai 2014.

Bagi pihak Ahli Lembaga Pengarah, saya ingin mengucapkan terima kasih kepada semua kakitangan di atas kerja keras dan terus berusaha pada tahun kewangan berakhir 30 April 2014.

Saya dan Ahli Lembaga Pengarah dengan sukacitanya mengalu-alukan Encik Peter a / l Benjamin, sebagai Ketua Pegawai Eksekutif yang baru, berkuatkuasa 1 Mei 2014. Ahli Lembaga Pengarah juga ingin merakamkan penghargaan kepada Dr Leong Tat Thim yang bersara sebagai Ketua Pegawai Eksekutif pada 30 April 2014, selepas 13 tahun perkhidmatan yang cemerlang.

United Malacca Berhad juga mengucapkan selamat bersara kepada Encik Chong Seong Hoe, Pengurus Besar, Perladangan. Sebagai pekerja yang paling lama berkhidmat dalam Syarikat, Encik Chong bersara pada Mei 2014 selepas berkhidmat di United Malacca selama 47 tahun.

Seperti tahun-tahun sebelum ini, rakan-rakan Pengarah dengan rela hati menghabiskan banyak masa dan menawarkan nasihat yang tidak ternilai walaupun di luar tanggung jawab dan bidang kuasa dalam menangani beberapa cabaran utama United Malacca Berhad pada tahun kewangan yang lalu. Antara lainnya, 2 cabaran utama termasuk mencari Ketua Pegawai Eksekutif yang baru dan cabaran yang berterusan untuk mencari tanah di luar Malaysia.

TAN SIOK CHOO
Pengerusi

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to Corporate Social Responsibility (CSR) by integrating it into the way the business is run. The key CSR initiatives undertake by United Malacca Berhad Group in 2013/2014 are as follows:-

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

Welcome address by CEO at Plantation & Management Practices for Planters (PMPP) Seminar attended by estate management


Training conducted by Palm Mach on operating a tractor


EFB mulching in Paitan Estate improves the soil fertility especially in sandy soil area.


Training workers on occupational health and safety.

CORPORATE SOCIAL RESPONSIBILITY (continued)

The Group's contributions to the community are by way of donations to charitable organizations, offer of scholarships for higher education, construction of road & electricity supply to villages, and providing job opportunities offered to local community particularly in Sabah.

The Group is aware of the importance of conserving and preserving our natural environment.

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

Chairperson presenting scholarship award to eligible and deserving university students

Barn owls implemented in estates to control rat population

Worker's children attending kindergarten in Tengkarasan Estate, Sabah

Vegetables planting for employees at Meridian Plantations, Sabah

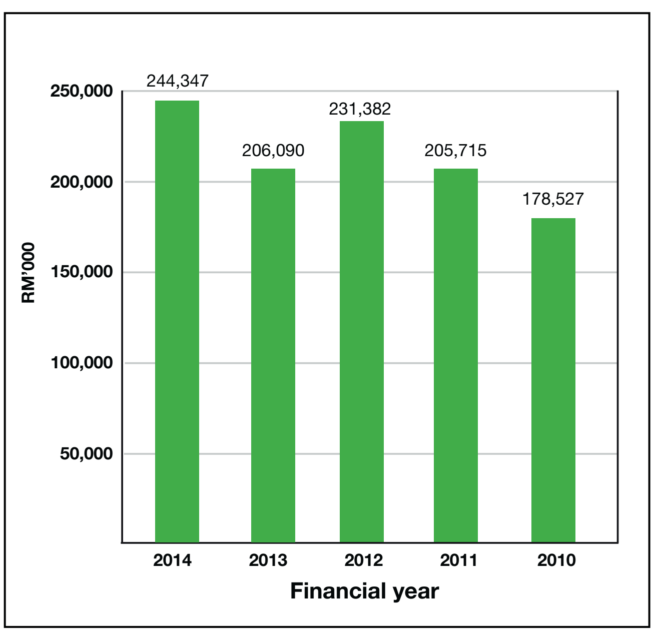
FIVE YEARS' FINANCIAL STATISTICS

	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000
REVENUE					
Plantation	**244,347**	206,090	231,382	205,715	170,609
Investment holding *	**-**	-	-	-	7,918
	244,347	206,090	231,382	205,715	178,527
GROUP PROFIT					
Oil palm products	**73,825**	72,788	102,061	97,788	70,974
Replanting expenses	**(4,179)**	(2,870)	(3,266)	(3,798)	(5,675)
Profit from plantation activities	**69,646**	69,918	98,795	93,990	65,299
Gain on disposal of an associate	**5,675**	-	365	-	-
Development expenditure written off	**-**	-	-	-	(1,295)
Investment income	**3,928**	3,617	1,634	3,245	5,565
Interest income	**4,848**	4,797	5,051	3,754	6,695
Operating profit	**84,097**	78,332	105,845	100,989	76,264
Share of results of associates	**-**	4,372	2,802	4,720	5,413
Profit before tax	**84,097**	82,704	108,647	105,709	81,677
Income tax expense	**(12,579)**	(13,995)	(22,766)	(24,264)	(18,372)
Profit net of tax	**71,518**	68,709	85,881	81,445	63,305
Earnings per share (sen) ^	**34.8**	33.6	42.4	40.4	31.5

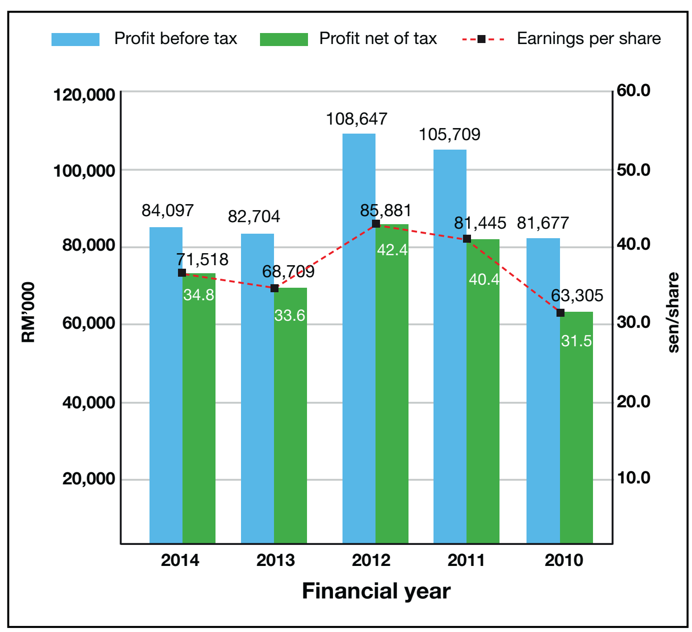
* With effect from financial year ended 30 April 2011, interest and dividend income of the Group are classified as OTHER INCOME instead of REVENUE as such income have become insignificant.

^ Earnings per share for financial year ended 30 April 2010 is calculated based on the enlarged share capital after bonus issue of 1 for 2 which was completed on 2 November 2010.

Revenue



Profit and Earnings per Share



FIVE YEARS' FINANCIAL STATISTICS (continued)

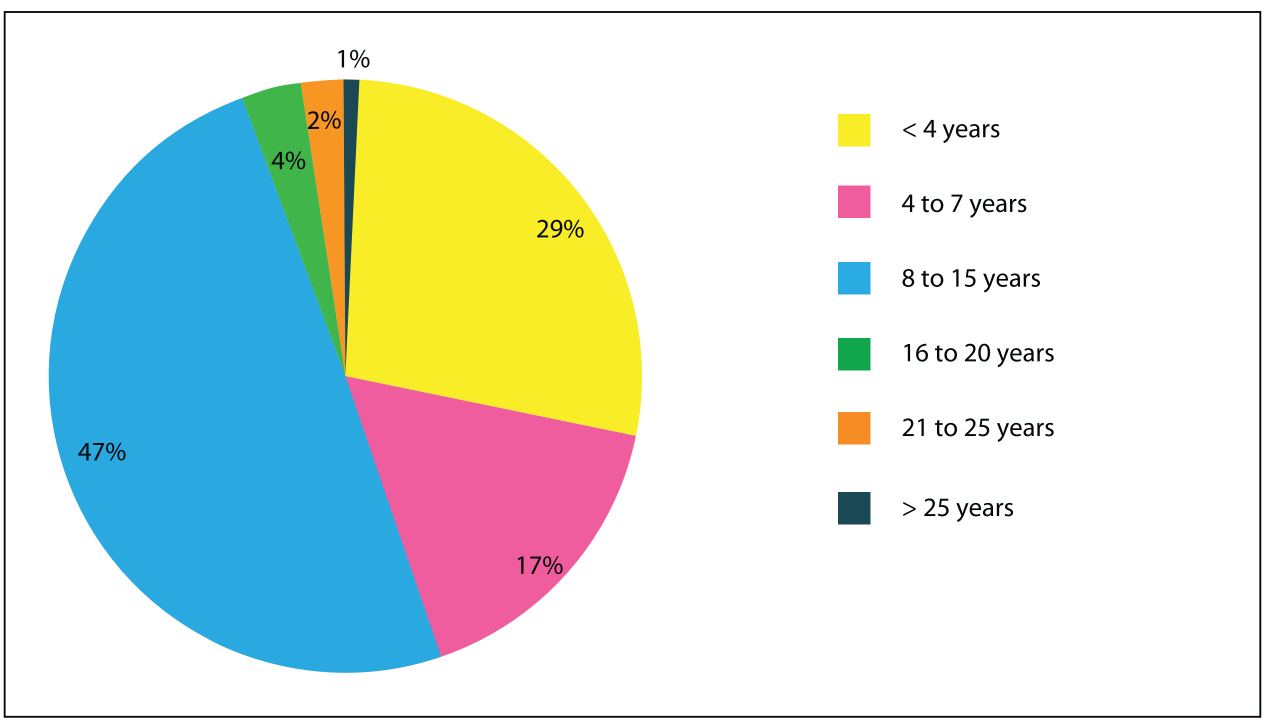
	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000
ASSETS					
Property, plant and equipment	**692,545**	685,060	446,825	436,981	430,467
Biological assets	**827,418**	803,422	427,981	406,144	392,229
Prepaid land lease payments	**11,829**	10,254	4,037	4,231	4,426
Investment property	**1,040**	960	-	-	-
Goodwill on consolidation	**18,628**	18,628	18,628	18,628	18,628
Investment in associates	**-**	-	28,403	28,199	24,798
Available-for-sale investments	**47,418**	57,105	41,756	50,264	15,822
Current assets	**211,949**	166,016	195,145	174,203	154,752
Non-current assets held for sale	**-**	31,536	-	1,675	-
Total assets	**1,810,827**	1,772,981	1,162,775	1,120,325	1,041,122
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Issued and paid-up share capital	**206,503**	205,109	203,473	202,358	134,005
Capital reserves	**786,537**	774,720	309,862	301,357	276,791
Revenue reserves	**593,846**	561,706	544,801	513,361	529,026
Total equity	**1,586,886**	1,541,535	1,058,136	1,017,076	939,822
Liabilities					
Deferred tax liabilities	**200,732**	209,821	81,872	81,839	80,863
Current liabilities	**23,209**	21,625	22,767	21,410	20,437
Total liabilities	**223,941**	231,446	104,639	103,249	101,300
Total equity and liabilities	**1,810,827**	1,772,981	1,162,775	1,120,325	1,041,122
FINANCIAL STATISTICS ^					
Earnings per share (sen)	**34.8**	33.6	42.4	40.4	31.5
Gross dividend per share (sen)	**26.0**	21.0	26.0	25.0	23.3
Net dividend per share (sen)	**26.0**	21.0	26.0	25.0	19.8
Net dividend yield per share (%)	**3.6**	2.9	3.4	3.6	3.8
Return on average total assets (%)	**4.0**	4.7	7.5	7.5	6.2
Return on average equity (%)	**4.6**	5.3	8.3	8.3	6.8
Price earnings ratio (times)	**20.5**	21.7	18.0	17.4	16.6
Net assets per share (RM)	**7.7**	7.5	5.2	5.0	4.7
Share price as at financial year end (RM)	**7.13**	7.30	7.64	7.02	5.24

^ Financial statistics for financial year ended 30 April 2010 are calculated based on the enlarged share capital after bonus issue of 1 for 2 which was completed on 2 November 2010.

GROUP TITLED AREA STATEMENT
AS AT 30 APRIL 2014

	HECTARAGE	%
OIL PALM		
Mature		
4 to 7 years	3,746	17
8 to 15 years	10,670	47
16 to 20 years	900	4
21 to 25 years	538	2
> 25 years	86	1
	15,940	71
Immature		
< 4 years	6,396	29
TOTAL OIL PALM PLANTED AREA	22,336	100
Unplanted area	40	
Reserve land, roads, swap, hilly area, building sites, etc	2,265	
TOTAL GROUP TITLED AREA	24,641	

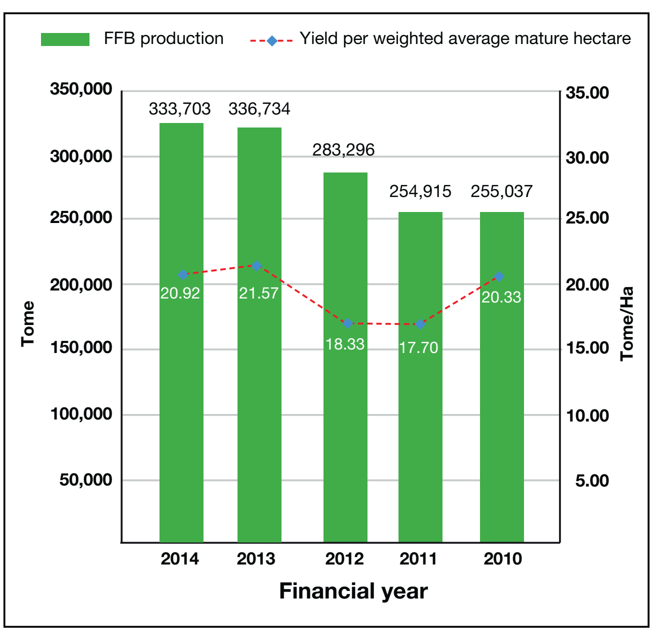
Oil Palm Planted Area by Age Profile



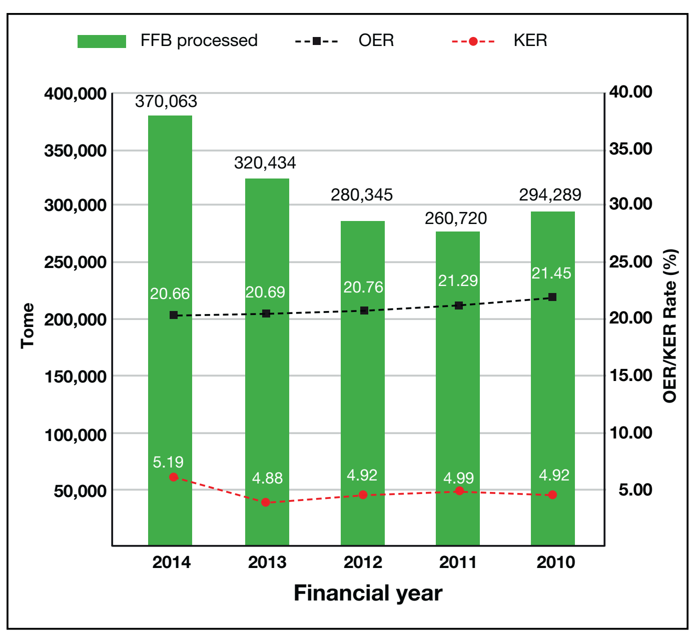
FIVE YEARS' PLANTATION STATISTICS

	2014	2013	2012	2011	2010
ESTATES					
FFB production (tonne)	**333,703**	336,734	283,296	254,915	255,037
Yield per weighted average mature hectare (tonne/ha)	**20.92**	21.57	18.33	17.70	20.33
MILLS					
FFB processed (tonne)	**370,063**	320,434	280,345	260,720	294,289
Production					
- Crude palm oil (tonne)	**76,455**	66,299	58,191	55,512	63,133
- Palm kernel (tonne)	**19,221**	15,621	13,801	13,011	14,472
Oil extraction rate (%)	**20.66**	20.69	20.76	21.29	21.45
Kernel extraction rate (%)	**5.19**	4.88	4.92	4.99	4.92
AVERAGE SELLING PRICE					
Crude palm oil (RM/tonne)	**2,485**	2,516	3,152	2,971	2,390
Palm kernel (RM/tonne)	**1,624**	1,337	2,005	2,195	1,256
FFB (RM/tonne)	**489**	484	657	640	477

FFB Statistics



Oil Mill Statistics



AUDIT COMMITTEE REPORT

1.0 Introduction

Pursuant with 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 30th April 2014.

2.0 Composition

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

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

Members : Ms Tan Siok Choo
(Non-Independent Non-Executive Director)
Mr Teo Leng
(Independent Non-Executive Director)
Dato' Tan Ang Meng
(Independent Non-Executive Director)

(i) The Audit Committee shall be appointed by the Board of Directors from amongst the Directors and comprise not less than three (3) members. All the Audit Committee members must be Non - Executive Directors, with a majority of them being Independent Directors.

(ii) The members of the 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.

(iv) At least one (1) member of the Audit Committee:

a. Must be a member of The Malaysian Institute of Accountants (MIA); or

b. If he or she is not a member of MIA, he or she must have at least three (3) years' working experience and;

i. must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

ii. must be a member of one (1) of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

c. Fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

3.0 Objectives

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

(ii) The Audit Committee is to assist the Board of Directors in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and all subsidiaries, and the sufficiency of auditing of the Group.

(iii) It is to be the Board of Directors principal agent in ensuring the independence of the Company's External Auditors and the adequacy of disclosures to shareholders.

4.0 Authority

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

(i) To investigate any activity within its objectives and functions.

(ii) Unrestricted access to all information and documents relevant to its activities as well as direct communication to External Auditors, Internal Auditors and the Senior Management of the Group.

(iii) To obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

(iv) The Audit Committee shall have the resources, which are required to perform its duties.

(v) The Audit Committee shall have direct communication channels with the External and Internal Auditors.

(vi) The Audit Committee shall have the authority to convene meetings with the External Auditors, Internal Auditors or both excluding the attendance of others Directors and employees of the Company, whenever deemed necessary.

