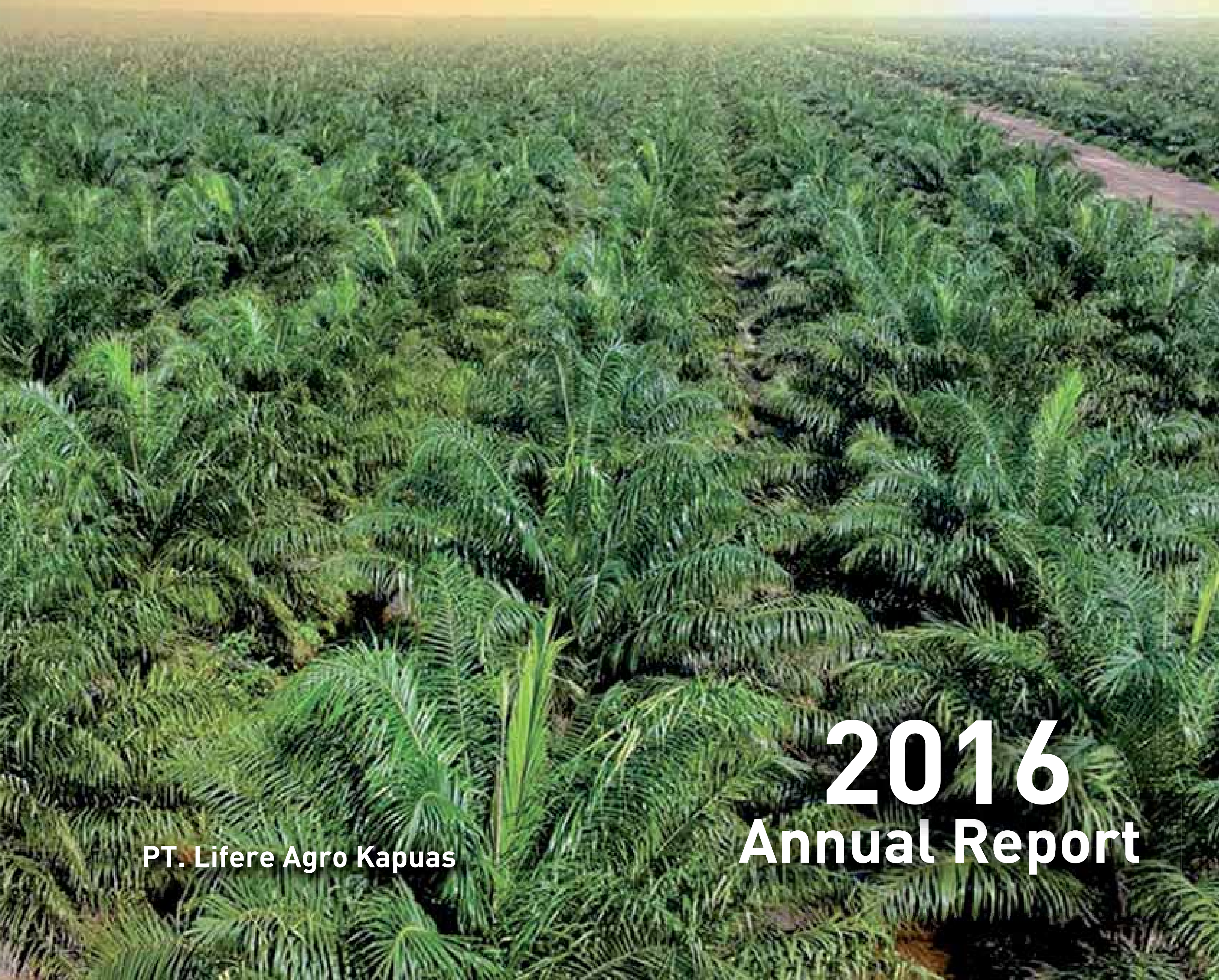
United **Malacca** Berhad

(1319-V)



PT. Lifere Agro Kapuas

2016 Annual Report

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 102nd 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, 23 September 2016 at 11.00 a.m. for the following business:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 April 2016 and the Reports of the Directors and Auditors thereon. **Please refer to Note (6)**

2. To approve the payment of Directors' fees amounting to RM80,000 per annum for Chairperson and RM40,000 per annum for each Non-Executive Director in respect of the financial year ending 30 April 2017 to be payable on quarterly basis in arrears. (Please refer to Note 7) **[Resolution 1]**