5.0 Functions

In accordance with Paragraph 15.15 (3) (b) of the Bursa Malaysia Securities Berhad's Listing Requirement, the summary of key functions of the Audit Committee shall be:

(i) To keep under review the quality and effectiveness of the accounting and systems of internal control as well as the efficiency of the Group's operations.

(ii) To review the audit plan, scope of examination and audit observations of the External and Internal Auditors, and ensure that Management takes appropriate action in respect of the audit observations and the Audit Committee's recommendations.

(iii) To review the quarterly and annual consolidated financial statement of the Group before submit to the Board of Directors for approval. The review should focus primarily on compliance with accounting standards as well as other regulatory requirements and the adequacy of information disclosure for a fair and full presentation of the financial affairs of the Group.

(iv) To recommend to the Board the appointment of the External Auditors, the audit fees, other terms of engagement and to consider any letter of resignation from the External Auditors (if any).

5.0 Functions (continued)

(v) To review and monitor suitability and independence of the external auditors.

(vi) To approve the appointment of Head of Internal Audit and ensure the adequacy of the scope, functions, competency and resources of the internal audit functions, and that it has the necessary authority to carry out its work.

(vii) To review financial information and press releases relating to financial matters of importance.

(viii) To review any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of Management integrity.

(ix) To ensure employees of the Company extend their assistance to the External Auditors.

(x) To review the implementation of Group's Risk Management practices and action plans.

(xi) To meet at least twice a year with the External Auditors in a private session to discuss any matters without the presence of Management and any executive members of the Board of Directors.

(xii) To perform any other related duties as directed by the Board of Directors.

The details of the terms of reference of the Audit Committee are available for reference at www.unitedmalacca.com.my.

6.0 Meetings

The Audit Committee met on four (4) occasions during the FY 2013/2014 and the attendance of each member of the Audit Committee is as follows:

Directors	No. of Meetings Attended During Director's Tenure In Office
Tan Sri Dato' Ahmad bin Mohd Don	4 out of 4
Ms Tan Siok Choo	4 out of 4
Mr Teo Leng	4 out of 4
Dato' Tan Ang Meng	4 out of 4

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

(i) Meeting

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

(ii) Quorum

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

(iii) Attendance At Meeting

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

7.0 Summary of Activities

Activities undertaken by the Audit Committee during FY 2013/2014 were:

(i) Reviewing and recommending for Board of Directors approval the quarterly financial statements for announcement to the Bursa Malaysia Securities Berhad in compliance with the Revamped Quarterly Reports pursuant to Bursa Malaysia Listing Requirements.

(ii) Reviewing the audit report and observations made by the External Auditors on the audited financial statements that require appropriate actions and the Management's response thereon and reporting them to the Board of Directors.

(iii) Reviewing and recommending for Board of Directors approval the overall presentation of the annual audited accounts in line with the spirit of the new framework for corporate governance to promote greater transparency and disclosure to enable the interested public and especially the stockholders to have a better insight into the operations of the Group.

(iv) Reviewing and approving the Annual Audit Plan for FY 2013/2014 and appraising the audit scope, audit reports and recommended actions to be taken by the Management.

(v) Reviewing the scope of work and audit plan of the External Auditors for FY 2013/2014.

(vi) Reviewing the impact of new or proposed changes in accounting standards and regulatory requirements to the Company.

(vii) Reviewing any related party transactions and conflict of interest situation that may arise within the Company or Group.

(viii) Reviewing and recommending for Board of Directors approval the draft Audit Committee Report for disclosure in the Group's Annual Report.

(ix) Reviewing and recommending for Board of Directors adoption the Group Risk Management Committee quarterly report on the risk profiles and Management action plans.

(x) Verifying and confirming the allocation of share options pursuant to the Employee Share Option Scheme (i.e. ESOS) as complying with the provision established in the By-Laws of the ESOS.

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

8.0 Internal Audit

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

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

Due to Group's expansion operations in Sabah, a unit of internal audit team had been established in Millian Labau Plantations, Keningau since September 2012. The audit team is responsible to undertake normal audit works and special assignments (if any) for Sabah operations in accordance with the Annual Audit Plan, which is approved by the Audit Committee.

In compliance with Paragraph 30, Appendix 9C of the Bursa Malaysia Securities Berhad's Listing Requirement, the Group has in place an Internal Audit Department headed by a Senior Manager and an Assistant Manager, and supported by four (4) Executives. The Senior Manager and Assistant Manager is registered member of The Institute of Internal Auditors Malaysia.

The Internal Audit Department is responsible for the overall internal audit function of the Group, and reports directly to the Audit Committee to ensure its independence status within the Group. Total staff cost incurred in respect of the internal audit function during the financial year ended 30th April 2014 was RM 482,966 [2013: RM 367,290].

Internal Audit Department assists the Audit Committee in discharging its duties and responsibilities with respect to the adequacy and integrity of the systems of internal control within the Group. For FY 2013/2014, Internal Audit Department had undertaken the following activities in accordance with the approved Annual Audit Plan.

(i) Carrying out the audit of the Group's operating units including its subsidiaries by reviewing the unit's business activities and processes to ensure compliance with internal control procedures, highlighting control weaknesses and proposing appropriate value added recommendations for continuous improvements and to strengthen controls.

(ii) Facilitating the improvement of business processes within the Group and its subsidiary companies.

(iii) Establishing a follow up process in monitoring the implementation of audit recommendations by Management.

(iv) Monitoring the effectiveness of the Group's risk management systems by reviewing the implementation of the risk assessment action plans by Management.

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

(vi) Reviewing and verifying the allocation of share options under the Employee Share Option Scheme (i.e. ESOS).

(vii) Conducting investigation audits or special assignments from time to time as requested by the Management.

This report is made in accordance with a resolution of the Board of Directors dated 27th June 2014.

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

Recognizing good corporate governance is fundamental to continued success, the Board 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 2012 (“the Code”).

Pursuant to Paragraph 15.25 of the Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Main Market Listing Requirements (“Listing Requirement”), the Board of Directors is pleased to report its application of the Principles of the Code and compliance with the Best Practices of the Code for the financial year ended 30 April 2014.

1. BOARD OF DIRECTORS

1.1 Board Responsibilities

The Board recognises the key role it plays in charting the Group’s strategic direction and development and assumes six primary responsibilities. This includes reviewing and adopting the Group’s strategic plans, overseeing the Group’s corporate governance and conduct of business, ensuring implementation of appropriate systems to manage principal risks, reviewing the adequacy and integrity of the Group’s internal control systems and implementing an investor relations programme.

The Board has formulated and adopted a Board Charter, which provides guidance and clarity for Directors and Management in their stewardship of the Group and Company. This Board Charter is accessible through the Company’s website at www.unitedmalacca.com.my.

1.2 Board’s Composition

The composition of the Board continues to provide the Group with a diversity of knowledge, experience and skills, including financial, corporate, economic, legal, accounting and plantation expertise.

Currently, there are six Directors, comprising the Chairperson who is an Independent Non-Executive Director and re-designated as Non-Independent Non-Executive Director effective from 17 July 2014 and five other Independent Non-Executive Directors. 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. Each year, Nomination Committee annually reviews the composition and size of the Board to ensure its appropriateness.

The roles of the Chairperson and Chief Executive Officer (CEO) are segregated and each has a clear division of responsibility. The Chairperson is responsible for ensuring the Board’s effectiveness and conduct as well as the integrity and effectiveness of the Board’s governance process.

Every Board resolution is put to vote, if necessary, which reflects the collective decision of the Board and not individuals or an interest group.

She also maintains regular dialogues/meetings with the CEO, Senior Managers, heads of operating centres as well as institutional investor and research analysts.

The CEO is responsible for the day to day management of the Group’s operation and effective implementation of strategic business plan, annual operating plan, budget, policies and decisions as approved by the Board.

Independent Non-Executive Directors ensure all business strategies proposed by Management are fully deliberated and take into account the long-term interest of shareholders, employees and the local communities where the Group operates.

Datuk Boon Weng Siew, is the Senior Independent Non-Executive Director to whom concerns may be conveyed.

The profiles of the Directors are set out in this Annual Report on pages 6 to 11.

1.3 Tenure of Independent Directors

The Code recommends that the tenure of an independent director should not exceed a cumulative term of 9 years. Two Directors, Ms. Tan Siok Choo and Datuk Boon Weng Siew have served on the Board for more than 9 years. Ms. Tan remains objective and independent in her deliberations and decision making and the length of her service does not interfere with the exercise of independent judgement and in discharging her role as an independent director during the financial year ended 30 April 2014. Datuk Boon has decided to retire and will not seek re-appointment at the forthcoming Annual General Meeting.

1.4 Board Meetings

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 for special or major issues convened as and when deemed necessary.

During the financial year ending 30 April 2014, the Board held four meetings. All the Directors have complied with the minimum 50% attendance as required by Paragraph 15.05 of the Bursa Malaysia Securities Berhad's Listing Requirements.

At Board meetings, the agenda includes approval of strategic business plans and budgets, acquisition and disposal of material assets, major investments, evaluating the Group's performance against budgets, establishing and varying authority limits and approval of the Group's quarterly and annual financial statements for announcement to Bursa Malaysia Securities Berhad.

All matters arising from and deliberations and conclusions of the meetings of the Board are recorded in minutes of meetings by the Company Secretary, confirmed by the Board and signed as a correct record by the Chairperson.

1.5 Time Commitment

Directors' record of attendance at Board meetings is as follows:-

Name of Director	Held	Attended	Attendance %
Ms. Tan Siok Choo, Chairperson	4	4	100%
Datuk Boon Weng Siew	4	4	100%
Tan Sri Dato' Ahmad Bin Mohd Don	4	4	100%
Mr. Tan Jiew Hoe	4	4	100%
Mr. Teo Leng	4	4	100%
Dato' Tan Ang Meng	4	4	100%

An annual meeting calendar comprising scheduled dates for Board and Board Committees meetings and the Annual General Meeting is prepared and circulated to the Directors before the beginning of every calendar year to facilitate the Directors' time management.

1.6 Supply of Information

Prior to all meetings, Directors receive Board papers and relevant information to give them sufficient time to consider and deliberate on the issues to be discussed at the meetings; the papers are couried to all directors at least five working days in advance.

At each Board meeting, the CEO briefs the Board on the progress of the Group's operations and provides updates on developments in the plantation industry. Senior management staff or external advisors may be invited to provide the Directors with information needed on relevant issues.

In addition, monthly reports on financial performance of the Company and Group, updates on new statutory and regulatory requirements are also circulated to the Directors.

In between Board meetings, the CEO and Senior Management meets regularly with the Chairperson to review the performance of the Group's various operating units and to keep her informed of current developments affecting the Group. Directors have also visited the Group's estates to facilitate better assessment of the Group's operation.

Directors have full access to all company information and records and also have direct access to the services of the Company Secretaries and Senior Management.

Directors who wish to seek independent professional advice in furtherance of their duties may do so at the Company's expense.

1.7 Board Committees

In discharging its fiduciary duty, the Board is assisted by Board Committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee, the Tender Committee, the Employee Share Scheme Committee, the Diversification and Strategic Investment Committee and the Scholarship Committee.

Specific responsibilities have been delegated to these Board Committees which operate within clearly defined terms of reference and in compliance with the recommendations of the Code. The Chairman of the respective Committees will report to the Board on matters discussed at the Committee meetings. Minutes of these meetings are circulated to the full Board.

In addition, the Group Risk Management Committee consisting of Senior Executives reports to the Board through the Audit Committee.

1.8 Appointments to the Board

The Nomination Committee is responsible for recommending new appointment to the Board and ensuring the appointment of individuals with the appropriate knowledge and experience to fulfil the duties of a Director.

On appointment, the new Director is provided with information about the Group and is encouraged to visit the Group's estates and meet with Senior Management.

The Nomination Committee meets annually to review the Board's structure, size and composition as well the mix of core competencies required for the Board to discharge its duties effectively. The Nomination Committee is also responsible for assessing the effectiveness of the Board and all Board Committees, the independence of the Independent Directors, the contribution of each individual Director as well as the annual performance of the CEO.

Each Independent Director has provided an annual confirmation of his/her independence to the Nomination Committee and the Board.

The Board is satisfied with the review conducted by the Nomination Committee for the financial year ended 30 April 2014 stating the Board and its Committees had discharged their duties and responsibilities.

The Nomination Committee comprises three Independent Non-Executive Directors. Presently, its members are as follow:-

Chairman	Tan Sri Dato' Ahmad Bin Mohd Don *Independent Non-Executive Director*
Members	Ms. Tan Siok Choo *Non-Independent Non-Executive Director*
	Mr. Teo Leng *Independent Non-Executive Director*

The details of the terms of reference of the Nomination Committee are available for reference at www.unitedmalacca.com.my.

During the year ended 30 April 2014, the Nomination Committee conducted one meeting and all members attended the meeting.

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

1.9 Re-election and Re-appointment of Directors

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

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

Directors over seventy years of age are required to seek re-appointment annually in accordance with Section 129 (6) of the Companies Act 1965. Currently only Datuk Boon Weng Siew is subject to such re-appointment and he has decided not to seek re-appointment.

The Nomination Committee reviews the independence, suitability, competencies and contributions of Directors for re-election and re-appointment before recommending them to the Board prior to submitting their names to shareholders for approval at the Annual General Meeting.

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

1.10 Directors' Training

During the year, the Directors visited the Group's estates/operating centres in Peninsular, Sabah and plantation lands elsewhere and participated in the following conferences, talks, seminars and training programmes:-

Organizer	Conference/Seminar/Training Courses
Bursa Malaysia Derivatives Berhad	25th Annual Palm and Lauric Oils Conference & Exhibition: Price Outlook 2014/2015 (POC 2014)
Malaysian Estate Owners Association	Finance Ministry's Briefing on GST
Malaysian Palm Oil Board	Malaysian Estate Owners Association (MEOA) – Malaysian Palm Oil Board (MPOB) Forum
Bursa Securities Malaysia Berhad	Advocacy Session on Corporate Disclosures
University Malaya	Public lecture by Emeritus Professor Wolfgang Kasper, Faculty of Economics & Administration
Institute of Strategies & International Studies (ISIS) Malaysia National Forum	Malaysia's Goods and Services Tax (GST)
Kenanga Research & Investment	Seminar on Logistics
Institute of Strategies & International Studies (ISIS)	Beyond GDP: Towards an inclusive measure of wealth.
Richard Jacobs	Emotional Intelligence and Self-Managed Leadership Course
Institute of Strategies & International Studies (ISIS) Malaysia	Asia-Pacific Roundtable

Directors also receive regular briefings by Ernst & Young on updates in financial reporting, new accounting standards as well as changes in regulatory environment. Information about new developments affecting the plantation industry is provided by two of its Directors who also sit on the Council of the Malaysian Palm Oil Association.

The Board will continue to assess the training needs of its Directors to ensure they are equipped with the requisite knowledge and competences to contribute effectively to the Board.

1.11 Gender Diversity Policy

Presently, the Group does not have a formal gender diversity policy. The Board believes it is vital to recruit and retain the best available talent regardless of gender, taking into account the requisite skills, experience, knowledge and independence needed.

The Board of Directors comprise 6 members, out of which one is a woman Director, representing 16.7% of the Board composition.

2. DIRECTORS' REMUNERATION

Remuneration for Directors is aimed at attracting and retaining individuals needed to successfully manage the Group's business. Additionally, the Remuneration Committee is responsible for reviewing and recommending to the Board every year the remuneration framework, policy and remuneration packages of the CEO and key senior management officers.

The Remuneration Committee comprises the following Directors: -

Chairman	Dato' Tan Ang Meng *Independent Non-Executive Director*
Members	Ms. Tan Siok Choo *Non-Independent Non-Executive Director*
	Datuk Boon Weng Siew *Independent Non-Executive Director*
	Mr. Tan Jiew Hoe *Independent Non-Executive Director*

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

The Board also determines the remuneration of Non-Executive Directors and individuals concerned are required to abstain from discussion of their own remuneration at Board meetings. Fees paid to Directors are subject to approval of shareholders at the Annual General Meeting.

The current remuneration policy for the Non-Executive Directors comprises an annual fee and a meeting allowance for each Board meeting they attend. Similarly, members of the Board Committees are also paid an annual fee and a meeting allowance for each Committee meeting they attend.

The Remuneration Committee held one meeting during the year ended 30 April 2014 and all members attended the meeting.

As recommended by the Remuneration Committee, the Board has decided to retain the current Remuneration Structure and quantum of fees for Directors payable on a quarterly basis in arrears for the financial year ending 30 April 2015 for which approval would be sought at the forthcoming 100th Annual General Meeting.

Remuneration of the Directors for the financial year ended 30 April 2014 which was approved by shareholders at the 99th Annual General Meeting categorized into appropriate components and the number of Directors whose remunerations falls into each band of RM50,000 are set out on pages 94 to 95 of this Annual Report.

3. SHAREHOLDERS

3.1 Timely and High Quality Disclosures

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

3.2 Annual General Meeting

At the Annual General Meeting, shareholders are given the opportunity to question directors and management and to vote on matters listed in the Agenda.

3.3 Communications and Investor Relations

The website www.unitedmalacca.com.my provides information on the Group, its businesses, directors and management staff, financial data, annual reports, quarterly reports, announcements/disclosures made to Bursa Malaysia and other related activities.

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

4. ACCOUNTABILITY AND AUDIT

4.1 Financial Reporting

In discharging the Board's responsibility to ensure accurate and adequate quality financial reporting to shareholders and regulatory authorities, the Audit Committee scrutinises information for disclosure to ensure compliance with accounting standards, accuracy, adequacy and completeness.

4.2 Statement of Directors' Responsibility in respect of Audited Financial Statements

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

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

Directors also have a responsibility to take reasonable steps to safeguard the assets of the Group as well as to detect and prevent fraud and other irregularities.

4.3 Risk Management and Internal Control

The Board is responsible for ensuring the Group maintains a sound system of internal controls and risk management including regular reviews of their adequacy and integrity.

The Group has instituted an internal audit unit and a risk management committee to ensure the on-going process for identifying, evaluating and managing the significant risks faced by the Group throughout the financial year.

The Statement on Risk Management and Internal Control as set out in pages 42 to 45 in this Annual Report provides an overview of the Group's state of internal controls.

4.4 Relationship with Auditors

Through the Audit Committee, the Group has established a transparent and appropriate relationship with internal and external auditors. Both internal and external auditors attend all Audit Committee meetings to present their audit plans as well as reports, findings and recommendations, including highlighting matters that require the attention of the Audit Committee and the Board.

A summary of the activities of the Audit Committee during the year, including evaluation of the independent audit process, is set out in the Audit Committee Report on pages 29 to 33 of this Annual Report.

The Statement is made in accordance with the resolution of the Board of Directors passed on 27 June 2014.

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 2014 to raise any cash proceeds. However, the Company has issued 1,208,600 ordinary shares under the Employee Share Option Scheme ("ESOS") for a cash consideration of RM6,630,000 during the financial year. The Proceeds arising from the exercise of the share options pursuant to the ESOS were utilised for working capital purposes. In addition, the Company also has issued 185,300 ordinary shares under Executive Share Incentive Plan ("ESIP") during the financial year.

2. Share Buy-Backs

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

3. Options, Warrants, or Convertible Securities Exercised

There were no other options, warrants, or convertible securities exercised in respect of the financial year ended 30 April 2014.

4. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")

The Company has not sponsored any ADR or GDR programme for the financial year ended 30 April 2014.

5. Sanctions and/or Penalties

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

6. Non-Audit Fees

During the financial year under review, the Group's non-audit fees paid or payable to the external auditors amounted to RM100,000 (please refer to page 93 of the audited financial statements).

7. Variation in Results

There is no material variance between the results for the financial year ended 30 April 2014 and the unaudited results previously announced by the Company.

8. Profit Guarantee

The Company did not issue any profit forecast or profit guarantee for the year ended 30 April 2014.

9. Revaluation Policy

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

10. Material Contracts Involving Directors and Major Shareholders

There is no material contract involving the Company and its subsidiaries with directors and major shareholders of the Company either still subsisting at the end of the financial year ended 30 April 2014 or entered into since the end of that financial year.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

The Board of Directors of United Malacca Berhad is pleased to present the Statement on Risk Management and Internal Control pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad Listing Requirements. This statement outlines the Group's key elements of internal control systems for the financial year ended 30 April 2014.

2. BOARD RESPONSIBILITY

The Board acknowledges its responsibility to maintain a sound system of internal controls and risk management as well as to review its adequacy and integrity to safeguard shareholders' investment, customers' interests and Group assets. However, the Board recognises reviewing the Group's system of internal controls is a concerted and on-going process designed to manage rather than eliminate the risk of failure while the system of internal controls can only provide reasonable – and not absolute – assurance against any material misstatement or loss.

The Board confirms there is a continuous process to identify, evaluate, monitor and manage significant risks affecting the fulfilment of the Group's business objectives, a process that is regularly reviewed by the Board.

3. KEY ELEMENTS OF INTERNAL CONTROL SYSTEMS

3.1 Risk Management Framework

Since 2002, a risk management framework has been instituted to facilitate managing the Group's high-impact risks. Through the adoption of manuals on Risk Management Policies and Procedures, significant risks are continuously identified and appropriate controls instituted and adopted by Management to ensure risk profiles acceptable to the Group.

Management has also set up a Group Risk Management Committee led by the Chief Executive Officer (CEO) to identify and communicate regularly to the Board the Group's critical risks, the changing risks and plans to mitigate these risks.

During the financial year under review, the following risk management activities were implemented:

(i) Maintaining an up-to-date assessment of all business risks and controls through a detailed risk management report. The likelihood of the risks occurring and the magnitude of impact are periodically monitored and mitigation plans adopted.

(ii) Reviewing and assessing all business risks and preparing quarterly reports on the Group's risk profiles. Management's plans are reviewed by the Audit Committee prior to submission to the Board for approval.

(iii) Identifying and assessing new risks the Group's businesses face. Mitigating plans and control measures have been implemented to address these risks.

3. KEY ELEMENTS OF INTERNAL CONTROL SYSTEMS (continued)

3.2 Internal Audit

The Group's Internal Audit Department supports the Audit Committee to ensure adequate and effective risk management and the establishment of a system of internal controls and governance processes. During the financial year under review, Internal Auditors conducted independent reviews of the key activities undertaken by the Group's operating units in line with an approved annual internal audit plan and ad-hoc audits requested by the Audit Committee.

Given that United Malacca Berhad has a large hectarage of land in Sabah, from September 2012, a unit of audit team has been established in Millian Labau Estate (Keningau) to undertake normal audit work and special assignments for both Millian Labau Estate (Keningau) and Meridian Plantations (Sandakan).

Internal Audit also advises Management on areas for improvement and subsequently undertakes follow-up audits to ensure its recommendations have been implemented. Audit reports are submitted regularly to the Audit Committee who reviews the findings with Management during Audit Committee meetings.

In determining the adequacy and effectiveness of the Group's internal controls, the Audit Committee reports its assessment and recommendations to the Board of Directors.

4. OTHER KEY ELEMENTS OF INTERNAL CONTROL SYSTEMS

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

(i) Organisational Structure

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

(ii) Centralised Functions

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

(iii) Control Procedures

A Policy and Procedures Operating and Agricultural Manuals setting out the Group's policies, procedures and practices ensure accountability and control procedures is 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 to follow and those requiring approval from the CEO, Chairperson and the Board.

4. OTHER KEY ELEMENTS OF INTERNAL CONTROL SYSTEMS (continued)

(iii) Control Procedures (continued)

b. Budgeting

Each operating unit prepares its own annual budget which includes financial and operating targets, capital expenditure proposals 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. Each year, the annual budget is presented to the Board for final review and approval around March.

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 tenders above RM300,000 for its review and approval.

d. Diversification and Strategic Investment Committee

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

(iv) Performance Review and Reporting

Every month, the management team comprising the senior managers monitors and reviews the financial results and forecasts for the Group's business units. This includes assessing their performance against operating plans and annual budgets as well as monitoring marketing operations and formulating plans focusing on areas of concern.

Scheduled meetings between the management team and heads of operating units are held bi-monthly aimed at continuously improving FFB quality, operational cost effectiveness, efficiency of operations and profitability.

In addition, an Estate and Palm Oil Mill Liaison Committee has been established comprising representatives from Head Office Estate Operations Department, Palm Oil Mill Department, Estate Managers as well as those in-charge of estates and Palm Oil Mill Managers to enhance coordination and teamwork between estates and palm oil mill personnel to achieve higher quality of FFB and to enhance profitability. The Liaison Committee meets on bi-monthly basis.

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.

Quarterly and annual financial statements with detailed analysis of financial results are reviewed by the Audit Committee and recommended to the Board for approval prior to submission to Bursa Malaysia. Reports on the performance of the estates and palm oil mills, progress report on the estates, the Group's financial position as well as treasury and fund management are also presented at Board meetings.

4. OTHER KEY ELEMENTS OF INTERNAL CONTROL SYSTEMS (continued)

(v) Estate and Palm Oil Mill Visits

Regular visits to the estates and palm oil mills are undertaken by the Chairperson, CEO, Senior Management, internal auditors and the Group Finance team.

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

(vi) Coverage and Safeguarding of Major Assets

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

(vii) Occupational Safety and Health (OSHA) Committee

The OSHA committee meets at regular intervals and provides necessary safety training to ensure a safe working environment. Safety guidelines in pictorial form have been drawn up and circulated to all staff in the estates.

5. REVIEW BY THE EXTERNAL AUDITORS

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

6. CONCLUSION

The Board believes the Group's system of internal controls provides reasonable, but not absolute, assurance that weaknesses or deficiencies are identified on a timely basis and dealt with appropriately. The Board affirms its responsibility to maintain a sound system of internal controls and to continuously enhance internal controls.

The CEO and the Chief Financial Officer (CFO) have also given reasonable assurances to the Board the Group's risk management and internal control systems are operating adequately and effectively at all material respects.

The Board confirms it has reviewed the effectiveness of the system of internal controls through the monitoring process and has not been made aware of any significant weaknesses or deficiencies in the Group's system of internal controls for the year under review and until the date of this statement.

This statement is made in accordance with the resolution of the Board of Directors dated 27 June 2014.

FINANCIAL STATETMENTS

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 April 2014.

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 21 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Profit net of tax	71,518	66,766

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 2013 were as follows:

	RM'000
In respect of the financial year ended 30 April 2013 as reported in the directors' report of that year:	
Second interim single-tier dividend of 11%, on 205,365,001 ordinary shares, declared on 27 June 2013 and paid on 2 August 2013	22,590
In respect of the financial year ended 30 April 2014:	
First interim single-tier dividend of 10%, on 206,070,601 ordinary shares, declared on 19 December 2013 and paid on 28 January 2014	20,607
	43,197

The directors declare a second interim single-tier dividend of 11% in respect of the financial year ended 30 April 2014 and a special single-tier dividend of 5% to commemorate the Company's forthcoming 100th Annual General Meeting, on 206,701,901 ordinary shares, amounting to dividend payable of RM33,072,000 (16 sen per ordinary share).

DIVIDENDS (continued)

The second interim dividend and special dividend are payable on 22 August 2014. 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 2015.

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 date of the last report and at the date of this report are:

Tan Siok Choo
Datuk Boon Weng Siew
Tan Sri Dato' Ahmad bin Mohd Don
Tan Jiew Hoe
Teo Leng
Dato' Tan Ang Meng

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

Datuk Boon Weng Siew retires pursuant to Section 129(2) of the Companies Act, 1965 and has decided not to seek re-appointment as director under the provision of Section 129(6) of the said Act at the forthcoming Annual General Meeting of the Company.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employee Share 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 12 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 35 to the financial statements.

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 of RM1 each →				
Name of director		**1.5.2013**	**Acquired**	**Granted ^**	**Sold**	**30.4.2014**
Direct Interest:						
Ordinary shares of the Company						
Tan Siok Choo		3,486,181	-	10,500	-	3,496,681
Datuk Boon Weng Siew		108,000	-	10,500	-	118,500
Tan Sri Dato' Ahmad bin Mohd Don		-	-	10,500	-	10,500
Tan Jiew Hoe		241,125	-	10,500	-	251,625
Teo Leng		14,000	-	10,500	-	24,500
Dato' Tan Ang Meng		11,000	-	10,500	-	21,500

^ Ordinary shares granted under ESIP.

Indirect Interest:						
Ordinary shares of the Company						
Tan Siok Choo	#	2,605,549	-	-	-	2,605,549
Tan Jiew Hoe	@	2,510,021	-	-	-	2,510,021

\# Interest by virtue of shares held by her parent.
@ Interest by virtue of shares held by the companies in which he is a director.

	← Number of options over ordinary shares of RM1 each →			
Name of director	**1.5.2013**	**Granted**	**Exercised**	**30.4.2014**
Share options of the Company under ESOS				
Tan Siok Choo	162,000	-	-	162,000
Datuk Boon Weng Siew	162,000	-	-	162,000
Tan Sri Dato' Ahmad bin Mohd Don	270,000	-	-	270,000
Tan Jiew Hoe	201,000	-	-	201,000
Teo Leng	216,000	-	-	216,000
Dato' Tan Ang Meng	270,000	-	-	270,000

DIRECTORS' INTERESTS (continued)

Name of director	← Number of ordinary shares of RM1 each 1.5.2013	Granted	Vested	30.4.2014 →
Ordinary shares of the Company granted under ESIP				
Tan Siok Choo	-	10,500	(10,500)	-
Datuk Boon Weng Siew	-	10,500	(10,500)	-
Tan Sri Dato' Ahmad bin Mohd Don	-	10,500	(10,500)	-
Tan Jiew Hoe	-	10,500	(10,500)	-
Teo Leng	-	10,500	(10,500)	-
Dato' Tan Ang Meng	-	10,500	(10,500)	-

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM205,109,201 to RM206,503,101 by way of:

(a) issuance of 1,208,600 ordinary shares of RM1 each for cash pursuant to the ESOS at a weighted average exercise price of RM5.49 per ordinary share; and

(b) issuance of 185,300 ordinary shares of RM1 each pursuant to the ESIP at a weighted average exercise price of RM7.13 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 ESS Committee appointed by the Board.

The salient features of the By-Laws are disclosed in Note 34 to the financial statements.

EMPLOYEE SHARE SCHEME (continued)

Employee Share Option Scheme ("ESOS")

During the financial year, 1,350,000 options were offered and accepted by eligible employees under the ESOS, of which 10% are exercisable into new ordinary shares with immediate effect on 22 October 2013 whilst the balance of 90% are exercisable into new ordinary shares at different vesting periods and tranches beginning from October 2014, subject to the fulfilment of vesting conditions including but not limited to the satisfactory performance of the option holders during the exercise periods.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the ESOS as at 30 April 2014 are as follows:

			← Number of options →		
Grant date	**Expiry date**	**Exercise price**	**Granted**	**Adjustment for bonus issue**	**Total**
3 August 2010	2 August 2015	RM8.13	6,190,000	-	6,190,000
		RM5.42 *	-	2,582,250	2,582,250
					8,772,250
1 November 2011	31 October 2016	RM5.82	1,260,000	-	1,260,000
7 November 2012	6 November 2017	RM6.49	1,180,000	-	1,180,000
22 October 2013	21 October 2018	RM6.42	1,350,000	-	1,350,000

* Following the adjustment for additional options entitlement on the unexercised options arising from the bonus issue made during the financial year ended 30 April 2011, the exercise price of RM8.13 per share was revised to RM5.42 per share accordingly.

As at 30 April 2014, the options granted to directors and senior management of the Group consist of 26% of total options granted to eligible directors and employees.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted options to subscribe for less than 100,000 ordinary shares of RM1 each. The names of option holders granted options to subscribe for 100,000 or more ordinary shares of RM1 each during the financial year are as follows:

		← Number of options →			
Name	**Grant date**	**1.5.2013**	**Granted**	**Exercised**	**30.4.2014**
Dr. Leong Tat Thim	3 August 2010	420,000	-	-	420,000
Chong Seong Hoe	3 August 2010	255,000	-	(123,000)	132,000
Leong Yok Mui	3 August 2010	270,000	-	-	270,000
	22 October 2013	-	40,000	-	40,000
Lai Swee Kee	3 August 2010	222,000	-	-	222,000
	22 October 2013	-	40,000	-	40,000

EMPLOYEE SHARE SCHEME (continued)

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

		Number of options			
Name	**Grant date**	**1.5.2013**	**Granted**	**Exercised**	**30.4.2014**
Sim Leong Teik	7 November 2012	200,000	-	-	200,000
	22 October 2013	-	40,000	-	40,000
Ang Awang	22 October 2013	-	160,000	-	160,000
Chia Thim Siong	22 October 2013	-	160,000	(16,000)	144,000
Abdul Razak bin Md. Aris	3 August 2010	102,000	-	(51,000)	51,000
Siew Kwook Keong	3 August 2010	66,000	-	(36,000)	30,000

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

Executive Share Incentive Plan ("ESIP")

During the financial year, the Company has commenced the ESIP and 185,300 ordinary shares of RM1 each ("ESIP shares") has been granted to the directors and selected executives of the Company and its subsidiaries. The vesting period of ESIP shares was from 7 November 2013 to 31 December 2013.

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

OTHER STATUTORY INFORMATION

(a) Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and

   (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

   (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; and

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

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

OTHER STATUTORY INFORMATION (continued)

(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 42 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 June 2014.

Tan Siok Choo

Tan Sri Dato' Ahmad bin Mohd Don

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

We, 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 57 to 144 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 April 2014 and of their financial performance and cash flows for the year then ended.

The supplementary information set out on page 145 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 27 June 2014.

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

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

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 57 to 145 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 27 June 2014)

Lai Swee Kee

Before me,

Wee Ai Yen
Commissioner for Oaths
Melaka, Malaysia

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of United Malacca Berhad, which comprise the statements of financial position of the Group and of the Company as at 30 April 2014, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 57 to 144.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 April 2014 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 145 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

Ernst & Young
AF: 0039
Chartered Accountants

Lee Ah Too
2187/09/15(J)
Chartered Accountant

Melaka, Malaysia
Date: 27 June 2014

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	8	**244,347**	206,090	**90,780**	99,353
Cost of sales		**(153,947)**	(120,089)	**(28,899)**	(27,586)
Gross profit		**90,400**	86,001	**61,881**	71,767
Other income	9	**16,940**	12,026	**17,430**	2,080
Selling and distribution expenses		**(5,149)**	(4,153)	**(2,302)**	(2,067)
Administrative expenses		**(13,623)**	(12,259)	**(6,857)**	(6,347)
Other expenses		**(292)**	(413)	**(258)**	(391)
Replanting expenses		**(4,179)**	(2,870)	**(2,580)**	(1,612)
Interest expense		**-**	-	**(21)**	-
Operating profit		**84,097**	78,332	**67,293**	63,430
Share of results of an associate		**-**	4,372	**-**	-
Profit before tax	10	**84,097**	82,704	**67,293**	63,430
Income tax expense	13	**(12,579)**	(13,995)	**(527)**	(523)
Profit net of tax		**71,518**	68,709	**66,766**	62,907
Earnings per share attributable to owners of the Company (sen per share):					
Basic	14	**34.77**	33.64		
Diluted	14	**34.77**	33.63		

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 2014

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit net of tax	**71,518**	68,709	**66,766**	62,907
Other comprehensive income:				
Items that will be subsequently reclassified to profit or loss:				
Net loss on fair value changes on available-for-sale investments	**(66)**	(1,236)	**(66)**	(1,236)
Transfer of gain on disposal of available-for-sale investments to profit or loss	**(457)**	(749)	**(457)**	(749)
Share of other comprehensive loss of an associate	**-**	(759)	-	-
	(523)	(2,744)	**(523)**	(1,985)
Items that will not be subsequently reclassified to profit or loss:				
Revaluation surplus of lands, buildings, biological assets and investment property, net of deferred tax	**-**	459,137	**-**	222,352
Reversal of deferred tax liabilities to asset revaluation reserve upon reduction in tax rate	**7,842**	-	**2,536**	-
	7,842	459,137	**2,536**	222,352
Total comprehensive income for the year	**78,837**	525,102	**68,779**	283,274

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

STATEMENTS OF FINANCIAL POSITION
AS AT 30 APRIL 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Assets					
Non-current assets					
Property, plant and equipment	16	**692,545**	685,060	**362,883**	361,986
Biological assets	17	**827,418**	803,422	**406,996**	386,064
Prepaid land lease payments	18	**11,829**	10,254	**-**	-
Investment property	19	**1,040**	960	**1,040**	960
Goodwill on consolidation	20	**18,628**	18,628	**-**	-
Investment in subsidiaries	21	**-**	-	**140,954**	140,954
Available-for-sale investments	22	**47,418**	57,105	**47,418**	57,105
		1,598,878	1,575,429	**959,291**	947,069
Current assets					
Inventories	23	**8,618**	9,746	**1,285**	3,205
Trade and other receivables	24	**17,606**	12,623	**5,871**	5,683
Held-for-trading investments	25	**14,168**	7,182	**14,168**	7,182
Held-to-maturity investments	26	**23,703**	28,440	**23,204**	26,512
Cash and bank balances	27	**147,854**	108,025	**136,446**	100,346
		211,949	166,016	**180,974**	142,928
Non-current assets held for sale	28	**-**	31,536	**-**	23,801
		211,949	197,552	**180,974**	166,729
Total assets		**1,810,827**	1,772,981	**1,140,265**	1,113,798
Equity and liabilities					
Equity attributable to owners of the Company					
Share capital	29	**206,503**	205,109	**206,503**	205,109
Share premium	29	**26,070**	17,987	**26,070**	17,485
Other reserves	30	**760,467**	756,733	**360,559**	360,633
Retained earnings	31	**593,846**	561,706	**477,290**	451,902
Total equity		**1,586,886**	1,541,535	**1,070,422**	1,035,129
Non-current liability					
Deferred tax liabilities	32	**200,732**	209,821	**62,700**	66,050
Current liabilities					
Trade and other payables	33	**20,996**	20,235	**6,911**	12,619
Income tax payable		**2,213**	1,390	**232**	-
		23,209	21,625	**7,143**	12,619
Total liabilities		**223,941**	231,446	**69,843**	78,669
Total equity and liabilities		**1,810,827**	1,772,981	**1,140,265**	1,113,798

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 2014

	Attributable to owners of the Company									
	Non-distributable								Distributable	
GROUP 2014	**Share capital (Note 29) RM'000**	**Share premium (Note 29) RM'000**	**Fair value adjustment reserve (Note 30) RM'000**	**Asset revaluation reserve (Note 30) RM'000**	**Foreign currency translation reserve (Note 30) RM'000**	**Employee share option reserve (Note 30) RM'000**	**Employee share incentive reserve (Note 30) RM'000**	**Total other reserves (Note 30) RM'000**	**Retained earnings (Note 31) RM'000**	**Total equity RM'000**
Opening balance at 1 May 2013	205,109	17,987	23,553	725,920	(140)	7,400	-	756,733	561,706	1,541,535
Total comprehensive income	-	-	(523)	7,842	-	-	-	7,319	71,518	78,837
Transfer to retained earnings:										
Realisation of share premium upon disposal of an associate	-	(502)	-	-	-	-	-	-	502	-
Realisation of asset revaluation reserve upon:										
- Depreciation	-	-	-	(3,415)	-	-	-	(3,415)	3,415	-
- Property, plant and equipment written off	-	-	-	(1)	-	-	-	(1)	1	-
Realisation of foreign currency translation reserve upon disposal of an associate	-	-	-	-	140	-	-	140	(140)	-
	-	(502)	-	(3,416)	140	-	-	(3,276)	3,778	-
Transactions with owners:										
Fair value of share options granted to eligible directors and employees	-	-	-	-	-	1,760	-	1,760	-	1,760
Shares issued pursuant to ESOS	1,209	7,449	-	-	-	(2,028)	-	(2,028)	-	6,630
Employee share options forfeited	-	-	-	-	-	(41)	-	(41)	41	-
ESIP expense	-	-	-	-	-	-	1,321	1,321	-	1,321
Shares issued pursuant to ESIP	185	1,136	-	-	-	-	(1,321)	(1,321)	-	-
Dividends (Note 15)	-	-	-	-	-	-	-	-	(43,197)	(43,197)
	1,394	8,585	-	-	-	(309)	-	(309)	(43,156)	(33,486)
Closing balance at 30 April 2014	206,503	26,070	23,030	730,346	-	7,091	-	760,467	593,846	1,586,886

STATEMENTS OF CHANGES IN EQUITY (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014

GROUP (continued) 2013	Attributable to owners of the Company									
		Non-distributable							Distributable	
	Share capital (Note 29) RM'000	Share premium (Note 29) RM'000	Fair value adjustment reserve (Note 30) RM'000	Asset revaluation reserve (Note 30) RM'000	Foreign currency translation reserve (Note 30) RM'000	Employee share option reserve (Note 30) RM'000	Employee share incentive reserve (Note 30) RM'000	Total other reserves (Note 30) RM'000	Retained earnings (Note 31) RM'000	Total equity RM'000
Opening balance at 1 May 2012	203,473	7,963	25,538	268,010	619	7,732	-	301,899	544,801	1,058,136
Total comprehensive income	-	-	(1,985)	459,137	(759)	-	-	456,393	68,709	525,102
Transfer to retained earnings:										
Realisation of asset revaluation reserve upon:										
- Depreciation	-	-	-	(1,200)	-	-	-	(1,200)	1,200	-
- Disposal of property, plant and equipment	-	-	-	(26)	-	-	-	(26)	26	-
- Property, plant and equipment written off	-	-	-	(1)	-	-	-	(1)	1	-
	-	-	-	(1,227)	-	-	-	(1,227)	1,227	-
Transactions with owners:										
Fair value of share options granted to eligible directors and employees	-	-	-	-	-	2,495	-	2,495	-	2,495
Shares issued pursuant to ESOS	1,636	10,024	-	-	-	(2,743)	-	(2,743)	-	8,917
Employee share options forfeited	-	-	-	-	-	(84)	-	(84)	84	-
Dividends (Note 15)	-	-	-	-	-	-	-	-	(53,115)	(53,115)
	1,636	10,024	-	-	-	(332)	-	(332)	(53,031)	(41,703)
Closing balance at 30 April 2013	205,109	17,987	23,553	725,920	(140)	7,400	-	756,733	561,706	1,541,535

STATEMENTS OF CHANGES IN EQUITY (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014

	Attributable to owners of the Company								
		Non-distributable						Distributable	
COMPANY 2014	**Share capital (Note 29) RM'000**	**Share premium (Note 29) RM'000**	**Fair value adjustment reserve (Note 30) RM'000**	**Asset revaluation reserve (Note 30) RM'000**	**Employee share option reserve (Note 30) RM'000**	**Employee share incentive reserve (Note 30) RM'000**	**Total other reserves (Note 30) RM'000**	**Retained earnings (Note 31) RM'000**	**Total equity RM'000**
Opening balance at 1 May 2013	205,109	17,485	23,552	329,681	7,400	-	360,633	451,902	1,035,129
Total comprehensive income	-	-	(523)	2,536	-	-	2,013	66,766	68,779
Transfer to retained earnings:									
Realisation of asset revaluation reserve upon:									
- Depreciation	-	-	-	(1,777)	-	-	(1,777)	1,777	-
- Property, plant and equipment written off	-	-	-	(1)	-	-	(1)	1	-
	-	-	-	(1,778)	-	-	(1,778)	1,778	-
Transactions with owners:									
Fair value of share options granted to eligible directors and employees	-	-	-	-	1,760	-	1,760	-	1,760
Shares issued pursuant to ESOS	1,209	7,449	-	-	(2,028)	-	(2,028)	-	6,630
Employee share options forfeited	-	-	-	-	(41)	-	(41)	41	-
ESIP expense	-	-	-	-	-	1,321	1,321	-	1,321
Shares issued pursuant to ESIP	185	1,136	-	-	-	(1,321)	(1,321)	-	-
Dividends (Note 15)	-	-	-	-	-	-	-	(43,197)	(43,197)
	1,394	8,585	-	-	(309)	-	(309)	(43,156)	(33,486)
Closing balance at 30 April 2014	206,503	26,070	23,029	330,439	7,091	-	360,559	477,290	1,070,422

STATEMENTS OF CHANGES IN EQUITY (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014

	Attributable to owners of the Company								
		Non-distributable						Distributable	
COMPANY (continued) 2013	**Share capital (Note 29) RM'000**	**Share premium (Note 29) RM'000**	**Fair value adjustment reserve (Note 30) RM'000**	**Asset revaluation reserve (Note 30) RM'000**	**Employee share option reserve (Note 30) RM'000**	**Employee share incentive reserve (Note 30) RM'000**	**Total other reserves (Note 30) RM'000**	**Retained earnings (Note 31) RM'000**	**Total equity RM'000**
Opening balance at 1 May 2012	203,473	7,461	25,537	107,958	7,732	-	141,227	441,397	793,558
Total comprehensive income	-	-	(1,985)	222,352	-	-	220,367	62,907	283,274
Transfer to retained earnings:									
Realisation of asset revaluation reserve upon:									
- Depreciation	-	-	-	(602)	-	-	(602)	602	-
- Disposal of property, plant and equipment	-	-	-	(26)	-	-	(26)	26	-
- Property, plant and equipment written off	-	-	-	(1)	-	-	(1)	1	-
	-	-	-	(629)	-	-	(629)	629	-
Transactions with owners:									
Fair value of share options granted to eligible directors and employees	-	-	-	-	2,495	-	2,495	-	2,495
Shares issued pursuant to ESOS	1,636	10,024	-	-	(2,743)	-	(2,743)	-	8,917
Employee share options forfeited	-	-	-	-	(84)	-	(84)	84	-
Dividends (Note 15)	-	-	-	-	-	-	-	(53,115)	(53,115)
	1,636	10,024	-	-	(332)	-	(332)	(53,031)	(41,703)
Closing balance at 30 April 2013	205,109	17,485	23,552	329,681	7,400	-	360,633	451,902	1,035,129

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 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Operating activities					
Profit before tax		**84,097**	82,704	**67,293**	63,430
Adjustments for:					
Amortisation of prepaid land lease payments	10	**196**	193	**-**	-
Depreciation of property, plant and equipment	10	**16,941**	12,386	**6,332**	3,821
Dividend income	9	**(2,133)**	(2,623)	**-**	-
Fair value of share options expensed off:					
- employees	11	**1,456**	1,990	**653**	1,060
- non-executive directors	12	**304**	505	**304**	505
Gain from fair value adjustment of investment property	9	**(80)**	-	**(80)**	-
Gain on disposal of:					
- an associate	9	**(5,675)**	-	**(13,410)**	-
- available-for-sale investments	9	**(457)**	(749)	**(457)**	(749)
- non-current asset held for sale	9	**(261)**	-	**(261)**	-
- property, plant and equipment	9	**(32)**	(195)	**(6)**	(197)
Interest expense	10	**-**	-	**21**	-
Interest income	9	**(4,848)**	(4,797)	**-**	-
Net fair value gains on held-for-trading investments	9	**(1,503)**	(200)	**(1,503)**	(200)
Property, plant and equipment written off	10	**47**	265	**22**	252
Reversal of provision for impairment of advances for acquisition of land in prior years	9	**-**	(2,146)	**-**	-
Share of results of an associate		**-**	(4,372)	**-**	-
Unrealised foreign exchange loss/(gain)		**2**	(65)	**2**	(65)
Operating cash flows before changes in working capital		**88,054**	82,896	**58,910**	67,857
Changes in working capital:					
Decrease in inventories		**1,128**	1,083	**1,920**	726
(Increase)/decrease in trade and other receivables		**(6,762)**	6,855	**(2,153)**	1,337
(Decrease)/increase in trade and other payables		**(851)**	(401)	**(5,708)**	971
Cash flows from operations		**81,569**	90,433	**52,969**	70,891
Interest received		**4,642**	4,848	**-**	-
Interest paid		**-**	-	**(21)**	-
Income taxes refunded		**2,449**	-	**2,042**	-
Income taxes paid		**(13,002)**	(17,264)	**(1,041)**	(2,905)
Net cash flows from operating activities		**75,658**	78,017	**53,949**	67,986

STATEMENTS OF CASH FLOWS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Investing activities					
Dividend received from:					
- an associate		**-**	1,376	**-**	-
- available-for-sale investments		**1,742**	2,262	**-**	-
- held-for-trading investments		**340**	355	**-**	-
Purchase of:					
- available-for-sale investments		**(1,542)**	(21,334)	**(1,542)**	(21,334)
- held-for-trading investments		**(14,925)**	(23,647)	**(14,925)**	(23,647)
- property, plant and equipment	16	**(28,107)**	(19,822)	**(10,621)**	(9,861)
Proceeds from disposal of:					
- an associate		**36,315**	-	**36,315**	-
- available-for-sale investments		**11,163**	4,749	**11,163**	4,749
- held-for-trading investments		**9,295**	31,606	**9,295**	31,606
- non-current asset held for sale		**1,157**	-	**1,157**	-
- property, plant and equipment		**204**	240	**72**	233
Additions of:					
- biological assets		**(20,320)**	(20,935)	**(17,628)**	(20,797)
- prepaid land lease payments	18	**(642)**	(4,265)	**-**	-
Net withdrawal of held-to-maturity investments		**4,737**	14,042	**3,308**	15,624
Net cash flows (used in)/from investing activities		**(583)**	(35,373)	**16,594**	(23,427)
Financing activities					
Dividends paid	15	**(43,197)**	(53,115)	**(43,197)**	(53,115)
Payment of fair value of share options granted to eligible employees by subsidiaries		**-**	-	**803**	930
Proceeds from exercise of:					
- employee share options under ESOS		**6,630**	8,917	**6,630**	8,917
- ESIP shares		**1,321**	-	**1,321**	-
Proceeds from loan from a subsidiary		**-**	-	**-**	500
Net cash flows used in financing activities		**(35,246)**	(44,198)	**(34,443)**	(42,768)
Net change in cash and bank balances		**39,829**	(1,554)	**36,100**	1,791
Cash and bank balances at beginning of financial year		**108,025**	109,579	**100,346**	98,555
Cash and bank balances at end of financial year	27	**147,854**	108,025	**136,446**	100,346

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

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, 1965 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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Business combinations and goodwill (continued)

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.

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

3.3 Foreign currency translation

(a) Functional and presentation currency

The Group's and the Company's financial statements are presented in Ringgit Malaysian which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at the 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 to the in 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.

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).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 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 lands, 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Property, plant and equipment (continued)

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.

3.5. Biological assets

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

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

Valuations are performed with sufficient regularity 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.

3.6 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.

3.7 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 arise.

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 of 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Investment property (continued)

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 3.4 up to the date of change in use.

3.8 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Impairment of non-financial assets (continued)

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.

3.9 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.

3.10 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Financial instruments (continued)

(a) Financial assets (continued)

(i) Initial recognition and measurement (continued)

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:

<u>Financial assets at fair value through profit or loss</u>

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.

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 though 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Financial instruments (continued)

(a) Financial assets (continued)

(ii) Subsequent measurement (continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Financial instruments (continued)

(a) Financial assets (continued)

(ii) Subsequent measurement (continued)

Available-for-sale financial investments (continued)

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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Financial instruments (continued)

(a) Financial assets (continued)

(iii) Derecognition (continued)

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.

<u>Financial assets carried at amortised cost</u>

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Financial instruments (continued)

(b) Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

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 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)

3.10 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.

(ii) Subsequent measurement

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

<u>Financial liabilities at fair value through profit or loss</u>

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.

<u>Loans and borrowings</u>

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)

3.10 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 expires.

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.

3.11 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)

3.12 Cash and bank balances

Cash and bank balances in the statements of financial position 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.

3.13 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.

3.14 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 statements of comprehensive income.

3.15 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.

3.16 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)

3.17 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.

3.18 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) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 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 premium 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, take 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.

3.19 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)

3.19 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.

3.20 Borrowing costs

Borrowing costs consist of interest and other costs that the Company incurred in connection with the borrowing of funds from a subsidiary.

Borrowing costs are recognised in the profit or loss in the period they are incurred.

3.21 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.

3.22 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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.22 Taxes (continued)

(b) Deferred tax (continued)

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)

3.23 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.

3.24 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 to 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.24 Fair value measurement (continued)

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.

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 2013, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for the annual periods beginning on or after 1 July 2012 and 1 January 2013.

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 101: *Presentation of Items of Other Comprehensive*	1 July 2012
FRS 3 *Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)*	1 January 2013
FRS 127 *Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003)*	1 January 2013
FRS 10 *Consolidated Financial Statements*	1 January 2013
FRS 11 *Joint Arrangements*	1 January 2013
FRS 12 *Disclosure of Interests in Other Entities*	1 January 2013
FRS 13 *Fair Value Measurement*	1 January 2013
FRS 119 *Employee Benefits (IAS 19 as amended by IASB in June 2011)*	1 January 2013
FRS 127 *Separate Financial Statements (IAS 27 as amended by IASB in May 2011)*	1 January 2013
FRS 128 *Investment in Associate and Joint Ventures (IAS 28 as amended by IASB in May 2011)*	1 January 2013
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
Amendments to FRS 7: *Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Annual Improvements 2009-2011 Cycle	1 January 2013
Amendments to FRS 1: *Government Loans*	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12: *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013

The adoption of the above standards and interpretations did not have any significant effect on the financial performance and position of the Group and of the Company except for those disclosed below:

FRS 12 *Disclosure of Interests in Other Entities*

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 13 *Fair Value Measurement*

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS. FRS 13 defines fair value as an exit price. As a result of the guidance in FRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. FRS 13 also requires additional disclosures.

Application of FRS 13 has not materiality impacted the fair value measurement of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

4. CHANGES IN ACCOUNTING POLICIES (continued)

Amendments to FRS 101: *Presentation of Items of Other Comprehensive Income*

The amendments to FRS 101 introduce a grouping of items presented in other comprehensive income. Items that will be reclassified ("recycled") to profit or loss at a future point in time (eg. net loss or gain on available-for-sale financial assets) have to be presented separately from items that will not be reclassified (eg. revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's financial position or performance.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations 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 interpretations, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to FRS 132: *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127: *Investment Entities*	1 January 2014
Amendments to FRS 136: *Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
Amendments to FRS 139: *Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
IC Interpretation 21 *Levies*	1 January 2014
Amendments to FRS 119: *Defined Benefit Plans: Employee Contributions*	1 July 2014
Annual Improvements to FRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011–2013 Cycle	1 July 2014
FRS 9 *Financial Instruments (IFRS 9 issued by IASB in November 2009)*	To be announced
FRS 9 *Financial Instruments (IFRS 9 issued by IASB in October 2010)*	To be announced
FRS 9 *Financial Instruments: Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139*	To be announced

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

FRS 9 *Financial Instruments*

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of the first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Amendments to FRS 139: *Novation of Derivatives and Continuation of Hedge Accounting*

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The Group has not novated its derivatives during the current period. However, these amendments would be considered for future novation.

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 1"), 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 may in the alternative, apply Financial Reporting Standards ("FRS") as its financial reporting framework for annual periods beginning on or after 1 January 2014.

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 when the MFRS Framework is 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.

At the date of these financial statements, 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 for the year ended 30 April 2014 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.

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:

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

7.1. Judgment made in applying accounting policies (continued)

Classification between investment property and property, plant and equipment

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

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

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 20.

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

7.2. Estimates and assumptions (continued)

(d) Deferred tax assets

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

(e) Income tax

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

(f) Employee share options

The Group measures the cost of equity-settled transactions with eligible directors and employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and model used for estimating fair value for share-based payment transactions are disclosed in Note 34.

(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, take into account, if any, the market vesting conditions.

8. REVENUE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Sale of oil palm products	**244,347**	206,090	**55,583**	55,028
Interest income	**-**	-	**4,227**	4,184
Dividend income from:				
- subsidiaries	**-**	-	**28,837**	36,142
- an associate	**-**	-	-	1,376
- available-for-sale investments (quoted in Malaysia)	**-**	-	**1,195**	982
- available-for-sale investment (quoted outside Malaysia)	**-**	-	**19**	23
- available-for-sale investment (unquoted in Malaysia)	**-**	-	**528**	1,257
- held-for-trading investments (quoted in Malaysia)	**-**	-	**391**	296
- held-for-trading investments (quoted outside Malaysia)	**-**	-	**-**	65
	244,347	206,090	**90,780**	99,353

9. OTHER INCOME

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Additional compensation received from compulsory land acquisition	**1,139**	100	**1,139**	100
Dividend income from:				
- available-for-sale investments (quoted in Malaysia)	**1,195**	982	**-**	-
- available-for-sale investment (quoted outside Malaysia)	**19**	23	**-**	-
- available-for-sale investment (unquoted in Malaysia)	**528**	1,257	**-**	-
- held-for-trading investments (quoted in Malaysia)	**391**	296	**-**	-
- held-for-trading investments (quoted outside Malaysia)	**-**	65	**-**	-
Gain from fair value adjustment of investment property (Note 19)	**80**	-	**80**	-
Gain on disposal of:				
- an associate	**5,675**	-	**13,410**	-
- available-for-sale investments	**457**	749	**457**	749
- non-current-asset held for sale	**261**	-	**261**	-
- property, plant and equipment	**32**	195	**6**	197
Interest income	**4,848**	4,797	**-**	-
Miscellaneous income	**519**	724	**285**	345
Net fair value gains on held-for-trading investments	**1,503**	200	**1,503**	200
Net foreign exchange gain:				
- realised	**-**	128	**-**	128
- unrealised	**-**	65	**-**	65
Net rental income	**293**	299	**289**	296
Reversal of provision for impairment of advances for acquisition of land in prior years (Note 24(c))	**-**	2,146	**-**	-
	16,940	12,026	**17,430**	2,080

10. PROFIT BEFORE TAX

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Amortisation of prepaid land lease payments (Note 18)	**196**	193	**-**	-
Auditors' remuneration:				
- Statutory audits	**175**	169	**84**	82
- Other services	**100**	127	**65**	99
Depreciation of property, plant and equipment (Note 16)	**16,941**	12,386	**6,332**	3,821
Employee benefits expense (Note 11)	**44,554**	39,283	**13,139**	11,443
Interest expense *	**-**	-	**21**	-
Non-executive directors' remuneration (Note 12)	**1,215**	971	**1,215**	971
Net foreign exchange loss:				
- realised	**5**	-	**5**	-
- unrealised	**2**	-	**2**	-
Property, plant and equipment written off	**47**	265	**22**	252

* This represents the 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 33(c)).

11. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Wages and salaries	**36,491**	32,163	**10,266**	9,080
Contributions to defined contribution plan	**2,476**	2,168	**812**	681
Social security contributions	**165**	144	**56**	45
ESIP expense	**871**	-	**260**	-
Fair value of share options granted under ESOS	**1,456**	1,990	**653**	1,060
Other staff related expenses	**3,095**	2,818	**1,092**	577
	44,554	39,283	**13,139**	11,443

In the previous financial year, employee benefits expense of the Group and the Company included fair value of share options granted under ESOS to former directors of the Company amounting to RM339,000.

12. DIRECTORS' REMUNERATION

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

	Group and Company 2014 RM'000	Group and Company 2013 RM'000
Non-executive:		
Fees	**280**	280
Other emoluments	**181**	186
ESIP expense	**450**	-
Fair value of share options granted under ESOS	**304**	505
Total non-executive directors' remuneration (excluding benefits-in-kind) (Note 10 and 35(c))	**1,215**	971
Estimated money value of benefits-in-kind	**31**	31
Total non-executive directors' remuneration (including benefits-in-kind)	**1,246**	1,002

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	ESIP expense RM'000	Fair value of share options granted under ESOS RM'000	Estimated money value of benefits-in-kind RM'000	Total RM'000
2014						
Non-executive directors:						
Tan Siok Choo	80	38	75	31	31	255
Datuk Boon Weng Siew	40	21	75	31	-	167
Tan Sri Dato' Ahmad bin Mohd Don	40	34	75	31	-	180
Tan Jiew Hoe	40	22	75	31	-	168
Teo Leng	40	35	75	68	-	218
Dato' Tan Ang Meng	40	31	75	112	-	258
	280	181	450	304	31	1,246
2013						
Non-executive directors:						
Tan Siok Choo	80	38	-	71	31	220
Datuk Boon Weng Siew	40	22	-	71	-	133
Tan Sri Dato' Ahmad bin Mohd Don	40	35	-	71	-	146
Tan Jiew Hoe	40	22	-	71	-	133
Teo Leng	40	36	-	126	-	202
Dato' Tan Ang Meng	40	33	-	95	-	168
	280	186	-	505	31	1,002

12. DIRECTORS' REMUNERATION (continued)

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

	Number of directors	
	2014	**2013**
Non-executive directors:		
RM100,001 - RM150,000	**-**	3
RM150,001 - RM200,000	**3**	1
RM200,001 - RM250,000	**1**	2
RM250,001 - RM300,000	**2**	-

13. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the financial years ended 30 April 2014 and 2013 are:

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Current income tax:				
Current year income tax	**13,982**	14,291	**1,330**	880
(Over)/underprovision in prior years	**(156)**	88	**11**	86
	13,826	14,379	**1,341**	966
Deferred tax (Note 32):				
Reversal of temporary differences	**(384)**	(355)	**(471)**	(433)
Effect of reduction in tax rate	**(506)**	-	**(73)**	-
Overprovision in prior years	**(357)**	(29)	**(270)**	(10)
	(1,247)	(384)	**(814)**	(443)
Income tax expense recognised in profit or loss	**12,579**	13,995	**527**	523

13. INCOME TAX EXPENSE (continued)

Major components of income tax expense (continued)

Current income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year.

The Malaysian statutory tax rate will be reduced to 24% from the current year's rate of 25%, effective year of assessment 2016.

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 2014 and 2013 are as follows:

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Accounting profit before tax	**84,097**	82,704	**67,293**	63,430
Tax at Malaysian statutory tax rate of 25% (2013: 25%)	**21,024**	20,676	**16,823**	15,858
Adjustments:				
Effect of expenditure capitalised allowable for tax deduction	**(5,793)**	(5,755)	**(5,369)**	(5,701)
Effect of income not subject to tax	**(2,564)**	(1,195)	**(11,707)**	(10,574)
Effect of utilisation of reinvestment allowance	**(688)**	-	**-**	-
Effect of non-deductible expenses	**1,619**	1,303	**1,112**	864
Effect of reduction in tax rate on deferred tax	**(506)**	-	**(73)**	-
(Over)/underprovision of current income tax expense in prior years	**(156)**	88	**11**	86
Overprovision of deferred tax in prior years	**(357)**	(29)	**(270)**	(10)
Effect of share of results of an associate	**-**	(1,093)	**-**	-
Income tax expense recognised in profit or loss	**12,579**	13,995	**527**	523

14. 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.

Diluted 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, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

14. EARNINGS PER SHARE (continued)

The following reflect the profit and share data used in the computation of basic and diluted earnings per share:

	Group	
	2014	**2013**
Profit net of tax for the year attributable to owners of the Company (RM'000)	**71,518**	68,709
Weighted average number of ordinary shares in issue ('000 unit)	**205,705**	204,257
Effects of dilution - share options ('000 unit)	**-**	26
Weighted average number of ordinary shares for diluted earnings per share computation ('000 unit)	**205,705**	204,283
Basic earnings per share (sen)	**34.77**	33.64
Diluted earnings per share (sen)	**34.77**	33.63

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

15. DIVIDENDS

	Group and Company 2014 RM'000	Group and Company 2013 RM'000
Recognised during the financial year:		
Final dividend for 2012:		
- single-tier dividend of 16%, on 203,894,601 ordinary shares (16 sen per ordinary share)	**-**	32,623
First interim dividend for 2013:		
- single-tier dividend of 10%, on 204,918,701 ordinary shares (10 sen per ordinary share)	**-**	20,492
Second interim dividend for 2013:		
- single-tier dividend of 11%, on 205,365,001 ordinary shares (11 sen per ordinary share)	**22,590**	-
First interim dividend for 2014:		
- single-tier dividend of 10%, on 206,070,601 ordinary shares (10 sen per ordinary share)	**20,607**	-
	43,197	53,115

The directors declare a second interim single-tier dividend of 11% in respect of the financial year ended 30 April 2014 and a special single-tier dividend of 5% to commemorate the Company's forthcoming 100th Annual General Meeting, on 206,701,901 ordinary shares, amounting to dividend payable of RM33,072,000 (16 sen per ordinary share).

The second interim dividend and special dividend are payable on 22 August 2014. 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 2015.

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

16. 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								
2014								
At cost or valuation:								
At 1 May 2013	136,512	428,892	63,930	43,164	5,128	40,123	4,431	722,180
Additions	-	-	725	2,023	777	7,021	17,561	28,107
Disposals	-	-	-	(1,216)	-	(246)	-	(1,462)
Written off	-	-	(313)	(76)	(74)	(217)	-	(680)
Reclassifications	-	-	10,215	8,285	242	5	(18,747)	-
At 30 April 2014	**136,512**	**428,892**	**74,557**	**52,180**	**6,073**	**46,686**	**3,245**	**748,145**
Representing:								
At cost	-	-	10,940	52,180	6,073	46,686	3,245	119,124
At valuation	136,512	428,892	63,617	-	-	-	-	629,021
At 30 April 2014	**136,512**	**428,892**	**74,557**	**52,180**	**6,073**	**46,686**	**3,245**	**748,145**
Accumulated depreciation:								
At 1 May 2013	-	-	-	17,403	2,134	17,583	-	37,120
Depreciation charge for the year:	-	6,708	4,834	2,858	625	5,378	-	20,403
- Recognised in profit or loss (Note 10)	-	5,236	4,021	2,720	547	4,417	-	16,941
- Capitalised in biological assets (Note 17(a))	-	1,472	813	138	78	961	-	3,462
Disposals	-	-	-	(1,110)	-	(180)	-	(1,290)
Written off	-	-	(283)	(73)	(70)	(207)	-	(633)
At 30 April 2014	**-**	**6,708**	**4,551**	**19,078**	**2,689**	**22,574**	**-**	**55,600**
Net carrying amount:								
At cost	-	-	10,669	33,102	3,384	24,112	3,245	74,512
At valuation	136,512	422,184	59,337	-	-	-	-	618,033
At 30 April 2014	**136,512**	**422,184**	**70,006**	**33,102**	**3,384**	**24,112**	**3,245**	**692,545**

16. 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)								
2013								
At cost or valuation:								
At 1 May 2012	84,512	265,176	67,352	33,842	3,576	37,105	10,816	502,379
Additions	-	-	578	2,347	1,561	3,901	11,435	19,822
Revaluation surplus	52,030	180,854	2,230	-	-	-	-	235,114
Elimination of accumulated depreciation on revaluation	-	(17,138)	(14,701)	-	-	-	-	(31,839)
Disposals	(30)	-	-	-	(2)	(137)	-	(169)
Written off	-	-	(249)	(29)	(138)	(864)	-	(1,280)
Reclassifications	-	-	10,567	7,004	131	118	(17,820)	-
Reclassified as held for sale (Note 28)	-	-	(994)	-	-	-	-	(994)
Transfer to investment property (Note 19)	-	-	(853)	-	-	-	-	(853)
At 30 April 2013	136,512	428,892	63,930	43,164	5,128	40,123	4,431	722,180
Representing:								
At cost	-	-	-	43,164	5,128	40,123	4,431	92,846
At valuation	136,512	428,892	63,930	-	-	-	-	629,334
At 30 April 2013	136,512	428,892	63,930	43,164	5,128	40,123	4,431	722,180
Accumulated depreciation:								
At 1 May 2012	-	13,347	11,521	14,968	1,830	13,888	-	55,554
Depreciation charge for the year:	-	3,791	3,374	2,462	441	4,642	-	14,710
- Recognised in profit or loss (Note 10)	-	2,841	3,052	2,365	365	3,763	-	12,386
- Capitalised in biological assets (Note 17(a))	-	950	322	97	76	879	-	2,324
Elimination of accumulated depreciation on revaluation	-	(17,138)	(14,701)	-	-	-	-	(31,839)
Disposals	-	-	-	-	(1)	(123)	-	(124)
Written off	-	-	(28)	(27)	(136)	(824)	-	(1,015)
Reclassified as held for sale (Note 28)	-	-	(98)	-	-	-	-	(98)
Transfer to investment property (Note 19)	-	-	(68)	-	-	-	-	(68)
At 30 April 2013	-	-	-	17,403	2,134	17,583	-	37,120
Net carrying amount:								
At cost	-	-	-	25,761	2,994	22,540	4,431	55,726
At valuation	136,512	428,892	63,930	-	-	-	-	629,334
At 30 April 2013	136,512	428,892	63,930	25,761	2,994	22,540	4,431	685,060

16. 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								
2014								
At cost or valuation:								
At 1 May 2013	96,997	221,543	23,426	6,086	3,477	17,395	2,454	371,378
Additions	-	-	418	629	560	3,690	5,324	10,621
Disposals	-	-	-	-	-	(246)	-	(246)
Written off	-	-	(290)	(6)	(38)	(61)	-	(395)
Reclassifications	-	-	7,048	300	78	-	(7,426)	-
At 30 April 2014	**96,997**	**221,543**	**30,602**	**7,009**	**4,077**	**20,778**	**352**	**381,358**
Representing:								
At cost	-	-	7,466	7,009	4,077	20,778	352	39,682
At valuation	96,997	221,543	23,136	-	-	-	-	341,676
At 30 April 2014	**96,997**	**221,543**	**30,602**	**7,009**	**4,077**	**20,778**	**352**	**381,358**
Accumulated depreciation:								
At 1 May 2013	-	-	-	2,059	1,164	6,169	-	9,392
Depreciation charge for the year:	-	3,880	2,299	496	442	2,519	-	9,636
- Recognised in profit or loss (Note 10)	-	2,464	1,501	360	364	1,643	-	6,332
- Capitalised in biological assets (Note 17(a))	-	1,416	798	136	78	876	-	3,304
Disposals	-	-	-	-	-	(180)	-	(180)
Written off	-	-	(274)	(3)	(36)	(60)	-	(373)
At 30 April 2014	**-**	**3,880**	**2,025**	**2,552**	**1,570**	**8,448**	**-**	**18,475**
Net carrying amount:								
At cost	-	-	7,216	4,457	2,507	12,330	352	26,862
At valuation	96,997	217,663	21,361	-	-	-	-	336,021
At 30 April 2014	**96,997**	**217,663**	**28,577**	**4,457**	**2,507**	**12,330**	**352**	**362,883**

16. 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)								
2013								
At cost or valuation:								
At 1 May 2012	65,928	152,662	20,793	4,987	2,296	15,280	2,927	264,873
Additions	-	-	221	456	1,239	2,355	5,590	9,861
Revaluation surplus	31,099	78,531	2,047	-	-	-	-	111,677
Elimination of accumulated depreciation on revaluation	-	(9,650)	(2,883)	-	-	-	-	(12,533)
Disposals	(30)	-	-	-	(2)	(58)	-	(90)
Written off	-	-	(243)	(28)	(110)	(182)	-	(563)
Reclassifications	-	-	5,338	671	54	-	(6,063)	-
Reclassified as held for sale (Note 28)	-	-	(994)	-	-	-	-	(994)
Transfer to investment property (Note 19)	-	-	(853)	-	-	-	-	(853)
At 30 April 2013	96,997	221,543	23,426	6,086	3,477	17,395	2,454	371,378
Representing:								
At cost	-	-	-	6,086	3,477	17,395	2,454	29,412
At valuation	96,997	221,543	23,426	-	-	-	-	341,966
At 30 April 2013	96,997	221,543	23,426	6,086	3,477	17,395	2,454	371,378
Accumulated depreciation:								
At 1 May 2012	-	7,285	2,087	1,720	960	4,292	-	16,344
Depreciation charge for the year:	-	2,365	985	365	313	2,084	-	6,112
- Recognised in profit or loss (Note 10)	-	1,422	671	269	237	1,222	-	3,821
- Capitalised in biological assets (Note 17(a))	-	943	314	96	76	862	-	2,291
Elimination of accumulated depreciation on revaluation	-	(9,650)	(2,883)	-	-	-	-	(12,533)
Disposals	-	-	-	-	(1)	(53)	-	(54)
Written off	-	-	(23)	(26)	(108)	(154)	-	(311)
Reclassified as held for sale (Note 28)	-	-	(98)	-	-	-	-	(98)
Transfer to investment property (Note 19)	-	-	(68)	-	-	-	-	(68)
At 30 April 2013	-	-	-	2,059	1,164	6,169	-	9,392
Net carrying amount:								
At cost	-	-	-	4,027	2,313	11,226	2,454	20,020
At valuation	96,997	221,543	23,426	-	-	-	-	341,966
At 30 April 2013	96,997	221,543	23,426	4,027	2,313	11,226	2,454	361,986

16. 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Freehold lands				
Cost and net carrying amount	**12,807**	12,807	**10,687**	10,687
Long term leasehold lands				
Cost	**151,690**	151,690	**136,428**	136,428
Less: Accumulated depreciation	**(11,356)**	(9,617)	**(8,880)**	(7,294)
Net carrying amount	**140,334**	142,073	**127,548**	129,134
Buildings				
Cost	**85,188**	86,046	**25,369**	25,622
Less: Accumulated depreciation	**(27,369)**	(23,571)	**(6,379)**	(4,870)
Net carrying amount	**57,819**	62,475	**18,990**	20,752

(b) Reclassified as held for sale

An office building with a carrying amount of RM896,000 of the Group and the Company has been reclassified as non-current asset held for sale as at 30 April 2013 (Note 28).

(c) Transfer to investment property

On 1 November 2012, the Group and the Company transferred an office building located in Keningau town from property, plant and equipment to investment property (Note 19). On that day, the office building was held to earn rentals. Such office building was stated at cost with a carrying amount of RM785,000.

(d) Asset pledged as security

Certain long term leasehold lands of the Company with net carrying amount of RM190,235,000 (2013: RM192,500,000) are mortgaged to secure the Company's loan from a subsidiary (Note 33(c)).

17. BIOLOGICAL ASSETS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At cost or valuation:				
At beginning of financial year	**803,422**	427,981	**386,064**	196,543
Additions	**23,996**	23,260	**20,932**	23,088
Revaluation surplus	**-**	352,181	**-**	166,433
At end of financial year	**827,418**	803,422	**406,996**	386,064
Representing:				
At cost	**23,996**	-	**20,932**	-
At valuation	**803,422**	803,422	**386,064**	386,064
At end of financial year	**827,418**	803,422	**406,996**	386,064

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Depreciation of property, plant and equipment capitalised (Note 16)	**3,462**	2,324	**3,304**	2,291
Amortisation of prepaid land lease payments capitalised (Note 18)	**214**	1	**-**	-
	3,676	2,325	**3,304**	2,291

(b) 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.

18. PREPAID LAND LEASE PAYMENTS

	Group 2014 RM'000	2013 RM'000
At cost:		
At beginning of financial year	**12,132**	5,721
Additions	**1,985**	6,411
At end of financial year	**14,117**	12,132
Accumulated amortisation:		
At beginning of financial year	**1,878**	1,684
Amortisation for the year:	**410**	194
- Recognised in profit or loss (Note 10)	**196**	193
- Capitalised in biological assets (Note 17(a))	**214**	1
At end of financial year	**2,288**	1,878
Net carrying amount	**11,829**	10,254
Amount to be amortised:		
- Not later than one year	**410**	410
- Later than one year but not later than five years	**1,636**	1,642
- Later than five years	**9,783**	8,202
	11,829	10,254

Additions of prepaid land lease payments

For the purpose of statement of cash flows, prepaid land lease payments purchased by the Group during the financial year were by means of:

	Group 2014 RM'000	2013 RM'000
Outright purchase with cash	**373**	4,265
Advances paid for acquisition of land (Note 24)	**269**	-
Total cash outflows on addition of prepaid land lease payments	**642**	4,265

Additions during financial year ended 2013 of RM6,411,000 being partially recover through reversal of provision for impairment of advances for acquisition of land in prior years amounting to RM2,146,000.

19. INVESTMENT PROPERTY

	Group and Company	
	2014	**2013**
	RM'000	**RM'000**
At fair value:		
At beginning of financial year	**960**	-
Transfer from property, plant and equipment (Note 16)	**-**	785
Revaluation surplus	**-**	175
Gain from fair value adjustment recognised in profit or loss (Note 9)	**80**	-
At end of financial year	**1,040**	960

(a) Transfer from property, plant and equipment

On 1 November 2012, the Group and the Company transferred an office building located in Keningau town from property, plant and equipment to investment property (Note 16(c)). On that day, the office building was held to earn rentals. Such office building was stated at cost with a carrying amount of RM785,000.

(b) Valuation of investment property

The investment property was last revalued on 30 April 2014 by an independent professional valuer. The valuation was determined by reference to open market value on an existing use basis.

20. GOODWILL ON CONSOLIDATION

	Group	
	2014	**2013**
	RM'000	**RM'000**
At net carrying amount	**18,628**	18,628

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

20. 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 20 years period. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(a) Budgeted gross margin

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

(b) Discount rate

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

(c) Raw materials price inflation

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

21. INVESTMENT IN SUBSIDIARIES

	Company	
	2014 RM'000	**2013 RM'000**
Unquoted shares, at cost	**142,288**	142,288
Less: Accumulated impairment losses	**(1,334)**	(1,334)
	140,954	140,954

21. INVESTMENT IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest (%) 2014	2013	Principal activities
Leong Hin San Sdn. Bhd.	Malaysia	**100**	100	Cultivation of oil palm
Meridian Plantations Sdn. Bhd.	Malaysia	**100**	100	Cultivation of oil palm and palm oil milling
Syarikat Penanaman Bukit Senorang Sdn. Bhd.	Malaysia	**100**	100	Cultivation of oil palm and palm oil milling
South-East Pahang Oil Palm Berhad	Malaysia	**100**	100	Cultivation of oil palm
Masjid Tanah Properties Sdn. Bhd.	Malaysia	**100**	100	Property development (currently dormant)
Melaka Pindah Properties Sdn. Bhd.	Malaysia	**100**	100	Property development (currently dormant)
Vintage Plantations Sdn. Bhd.	Malaysia	**100**	100	Dormant

All the subsidiaries are audited by Ernst & Young.

22. AVAILABLE-FOR-SALE INVESTMENTS

	Group and Company			
	Carrying amount		Fair value	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Quoted investments:				
In Malaysia				
- shares	**25,135**	24,389	**25,135**	24,389
- unit trusts	**-**	10,267	**-**	10,267
Outside Malaysia				
- unit trusts	**-**	821	**-**	821
	25,135	35,477		
Unquoted investments:				
In Malaysia				
- unit trusts	**22,263**	21,603	**22,263**	21,603
Outside Malaysia				
- shares	**20**	25	**20**	25
	22,283	21,628		
Total available-for-sale investments	**47,418**	57,105		

23. INVENTORIES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At cost:				
Produce stocks	**4,929**	3,721	**-**	-
Nursery stocks	**488**	1,692	**308**	1,220
Estate and palm oil mill stores	**3,201**	4,333	**977**	1,985
	8,618	9,746	**1,285**	3,205

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group and the Company was RM29,114,000 (2013: RM30,903,000) and RM8,584,000 (2013: RM10,074,000) respectively.

24. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade receivables:				
Amount due from a subsidiary	**-**	-	**1,145**	843
Third parties	**15,415**	8,703	**2,093**	878
	15,415	8,703	**3,238**	1,721
Other receivables:				
Amounts due from subsidiaries	**-**	-	**948**	642
Advances paid for acquisition of land (Note 18)	**269**	-	**-**	-
Deposits	**251**	180	**220**	149
Prepayments	**246**	411	**133**	251
Interest receivable	**795**	589	**785**	577
Dividend receivable	**51**	16	**51**	16
Held-for-trading investments receivable	**145**	-	**145**	-
Tax recoverable	**-**	2,434	**-**	2,094
Other receivables	**434**	290	**351**	233
	2,191	3,920	**2,633**	3,962
	17,606	12,623	**5,871**	5,683

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 15 to 30 days (2013: 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Neither past due nor impaired	**15,415**	8,474	**3,238**	1,721
91 to 120 days past due not impaired	**-**	229	**-**	-
	15,415	8,703	**3,238**	1,721

24. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables (continued)

<u>Trade receivables that are neither past due nor impaired</u>

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.

<u>Trade receivable that is past due but not impaired</u>

As at 30 April 2013, the Group has a trade debtor amounting to RM229,000 that is past due at the reporting date but not impaired. Such outstanding amount has been fullly collected during the financial year.

(b) Amounts due from subsidiaries

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

(c) Advances paid for acquisition of land

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

The Group has made a provision for impairment of RM2,146,000 for these advances in financial year ended 30 April 2008. Such provision has been fully recovered in the previous financial year (Note 9).

25. HELD-FOR-TRADING INVESTMENTS

	Group and Company			
	Carrying amount		Fair value	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Quoted investments:				
In Malaysia - shares	**12,948**	7,182	**12,948**	7,182
Outside Malaysia - shares	**1,220**	-	**1,220**	-
	14,168	7,182		

26. HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments consist of deposits with licensed financial institutions with maturity period of more than three months are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deposits with:				
- Licensed commercial banks	**23,703**	18,166	**23,204**	16,238
- Licensed investment banks	**-**	10,274	-	10,274
	23,703	28,440	**23,204**	26,512

(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	
	2014 %	2013 %	2014 %	2013 %
Deposits with:				
- Licensed commercial banks	**3.32**	3.29	**3.32**	3.30
- Licensed investment banks	**-**	3.30	**-**	3.30

(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	
	2014 days	2013 days	2014 days	2013 days
Deposits with:				
- Licensed commercial banks	**181 - 184**	179 - 185	**181 - 184**	179 - 185
- Licensed investment banks	**-**	184	**-**	184

27. CASH AND BANK BALANCES

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Cash at banks and on hand	**1,413**	89	**494**	40
Deposits with:				
- Licensed commercial banks	**61,090**	10,282	**50,632**	3,735
- Licensed investment banks	**45,985**	59,353	**45,985**	58,300
Money market funds placed with fund managers	**39,366**	38,301	**39,335**	38,271
	147,854	108,025	**136,446**	100,346

(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 and money market funds at the reporting date are as follows:

	Group 2014 %	Group 2013 %	Company 2014 %	Company 2013 %
Deposits with:				
- Licensed commercial banks	**3.08**	2.89	**3.11**	2.94
- Licensed investment banks	**3.20**	3.20	**3.20**	3.20
Money market funds placed with fund managers	**3.07**	3.05	**3.07**	3.05

(b) Varying periods of deposits and money market funds

The varying periods of deposits at the reporting date are as follows:

	Group 2014 days	Group 2013 days	Company 2014 days	Company 2013 days
Deposits with:				
- Licensed commercial banks	**2 - 92**	3 - 92	**2 - 92**	3 - 30
- Licensed investment banks	**30 - 31**	15 - 32	**30 - 31**	31 - 32

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

28. NON-CURRENT ASSETS HELD FOR SALE

The non-current assets classified as held for sale on the statement of financial position of the Group and the Company at the reporting date are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Property, plant and equipment (Note 16(b)):				
Building - at net carrying amount	-	896	-	896
Investment in an associate:				
Unquoted shares, at cost	-	22,905	-	22,905
Share of post-acquisition reserves	-	7,735	-	-
	-	30,640	-	22,905
	-	31,536	-	23,801

On 26 April 2013, the Group has entered into an agreement to dispose off the abovementioned building for a cash consideration of RM1,180,000 with an agent commission of RM23,000. The disposal was completed on 20 December 2013.

On 17 June 2013, the Group has entered into an agreement to dispose off the abovementioned associate for a cash consideration of RM36,315,000. The disposal was completed on 1 July 2013.

There are no liabilities directly associated with the above non-current assets held for sale.

29. SHARE CAPITAL AND SHARE PREMIUM

(a) Authorised share capital

	Group and Company			
	Number of ordinary shares of RM1 each		Amount	
	2014 '000	2013 '000	2014 RM'000	2013 RM'000
Authorised	**500,000**	500,000	**500,000**	500,000

29. SHARE CAPITAL AND SHARE PREMIUM (continued)

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

	Number of ordinary shares of RM1 each	← Amount		→
	Share capital (issued and fully paid) '000	Share capital (issued and fully paid) RM'000	Share premium RM'000	Total share capital and share premium RM'000
Group				
At 1 May 2012	203,473	203,473	7,963	211,436
Shares issued pursuant to ESOS	1,636	1,636	10,024	11,660
At 30 April 2013	205,109	205,109	17,987	223,096
Shares issued pursuant to:				
- ESOS	1,209	1,209	7,449	8,658
- ESIP	185	185	1,136	1,321
Realisation of share premium upon disposal of an associate	-	-	(502)	(502)
At 30 April 2014	206,503	206,503	26,070	232,573
Company				
At 1 May 2012	203,473	203,473	7,461	210,934
Shares issued pursuant to ESOS	1,636	1,636	10,024	11,660
At 30 April 2013	205,109	205,109	17,485	222,594
Shares issued pursuant to:				
- ESOS	1,209	1,209	7,449	8,658
- ESIP	185	185	1,136	1,321
At 30 April 2014	206,503	206,503	26,070	232,573

29. SHARE CAPITAL AND SHARE PREMIUM (continued)

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

<u>**Share capital**</u>

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 34.

In addition, the Company also has an Executive Share Incentive Plan ("ESIP") where the ordinary shares of the Company have been granted to directors and selected executives of the Group as disclosed in Note 34.

30. 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	Employee share incentive reserve RM'000	Total RM'000
Group						
At 1 May 2013	23,553	725,920	(140)	7,400	-	756,733
Other comprehensive (loss)/income:						
Net loss on fair value changes on available-for-sale investments	(66)	-	-	-	-	(66)
Transfer of gain on disposal of available-for-sale investments to profit or loss	(457)	-	-	-	-	(457)
Reversal of deferred tax liabilities to asset revaluation reserve upon reduction in tax rate	-	7,842	-	-	-	7,842
	(523)	7,842	-	-	-	7,319

30. 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	Employee share incentive reserve RM'000	Total RM'000
Group (continued)						
Transfer to retained earnings:						
Realisation of asset revaluation reserve upon:						
- Depreciation	-	(3,415)	-	-	-	(3,415)
- Property, plant and equipment written off	-	(1)	-	-	-	(1)
Realisation of foreign currency translation reserve upon disposal of an associate	-	-	140	-	-	140
	-	(3,416)	140	-	-	(3,276)
Transactions with owners:						
Fair value of share options granted to eligible directors and employees	-	-	-	1,760	-	1,760
Shares issued pursuant to ESOS	-	-	-	(2,028)	-	(2,028)
Employee share options forfeited	-	-	-	(41)	-	(41)
ESIP expenses	-	-	-	-	1,321	1,321
Shares issued pursuant to ESIP	-	-	-	-	(1,321)	(1,321)
	-	-	-	(309)	-	(309)
At 30 April 2014	23,030	730,346	-	7,091	-	760,467

30. 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	Employee share incentive reserve RM'000	Total RM'000
Group (continued)						
At 1 May 2012	25,538	268,010	619	7,732	-	301,899
Other comprehensive (loss)/income:						
Net loss on fair value changes on available-for-sale investments	(1,236)	-	-	-	-	(1,236)
Transfer of gain on disposal of available-for-sale investments to profit or loss	(749)	-	-	-	-	(749)
Revaluation surplus of lands, buildings, biological assets and investment property, net of deferred tax	-	459,137	-	-	-	459,137
Share of other comprehensive loss of an associate:						
- Foreign currency translation	-	-	(759)	-	-	(759)
	(1,985)	459,137	(759)	-	-	456,393
Transfer to retained earnings:						
Realisation of asset revaluation reserve upon:						
- Depreciation	-	(1,200)	-	-	-	(1,200)
- Disposal of property, plant and equipment	-	(26)	-	-	-	(26)
- Property, plant and equipment written off	-	(1)	-	-	-	(1)
	-	(1,227)	-	-	-	(1,227)
Transactions with owners:						
Fair value of share options granted to eligible directors and employees	-	-	-	2,495	-	2,495
Shares issued pursuant to ESOS	-	-	-	(2,743)	-	(2,743)
Employee share options forfeited	-	-	-	(84)	-	(84)
	-	-	-	(332)	-	(332)
At 30 April 2013	23,553	725,920	(140)	7,400	-	756,733

30. OTHER RESERVES (continued)

	Fair value adjustment reserve RM'000	Asset revaluation reserve RM'000	Employee share option reserve RM'000	Employee share incentive reserve RM'000	Total RM'000
Company					
At 1 May 2013	23,552	329,681	7,400	-	360,633
Other comprehensive (loss)/income:					
Net loss on fair value changes on available-for-sale investments	(66)	-	-	-	(66)
Transfer of gain on disposal of available-for-sale investments to profit or loss	(457)	-	-	-	(457)
Reversal of deferred tax liabilities to asset revaluation reserve upon reduction in tax rate	-	2,536	-	-	2,536
	(523)	2,536	-	-	2,013
Transfer to retained earnings:					
Realisation of asset revaluation reserve upon:					
- Depreciation	-	(1,777)	-	-	(1,777)
- Property, plant and equipment written off	-	(1)	-	-	(1)
	-	(1,778)	-	-	(1,778)
Transactions with owners:					
Fair value of share options granted to eligible directors and employees	-	-	1,760	-	1,760
Shares issued pursuant to ESOS	-	-	(2,028)	-	(2,028)
Employee share options forfeited	-	-	(41)	-	(41)
ESIP expenses	-	-	-	1,321	1,321
Shares issued pursuant to ESIP	-	-	-	(1,321)	(1,321)
	-	-	(309)	-	(309)
At 30 April 2014	23,029	330,439	7,091	-	360,559

30. OTHER RESERVES (continued)

	Fair value adjustment reserve RM'000	Asset revaluation reserve RM'000	Employee share option reserve RM'000	Employee share incentive reserve RM'000	Total RM'000
Company (continued)					
At 1 May 2012	25,537	107,958	7,732	-	141,227
Other comprehensive (loss)/income:					
Net loss on fair value changes on available-for-sale investments	(1,236)	-	-	-	(1,236)
Transfer of gain on disposal of available-for-sale investments to profit or loss	(749)	-	-	-	(749)
Revaluation surplus of lands, buildings, biological assets and investment property, net of deferred tax	-	222,352	-	-	222,352
	(1,985)	222,352	-	-	220,367
Transfer to retained earnings:					
Realisation of asset revaluation reserve upon:					
- Depreciation	-	(602)	-	-	(602)
- Disposal of property, plant and equipment	-	(26)	-	-	(26)
- Property, plant and equipment written off	-	(1)	-	-	(1)
	-	(629)	-	-	(629)
Transactions with owners:					
Fair value of share options granted to eligible directors and employees	-	-	2,495	-	2,495
Shares issued pursuant to ESOS	-	-	(2,743)	-	(2,743)
Employee share options forfeited	-	-	(84)	-	(84)
	-	-	(332)	-	(332)
At 30 April 2013	23,552	329,681	7,400	-	360,633

30. 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 presentation currency of an associate. This reserve has been transferred to retained earnings during the financial year upon disposal of the associate.

(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 34). 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.

(e) Employee share incentive reserve

Employee share incentive reserve represents the fair value of equity-settled shares granted to directors and selected executives under ESIP (Note 34). This reserve is made up of the cumulative value of services receive from the directors and selected executives recorded on grant of shares, and is transferred to share premium upon vesting of the shares granted.

31. RETAINED EARNINGS

The Company had in the financial year ended 30 April 2011, elected for the irrevocable option under the Finance Act, 2007 to disregard the Section 108 balance. Hence, the Company will be able to distribute dividends out of its entire retained earnings under the single tier system.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014

32. DEFERRED TAX LIABILITIES

Deferred income tax as at 30 April relates to the following:

	As at 1 May 2012 RM'000	Recognised in profit or loss RM'000	Overprovision in prior years RM'000	Recognised in other comprehensive income RM'000	As at 30 April 2013 RM'000	Recognised in profit or loss RM'000	Overprovision in prior years RM'000	Recognised in other comprehensive income RM'000	As at 30 April 2014 RM'000
Group									
Deferred tax assets:									
Provisions	(1,135)	174	-	-	(961)	297	-	-	(664)
Unabsorbed capital allowances	-	(656)	-	-	(656)	(891)	-	-	(1,547)
	(1,135)	(482)	-	-	(1,617)	(594)	-	-	(2,211)
Deferred tax liabilities:									
Property, plant and equipment	13,507	539	(29)	-	14,017	847	(357)	-	14,507
Asset revaluation reserve	69,500	(412)	-	128,333	197,421	(1,143)	-	(7,842)	188,436
	83,007	127	(29)	128,333	211,438	(296)	(357)	(7,842)	202,943
	81,872	(355)	(29)	128,333	209,821	(890)	(357)	(7,842)	200,732

32. DEFERRED TAX LIABILITIES (continued)

	As at 1 May 2012 RM'000	Recognised in profit or loss RM'000	Overprovision in prior years RM'000	Recognised in other comprehensive income RM'000	As at 30 April 2013 RM'000	Recognised in profit or loss RM'000	Overprovision in prior years RM'000	Recognised in other comprehensive income RM'000	As at 30 April 2014 RM'000
Company									
Deferred tax assets:									
Provisions	(668)	73	-	-	(595)	175	-	-	(420)
Unabsorbed capital allowances	-	(656)	-	-	(656)	(891)	-	-	(1,547)
	(668)	(583)	-	-	(1,251)	(716)	-	-	(1,967)
Deferred tax liabilities:									
Property, plant and equipment	2,959	351	(10)	-	3,300	758	(270)	-	3,788
Asset revaluation reserve	8,269	(201)	-	55,933	64,001	(586)	-	(2,536)	60,879
	11,228	150	(10)	55,933	67,301	172	(270)	(2,536)	64,667
	10,560	(433)	(10)	55,933	66,050	(544)	(270)	(2,536)	62,700

32. DEFERRED TAX LIABILITIES (continued)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	**(2,211)**	(1,617)	**(1,967)**	(1,251)
Deferred tax liabilities	**202,943**	211,438	**64,667**	67,301
	200,732	209,821	**62,700**	66,050

Tax consequences of proposed dividend

There are no tax consequences (2013: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 15).

33. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade payables:				
Third parties	**5,674**	5,475	**1,136**	4,288
Other payables:				
Directors' fees and other emoluments	**120**	122	**120**	122
Amount due to a subsidiary	**-**	-	**2**	84
Loan from a subsidiary	**-**	-	**500**	500
Balance outstanding on acquisition of land	**1,869**	257	**-**	-
Accruals and sundry payables	**13,333**	14,381	**5,153**	7,625
	15,322	14,760	**5,775**	8,331
	20,996	20,235	**6,911**	12,619

(a) Trade and other payables

These amounts are non-interest bearing and are normally settled on 30 to 60 days (2013: 30 to 60 days) terms.

(b) Amount due to a subsidiary

This amount is unsecured, non-interest bearing and repayable on demand.

33. TRADE AND OTHER PAYABLES (continued)

(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 16(d)). The loan is repayable on demand.

34. 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.

Under ESIP, the selected executive will be granted the right to have a certain number of ordinary shares of RM1.00 each in the Company vested in and transferred to the selected executive at a future date, subject to meeting certain prescribed conditions, including the achievement of pre-determined service conditions and/or performance targets.

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.

34. EMPLOYEE BENEFITS (continued)

Employee Share Scheme (continued)

(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 after taking into consideration the following factors:

(i) the five (5) day weighted average market price of the underlying shares immediately prior to the date of grant and/or date of offer by the ESS Committee, with a discount of not more than ten per centum (10%) therefrom, if deemed appropriate; or

(ii) the par value of shares of the Company,

whichever is the higher.

(d) Any new shares of the Company to be allotted and issued upon any exercise of the option shall, upon issue and allotment, rank pari passu in all respects with existing ordinary shares of the Company save and except that the shares shall not be entitled to participate in any dividends, rights, allotments and/or others distributions that may be declared, where the entitlement date precedes the date of allotment.

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:

	2014		2013	
	No.	**WAEP (RM)**	**No.**	**WAEP (RM)**
Outstanding at beginning of financial year	**6,094,900**	**5.67**	7,069,700	5.48
- Granted	**1,350,000**	**6.42**	1,180,000	6.49
- Exercised	**(1,208,600)**	**5.49**	(1,636,400)	5.45
- Forfeited	**(30,600)**	**6.13**	(518,400)	5.64
Outstanding at end of financial year	**6,205,700**	**5.87**	6,094,900	5.67
Exercisable at end of financial year	**2,202,700**	**5.60**	1,723,700	5.53

34. EMPLOYEE BENEFITS (continued)

Employee Share Scheme (continued)

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

Movement of share options during the financial year (continued)

- The weighted average fair value of options granted during the financial year was RM1.49 (2013: RM1.62).
- The weighted average share price at the date of exercise of the options during the financial year was RM7.22 (2013: RM7.24).
- The range of exercise prices for options outstanding at the end of financial year was RM5.42 to RM6.49 (2013: RM5.42 to RM6.49). The weighted average remaining contractual life for these options is 2.46 years (2013: 2.83 years).

During the financial year, options for 1,208,600 (2013: 1,636,400) ordinary shares of the Company were exercised at a weighted average price of RM5.49 each (2013: RM5.45 each), with a total cash consideration of RM6,630,000 (2013: RM8,917,000) paid to the Company.

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 2014 and 2013 are as follows:

	2014	**2013**
Dividend yield (%)	**3.13**	3.34
Expected volatility (%)	**14.19**	20.06
Risk-free interest rate (% p.a.)	**3.39**	3.18
Expected life of option (years)	**5.00**	5.00

The expected life of the options is based on indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessary be the actual outcome.

During the financial year, fair value of share options granted amounting to RM1,760,000 (2013: RM2,495,000) for the Group and RM957,000 (2013: RM1,565,000) for the Company were charged to profit or loss. No cash outflow was incurred for this charge to profit or loss.

Employee Share Incentive Plan ("ESIP")

Movement of ordinary shares granted during the financial year

During the financial year, the Company has commenced the ESIP and 185,300 ordinary shares of RM1 each ("ESIP shares") has been granted to the directors and selected executives. The vesting period of ESIP shares was from 7 November 2013 to 31 December 2013.

34. EMPLOYEE BENEFITS (continued)

Employee Share Scheme (continued)

Employee Share Incentive Plan ("ESIP") (continued)

Movement of ordinary shares granted during the financial year (continued)

The following table illustrates the movements of ordinary shares granted during the financial year:

	No. of ordinary shares of RM 1 each	
	2014	**2013**
At beginning of financial year	**-**	-
- Granted	**185,300**	-
- Vested	**(185,300)**	-
At end of financial year	**-**	-

- All ordinary shares granted during the financial year were vested and resulted in the issuance of 185,300 ordinary shares of RM1 each as disclosed in Note 29(b).

- The weighted average share price at the grant date and exercise date during the financial year was RM7.13 (2013: RM Nil).

- The weighted average share price at the date of vesting during the financial year was RM7.27 (2013: RM Nil).

Fair value of ordinary shares granted

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

During the financial year, fair value of ordinary shares granted ("ESIP expense") amounting to RM1,321,000 (2013: RM Nil) for the Group and RM710,000 (2013: RM Nil) for the Company were charged to profit or loss.

35. RELATED PARTY DISCLOSURES

(a) Transactions with related parties

In addition to the related party transactions information as disclosed in Note 8, 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Subsidiaries				
- Sale of oil palm fresh fruit bunches	**-**	-	**29,243**	31,757
- Administrative expenses charged	**-**	-	**4,726**	3,977
- ESIP expense charged	**-**	-	**611**	-
- Fair value of share options granted to eligible employees charged	**-**	-	**803**	930
A licensed commercial bank in which one of the directors of the Company is a director				
- Interest income	**972**	838	**402**	494

(b) Balances with related parties

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
A licensed commercial bank in which one of the directors of the Company is a director				
- Placement in current accounts	**864**	36	**5**	15
- Placement in deposits	**53,332**	6,638	**43,336**	547
- Placement in held-to-maturity investments	**5,629**	2,412	**5,131**	484

Information regarding other outstanding balances arising from related party transactions as at 30 April 2014 and 30 April 2013 are disclosed in Note 24 and 33.

35. RELATED PARTY DISCLOSURES (continued)

(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 (Administration and Corporate Affairs), General Managers (Plantations) and General Manager (Oil Mills) during the financial year was as follows:

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Short-term employee benefits	**2,904**	2,721	**2,445**	2,295
Contributions to defined contribution plan	**361**	337	**294**	273
Social security contributions	**-**	1	**-**	1
ESIP expense	**877**	-	**569**	-
Fair value of share options granted under ESOS	**600**	937	**397**	849
	4,742	3,996	**3,705**	3,418

The directors and other members of key management have been granted the following number of ordinary shares under ESIP:

	Number of ordinary shares of RM1 each			
	Group		Company	
	2014	**2013**	**2014**	**2013**
At beginning of financial year	**-**	-	**-**	-
- Granted	**123,000**	-	**109,500**	-
- Vested	**(123,000)**	-	**(109,500)**	-
At end of financial year	**-**	-	**-**	-

Included in the total compensation of key management personnel was non-executive directors' remuneration amounting to RM1,215,000 (2013: RM971,000) (Note 12).

35. 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:

		Number of options			
Granted date	Exercise price	Granted	Adjustment for bonus issue	Total	Number of eligible directors
3 August 2010	RM8.13	1,300,000	-	1,300,000	6 ^
	RM5.42 *	-	568,000	568,000	
1 November 2011	RM5.82	270,000	-	270,000	1
7 November 2012	RM6.49	270,000	-	270,000	1

* On 3 August 2010, 1,300,000 share options were granted to six directors of the Company under ESOS at an exercise price of RM8.13 each. Consequent to the implementation of the bonus issue on the basis of one ordinary share for every two existing ordinary shares which was completed on 2 November 2010, an additional 568,000 share options entitlement on the unexercised options were granted to six directors and the exercise price has been adjusted to RM5.42 each accordingly.

^ Included two former directors, one who has passed away and one retired during the financial year ended 30 April 2012.

The following table illustrates the number ("No.") and weighted average exercise price ("WAEP") of, and movements in, share options granted to eligible directors during the financial year:

	2014		2013	
	No.	WAEP (RM)	No.	WAEP (RM)
Outstanding at beginning of financial year	**1,281,000**	**5.71**	1,089,000	5.50
- Granted	**-**	**-**	270,000	6.49
- Exercised	**-**	**-**	(78,000)	5.42
Outstanding at end of financial year	**1,281,000**	**5.71**	1,281,000	5.71
Exercisable at end of financial year	**741,000**	**5.56**	444,000	5.53

Directors' interest in Employee Share Incentive Plan ("ESIP")

During the financial year, the Company has granted 63,000 ordinary shares of RM1 each ("ESIP shares") to the directors. The vesting period of ESIP shares was from 7 November 2013 to 31 December 2013.

36. CAPITAL COMMITMENTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Capital expenditure approved and contracted for:				
Biological assets	**91**	2,173	**-**	464
Prepaid land lease payments	**503**	-	**-**	-
Purchase of property, plant and equipment	**1,080**	11,754	**116**	3,149
	1,674	13,927	**116**	3,613
Capital expenditure approved but not contracted for:				
Biological assets	**11,025**	11,335	**9,621**	11,245
Construction of new oil mill	**57,020**	-	**-**	-
Purchase of property, plant and equipment	**22,577**	37,533	**11,179**	23,506
	90,622	48,868	**20,800**	34,751
	92,296	62,795	**20,916**	38,364

37. SEGMENT INFORMATION

(a) Segment information is presented in respect of the Group's business segments. The primary format of business segments is based on the Group's management and internal reporting structure. No geographical segment information is presented as the business operations of the Group are operated in Malaysia only.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Income tax expense is managed on a Group basis and is not allocated to any business segment.

Additions to non-current assets is the total cost incurred during the year to acquire segment assets that are expected to be used or hold for more than one financial period.

(b) The directors are of the opinion that all inter-company transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

(c) Business segments

The Group is organised into two business segments as follows:

(i) Plantation - cultivation of oil palm and palm oil milling
(ii) Investment holding

37. SEGMENT INFORMATION (continued)

(c) Business segments (continued)

The following table provides an analysis of the Group's revenue, results, assets and other segment information by business segments:

30 April 2014

	Plantation RM'000	Investment holding RM'000	Consolidated RM'000
Revenue:			
Total sale of oil palm products	291,285	-	291,285
Inter-company sales	(46,938)	-	(46,938)
Total revenue	244,347	-	244,347
Results:			
Segment results/profit before tax	69,646	14,451	84,097
Income tax expense			(12,579)
Profit net of tax			71,518
Assets:			
Segment assets	1,577,066	233,761	1,810,827
Other segment information:			
Material income			
Additional compensation received from compulsory land acquisition	1,139	-	1,139
Dividend income	-	2,133	2,133
Gain on disposal of:			
- an associate	-	5,675	5,675
- available-for-sale investments	-	457	457
Interest income	-	4,848	4,848
Net fair value gains on held-for-trading investments	-	1,503	1,503
Material expenses			
Amortisation of prepaid land lease payments	196	-	196
Depreciation of property, plant and equipment	16,941	-	16,941
ESIP expense	1,321	-	1,321
Fair value of share options granted to eligible directors and employees expensed off	1,760	-	1,760

37. SEGMENT INFORMATION (continued)

(c) Business segments (continued)

30 April 2014 (continued)

	Plantation RM'000	Investment holding RM'000	Consolidated RM'000
Additions to non-current assets			
Purchase of:			
- available-for-sale-investments	-	1,542	1,542
- property, plant and equipment	28,107	-	28,107
Additions of:			
- biological assets	23,996	-	23,996
- prepaid land lease payments	1,985	-	1,985

30 April 2013

	Plantation RM'000	Investment holding RM'000	Consolidated RM'000
Revenue:			
Total sale of oil palm products	253,062	-	253,062
Inter-company sales	(46,972)	-	(46,972)
Total revenue	206,090	-	206,090
Results:			
Segment results	69,918	8,414	78,332
Share of results of an associate			4,372
Profit before tax			82,704
Income tax expense			(13,995)
Profit net of tax			68,709
Assets:			
Segment assets	1,540,177	201,268	1,741,445
Non-current assets held for sale			31,536
Consolidated total assets			1,772,981

37. SEGMENT INFORMATION (continued)

(c) Business segments (continued)

30 April 2013 (continued)

	Plantation RM'000	Investment holding RM'000	Consolidated RM'000
Other segment information:			
Material income			
Dividend income	-	2,623	2,623
Gain on disposal of available-for-sale investments	-	749	749
Interest income	-	4,797	4,797
Net fair value gains on held-for-trading investments	-	200	200
Reversal of provision for impairment of advances for acquisition of land in prior years	2,146	-	2,146
Material expenses			
Amortisation of prepaid land lease payments	193	-	193
Depreciation of property, plant and equipment	12,386	-	12,386
Fair value of share options granted to eligible directors and employees expensed off	2,495	-	2,495
Additions to non-current assets			
Purchase of:			
- property, plant and equipment	19,822	-	19,822
- available-for-sale investments	-	21,334	21,334
Additions of:			
- biological assets	23,260	-	23,260
- prepaid land lease payments	6,411	-	6,411

38. 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:

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Available-for-sale investments	22	**47,418**	57,105	**47,418**	57,105
Trade and other receivables *	24	**17,091**	12,212	**5,738**	5,432
Held-for-trading investments	25	**14,168**	7,182	**14,168**	7,182
Held-to-maturity investments	26	**23,703**	28,440	**23,204**	26,512
Cash and bank balances	27	**147,854**	108,025	**136,446**	100,346
		250,234	212,964	**226,974**	196,577

* Excluding advances paid for acquisition of land and prepayments of the Group and of the Company amounting to RM515,000 (2013: RM411,000) and RM133,000 (2013: RM251,000) respectively which are not recoverable in cash.

(b) Financial liabilities

Trade and other payables of the Group and of the Company amounting to RM20,996,000 (2013: RM20,235,000) and RM6,911,000 (2013: RM12,619,000) respectively as disclosed in Note 33 represent total financial liabilities carried at amortised cost.

39. 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	22
Held-for-trading investments	25

39. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(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 *	38(a)
Held-to-maturity investments	38(a)
Trade and other payables	38(b)

* Excluding advances paid for acquisition of land and prepayments.

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

(c) 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 and Company			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30 April 2014				
Available-for-sale investments:				
Quoted investments:				
In Malaysia				
- shares	25,135	-	-	25,135
Unquoted investments:				
In Malaysia				
- unit trusts	-	22,263	-	22,263
Outside Malaysia				
- shares	-	20	-	20
Held-for-trading investments:				
Quoted investments:				
In Malaysia				
- shares	12,948	-	-	12,948
Outside Malaysia				
- shares	1,220	-	-	1,220

39. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(c) Fair value hierarchy (continued)

	Group and Company			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
30 April 2013				
Available-for-sale investments:				
Quoted investments:				
In Malaysia				
- shares	24,389	-	-	24,389
- unit trusts	10,267	-	-	10,267
Outside Malaysia				
- unit trusts	821	-	-	821
Unquoted investments:				
In Malaysia				
- unit trusts	-	21,603	-	21,603
Outside Malaysia				
- shares	-	25	-	25
Held-for-trading investments:				
Quoted investments:				
In Malaysia				
- shares	7,182	-	-	7,182

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.

40. 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. There were no known bad debts during the financial year.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

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 24(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 past due but not impaired

Information regarding trade receivable that is past due but not impaired is disclosed in Note 24(a).

40. 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 and the Company have no external borrowings and have adequate cash or cash convertible assets to meet all its working capital requirements.

All the trade and other payables of the Group and the Company are repayable within one year.

(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 has no interest-bearing debt. However, the Group and the Company have short term interest bearing financial assets as at 30 April 2014. 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.

<u>Sensitivity analysis for interest rate risk</u>

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 RM284,000 (2013: RM281,000) and RM248,000 (2013: RM245,000) higher/lower respectively, arising mainly as a result of higher/lower interest income from placements of fund in short term deposits, fixed deposits and money market funds.

(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 and the Company are exposed to currency translation risk arising from the investment in shares quoted outside Malaysia which is held for trading and managed by a licensed fund manager.

The Group and the Company also own cash and cash equivalents denominated in foreign currencies which managed by the abovementioned licensed fund manager for investment in shares quoted outside Malaysia purpose. At the reporting date, such foreign currency balances (mainly in Hong Kong Dollar ("HKD")) amount to RM117,000 (2013: Nil).

<u>Sensitivity analysis for foreign currency risk</u>

The hypothetical sensitivity of the Group's and the Company's profit net of tax to a 3% change in HKD, Indonesian Rupiah ("IDR"), Korean Won ("KRW"), Phillippine Peso ("PHP") and Singapore Dollar ("SGD") exchange rates at the reporting date against RM, assuming all other variables remain unchanged, is insignificant.

40. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

(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	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Increase/(decrease) on profit net of tax				
- CPO price 5% higher	**6,160**	6,331	**2,107**	2,085
- CPO price 5% lower	**(6,160)**	(6,331)	**(2,107)**	(2,085)
- PK price 5% higher	**1,030**	826	**345**	269
- PK price 5% lower	**(1,030)**	(826)	**(345)**	(269)

(ii) Equity price risk

The Group's and the Company's investment in unit trust funds (comprising equity funds) and equity instruments (mainly comprising quoted shares listed on Bursa Malaysia Securities Berhad) are subject to fluctuation in net asset values of the unit trust funds and market prices of equity instruments. These instruments are classified as available-for-sale investments or held-for-trading investments.

For investment in unit trust funds, the Group's objective is to manage market price risk by investing in unit trust funds with consistent dividend 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.

40. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

(e) Market price risk (continued)

(ii) Equity price risk (continued)

For investment in quoted shares held for trading managed by licensed fund managers, a careful selection of fund manager 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 write-up of the fund's holdings and investment strategies for management's review.

Sensitivity analysis for equity price risk

The analysis below is performed for reasonably possible price movements in investment in unit trust funds and quoted shares which classified as available-for-sale investments or held-for-trading investments at the reporting date:

	Group and Company	
	Increase/ (decrease) on profit before tax RM'000	Increase/ (decrease) on equity RM'000
30 April 2014		
Available-for-sale investments:		
Investment in equity funds		
- Market value + 5%	-	1,113
- Market value - 5%	-	(1,113)
Investment in shares		
- Market value + 5%	-	1,258
- Market value - 5%	-	(1,258)
Held-for-trading investments:		
Investment in shares		
- Market value + 5%	708	708
- Market value - 5%	(708)	(708)

40. 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 and Company Increase/ (decrease) on profit before tax RM'000	Increase/ (decrease) on equity RM'000
30 April 2013		
Available-for-sale investments:		
Investment in equity funds		
- Market value + 5%	-	1,635
- Market value - 5%	-	(1,635)
Investment in shares		
- Market value + 5%	-	1,221
- Market value - 5%	-	(1,221)
Held-for-trading investments:		
Investment in shares		
- Market value + 5%	359	359
- Market value - 5%	(359)	(359)

41. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group regularly reviews its capital structure to ensure optimal capital structure and shareholders' return, taking into consideration future requirements of the Group and capital efficiency, prevailing and projected profitability and projected operating cash flows. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

The Group is not subject to any externally imposed capital requirements.

The total amount of capital and distributable reserves for the Group and the Company at the reporting date is analysed as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Share capital	**206,503**	205,109	**206,503**	205,109
Share premium	**26,070**	17,987	**26,070**	17,485
Retained earnings	**593,846**	561,706	**477,290**	451,902
	826,419	784,802	**709,863**	674,496

42. SIGNIFICANT EVENT

Disposal of an associate

On 1 July 2013, the Company completed the disposal of an associate, Niro Ceramic (M) Sdn. Bhd. for a cash consideration of RM36,315,000.

43. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 30 April 2014 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 June 2014.

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 2014 and 30 April 2013 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**	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Total retained earnings of the Company and its subsidiaries:				
- Realised	**621,502**	581,993	**478,463**	453,979
- Unrealised	**(11,647)**	(12,429)	**(1,173)**	(2,077)
	609,855	569,564	**477,290**	451,902
Total share of retained earnings from an associate:				
- Realised	**-**	13,865	**-**	-
- Unrealised	**-**	1,061	**-**	-
	609,855	584,490	**477,290**	451,902
Less: Consolidation adjustments	**(16,009)**	(22,784)	**-**	-
Total retained earnings	**593,846**	561,706	**477,290**	451,902

LIST OF PROPERTIES HELD
AS AT 30 APRIL 2014

Location	Tenure	Titled Hectarage	Description	Year of Acquisition/ Revaluation *	Carrying Amount of Properties # as at 30 April 2014 RM'000
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 *	31,499
Pelin Estate 71300 Rembau Negeri Sembilan	Freehold	154.3	Oil palm estate	2013 *	11,335
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 *	59,909
Tampin Estate 73300 Batang Melaka Negeri Sembilan	Freehold	298.9	Oil palm estate	2013 *	16,508
Selandar Estate Selandar P.O. 77500 Jasin Melaka	Freehold Leasehold (expiring on: 31-07-2025)	194.5 22.1	Oil palm estate	2013 *	17,777
Batu Anam Estate Batu Anam P.O. 85100 Batu Anam Segamat, Johor	Freehold	864.9	Oil palm estate	2013 *	44,002
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 *	23,849
Leong Hin San Estate 71200 Rantau Negeri Sembilan	Freehold	844.6	Oil palm estate	2013 *	50,043
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 *	109,745
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 *	85,432
Mamahat Estate Labuk Sugut Beluran District 90000 Sabah	Lease land (expiring between: 2031 and 2032 2097 and 2099)	 30.1 1,396.5	Oil palm estate	2013 *	103,724

LIST OF PROPERTIES HELD (continued)
AS AT 30 APRIL 2014

Location	Tenure	Titled Hectarage	Description	Year of Acquisition/ Revaluation *	Carrying Amount of Properties # as at 30 April 2014 RM'000
Paitan and Tanjong Nipis Estates Labuk Sugut Beluran District 90000 Sabah	Leasehold (expiring between: 2098 and 2102) Lease land (expiring between: 2031 and 2035 2098 and 2100)	918.1 979.2 1,222.8	Oil palm estate and palm oil mill	2013 *	206,314
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	161,096
Millian-Labau Estate Sungai Millian-Labau Kinabatangan District 89950 Nabawan Sabah	Leasehold (expiring on: 31-12-2098)	10,126.3	Oil palm estate	2013 *	534,096
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: 8 years)	2013 *	10,923
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: 4 years)	2014 *	1,040
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: 13 years)	2013 *	771
Awana Condominium Unit 5542 Awana Condominium 8th Mile, Genting Highlands 89000 Genting Highlands Pahang	Freehold	1,258 sq. ft.	Holiday condominium (Age of building: 27 years)	2013 *	335
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: 14 years)	2013 *	591
				TOTAL	**1,468,989**

Include freehold lands, leasehold lands, buildings and biological assets.

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JUNE 2014

Authorised capital	:	RM500,000,000
Issued & Paid-up capital	:	RM206,701,901
Class of share	:	Ordinary shares of RM1.00 each

VOTING RIGHTS OF SHAREHOLDERS

Subject to the provisions of the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996, every entitled member of the Company present in person or by proxy shall have one vote on a show of hand and in the case of poll shall have one vote for every share of which he/she is the holder.

DISTRIBUTION SCHEDULE

Size of Shareholdings	No. of Shareholders	Total Holdings	%
Less than 100	201	10,653	0.01
100 to 1,000	941	753,018	0.36
1,001 to 10,000	4,791	18,886,824	9.14
10,001 to 100,000	1,378	36,284,470	17.55
100,001 to less than 5% of issued capital	125	79,532,421	38.48
5% and above of issued shares	4	71,234,515	34.46
	7,440	**206,701,901**	**100**

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct shareholdings	Percentage of issued capital	Indirect shareholdings	Percentage of issued capital
Tan Siok Choo	3,496,681	1.69	2,605,549	1.26
Datuk Boon Weng Siew	118,500	0.057	-	-
Tan Sri Dato' Ahmad Bin Mohd Don	10,500	0.005	-	-
Tan Jiew Hoe	251,625	0.121	2,510,021	1.21
Teo Leng	24,500	0.011	-	-
Dato' Tan Ang Meng	21,500	0.01	-	-

ANALYSIS OF SHAREHOLDINGS (continued)
AS AT 30 JUNE 2014

Name	Shareholdings registered in the name of the substantial shareholders	Shareholdings in which the substantial shareholders are deemed to be interested	Total	Percentage of issued capital
Oversea-Chinese Banking Corporation Ltd	-	29,589,138 *1	29,589,138	14.31
Great Eastern Life Assurance (Malaysia) Bhd	28,185,701	-	28,185,701	13.64
Aberdeen Asset Management PLC and its subsidiaries	-	29,503,750 *2	29,503,750	14.27
Mitsubishi UFJ Trust Financial Group	-	29,503,750 *3	29,503,750	14.27
Lee Foundation	-	16,435,963 *4	16,435,963	7.95
Aberdeen Asset Management Asia Ltd	-	16,011,950 *5	16,011,950	7.75
HSBC Nominees (Asing) Sdn. Bhd. - Exempt An For The Hongkong And Shanghai Corporation Limited (HBAP-SGDIV-ACCL)	-	17,838,485	17,838,485	8.63
Aberdeen Asset Management Sdn Bhd	-	13,421,600	13,421,600	6.49
Aberdeen International Fund Managers Limited	-	11,040,250	11,040,250	5.34
HSBC Nominees (Asing) Sdn. Bhd. - Selat (Pte) Limited	10,869,744		10,869,744	5.26
Employees Provident Fund Board	10,779,200		10,779,200	5.21

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 – 16,011,950
   - Aberdeen Asset Management Sdn. Bhd. – 13,421,600
   - Aberdeen Islamic Asset Management Sdn. Bhd. – 70,200
   - Aberdeen Asset Management Incorporated – 663,700
   - Aberdeen International Fund Managers Limited – 11,040,250

3. Deemed interested by virtue of its shareholdings of more than 15% held in Aberdeen Asset Management PLC by Mitsubishi UFJ Trust & Banking Corp, a wholly subsidiary of Mitsubishi UFJ Trust Financial Group.

4. Aberdeen Asset Management Asia Limited is deemed interested in the following shareholdings held via nominees:-
   - BNP Paribas Securities Services – 14,079,450
   - BNP Paribas Trust Services Singapore Limited – 1,268,800
   - Nothern Trust – Chicago – 588,700
   - State Street Bank & Trust – 75,000

5. Lee Foundation is deemed interested in the following shareholdings held via nominees:-
   HSBC Nominees (Asing) Sdn Bhd for
   - Lee Pineapple Company Pte Ltd – 126,562

   Citigroup Nominees (Asing) Sdn Bhd
   - Exempt an for OCBC Securities Private Limited (for Singapore Investments Pte Ltd) – 1,984,500
   - Selat Pte Ltd – 10,869,744
   - Singapore Investments Pte Ltd – 3,455,157

ANALYSIS OF SHAREHOLDINGS (continued)
AS AT 30 JUNE 2014

LIST OF TOP 30 SHAREHOLDERS AS AT 30/6/2014

		No. of share	%
(1)	Malaysia Nominees (Tempatan) Sdn. Bhd. - Great Eastern Life Assurance (Malaysia) Berhad	28,185,701	13.64
(2)	Citigroup Nominees (Asing) Sdn. Bhd. - Exempt An for OCBC Securities Private Limited (CLIENT A/C-NR)	20,305,257	9.82
(3)	HSBC Nominees (Asing) Sdn. Bhd. - Exempt An for The Hongkong and Shanghai Banking Corporation Limited (HBAP-SGDIV-ACCL)	17,838,485	8.63
(4)	HSBC Nominees (Asing) Sdn. Bhd. - BNP Paribas Secs Svs Lux for Aberdeen Global	11,040,250	5.34
(5)	Cartaban Nominees (Asing) Sdn. Bhd. - Exempt An for Standard Chartered Bank Singapore Branch (SG PVB CL AC)	7,790,000	3.77
(6)	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (Aberdeen)	6,500,000	3.14
(7)	Citigroup Nominees (Tempatan) Sdn. Bhd. - Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	4,840,000	2.34
(8)	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board	4,279,200	2.07
(9)	Tan Siok Choo	3,496,681	1.69
(10)	Tan Siok Lee	3,111,222	1.51
(11)	HSBC Nominees (Asing) Sdn. Bhd. - BNP Paribas Secs Svs Paris for Aberdeen Asian Smaller Companies Investments Trust PLC	3,039,200	1.47
(12)	Tan Siok Eng	2,633,963	1.27
(13)	Lim Cheng Neo	2,605,549	1.26
(14)	Alros Sendirian Berhad	2,057,625	1.00
(15)	Klebang Investments Pte Ltd	1,906,400	0.92
(16)	Citigroup Nominees (Asing) Sdn. Bhd. CB Spore GW for Orient Holdings (Private) Limited	1,392,187	0.67

LIST OF TOP 30 SHAREHOLDERS AS AT 30/6/2014 (continued)

		No. of share	%
(17)	HSBC Nominees (Asing) Sdn. Bhd. - Exempt An for BNP Paribas Securities Services (Singapore-SGD)	1,268,800	0.61
(18)	AMSEC Nominees (Tempatan) Sdn. Bhd. - Aberdeen Asset Management Sdn. Bhd. for Tenaga Nasional Berhad Retirement Benefit Trust Fund (FM-Aberdeen)	1,217,300	0.59
(19)	Tan Jin Tuan	1,113,310	0.54
(20)	Chee Bay Hoon & Co. Sdn. Bhd.	1,055,000	0.51
(21)	The Federal Oil Mills Berhad	961,875	0.47
(22)	Citigroup Nominees (Asing) Sdn. Bhd. - CBNY for Dimensional Emerging Markets Value Fund	960,500	0.46
(23)	Seah Mok Khoon	800,000	0.39
(24)	Swee Cheng Investments Private Limited	750,000	0.36
(25)	Nora Ee Siong Chee	718,875	0.35
(26)	Chee Swee Cheng & Co Sdn. Bhd.	714,042	0.35
(27)	Gemas Bahru Estates Sdn. Bhd.	672,900	0.33
(28)	HSBC Nominees (Asing) Sdn. Bhd. TNTC for Lockheed Martin Corporation Master Retirement Trust	588,700	0.28
(29)	HSBC Nominees (Asing) Sdn. Bhd. BNP Paribas Secs Svs Paris for HI-KABL-FONDS	506,200	0.24
(30)	Yeo Khee Bee	470,000	0.23
		132,819,222	64.25

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FORM OF PROXY

United Malacca Berhad
(1319-V)
(Incorporated in Malaysia)

I/We ……
(FULL NAME IN CAPITAL)

of ……
(FULL ADDRESS)

being a member of UNITED MALACCA BERHAD hereby appoint ……………………………………………………

……
(FULL NAME IN CAPITAL)

of ……
(FULL ADDRESS)

or failing him/her ………
(FULL NAME IN CAPITAL)

of……
(FULL ADDRESS)

or the Chairperson of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the 100th Annual General Meeting of the Company to be held on Friday, 22 August 2014 at 11.00 a.m. and at any adjournment thereof.

My/our proxy is to vote on the Resolutions as indicated by an "X" in the appropriate spaces below:

Resolution	Relating to:	For	Against
No. 1	To receive the Directors' Reports and Audited Financial Statement for financial year ended 30 April 2014 and Report of the Auditors		
No. 2	Approval of Directors' fees for the financial year ending 30 April 2015		
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	Re-appointment and remuneration of Auditors		
	Special Business :-		
No. 5	Proposed Payment of Retirement Gratuity to Datuk Boon Weng Siew		

As Witness my hand this …………………day of ……………………. 2014

No. of Share Units Held

Signed by the said: ………………………………………………………….
(Signature of Member)

in the presence of: ………………………………………………………….
(Name & Signature of Witness)

Notes:

1. *The right of foreign Depositors to vote in respect of their deposited securities with Bursa Malaysian Depository Sdn Bhd is subject to Section 41(1)(e) and Section 41(2) of the Securities Industry (Central Depositories) Act, 1991 and Securities Industry (Central Depositories)(Foreign Ownership) Regulations, 1996. The position of Depositors in this regard will be determined based on The General Meeting Record of Depositors. Depositors whose shares exceed the prescribed limit as at the date of The General Meeting Record of Depositors may attend the above Meeting but are not entitled to vote. Consequently, a proxy appointed by a Depositor who is not entitled to vote will also not be entitled to vote at the above meeting.*
2. *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.*
3. *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 15 August 2014 shall be eligible to attend the Annual General Meeting.*
4. *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.*
5. *The proxy will vote or abstain at his discretion if no indication is given*

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Stamp

The Company Secretary
United **Malacca** Berhad
(Company No. 1319-V)
6th Floor, No. 61, Jalan Melaka Raya 8,
Taman Melaka Raya,
75000 Melaka.

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