3. To re-elect Datin Paduka Tan Siok Choo, a Director retiring by rotation in accordance with Article 118 of the Company's Articles of Association. **[Resolution 2]**

4. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorize the Directors to fix their remuneration. **[Resolution 3]**

SPECIAL BUSINESS

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

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

   "THAT Tan Sri Dato' Ahmad Bin Mohd Don who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." **[Resolution 4]**

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

   "THAT Mr. Tan Jiew Hoe who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." **[Resolution 5]**

NOTICE OF ANNUAL GENERAL MEETING (continued)

7. **ORDINARY RESOLUTION**
Proposed Authority To Grant Rights and Options to Mr. Peter Benjamin, the Chief Executive Officer under the Company's Employee Share Scheme

"THAT approval be and is hereby given to the Board of Directors, at any time, and from time to time to grant and allocate the rights and options to Mr. Peter Benjamin, being the Chief Executive Officer of the Company, the rights to have a maximum of 130,000 UMB shares vested in and transferred to him and/or options to subscribe for up to a maximum of 340,000 UMB shares and if such options are accepted and exercised, to allot and issue, from time to time to the aforementioned Chief Executive Officer, the maximum allowable allocation of up to 470,000 UMB shares available under the Company's Employee Share Scheme and to allot and issue any further UMB shares as may be required or permitted to be issued as a consequence of the adjustment pursuant to the provisions of the By-Laws governing and constituting the Employee Share Scheme." **[Resolution 6]**

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

By Order of the Board

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

Date: 30 August 2016

NOTES:

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

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

(3) The instrument appointing a proxy must be deposited at the Registered Office of the Company at United Malacca Berhad Building, 6th Floor, No. 61, Jalan Melaka Raya 8, Taman Melaka Raya, 75000 Melaka not less than forty-eight hours before the time appointed for holding the Meeting or any adjournment thereof for the proxy to be valid.

(4) Only members whose names appear in the Registered of Members or registered in the General Meeting Record of Depositors on or before 5.00 p.m. on 15 September 2016 shall be eligible to attend the Annual General Meeting.

(5) **Poll Voting**

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

NOTICE OF ANNUAL GENERAL MEETING (continued)

(6) **Agenda 1**

The audited financial statements are for discussion only, as they do not require shareholders' approval under the provision of Section 169(1) and (3) of the Companies Act, 1965. Hence, they will not to be put for voting.

(7) **Agenda 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 at the end of each quarter during the course of the financial year ending 30 April 2017. The quantum of fees payable will be based on the existing remuneration structure for directors.

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

Resolution Nos. 4 and 5

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

(9) **Resolution No. 6**

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

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

Mr. Peter Benjamin who was appointed as the Company's Chief Executive Officer on 1 May 2014 will be eligible to participate in the ESS. Subject to the approval of Resolution 6, the Board proposes to seek shareholders' mandate to grant rights and/or options to Mr. Peter Benjamin.

STATEMENT ACCOMPANYING NOTICE OF 102ND 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 Datin Paduka Tan Siok Choo. She does not have any interest in shares, direct or indirect in the subsidiaries of United Malacca Berhad.

Further details of Datin Paduka Tan Siok Choo can be found in the Profile of Directors on page 7 of this Annual Report. Her holding of shares, direct or indirect in United Malacca Berhad can be found in the Analysis of Shareholdings on page 175 of this Annual Report.

The following Directors whose profiles are as set out on pages 8 and 9 of the Annual Report are seeking for continuation as Independent Non-Executive Directors:-

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

The details of Directors' attendance at Board Meetings held during the financial year ended 30 April 2016 are as follows:-

Directors	Attendance
Datin Paduka Tan Siok Choo	8 of 8 Meetings
Tan Sri Dato' Ahmad Bin Mohd Don	8 of 8 Meetings
Mr. Tan Jiew Hoe	6 of 8 Meetings
Mr. Teo Leng	8 of 8 Meetings
Dato' Tan Ang Meng	8 of 8 Meetings

GROUP HIGHLIGHTS

	2016	2015
PRODUCTION		
	tonne	tonne
Crude palm oil	**66,525**	70,850
Palm kernel	**16,566**	17,270
Fresh fruit bunches	**310,940**	341,200
FINANCIAL		
	RM'000	RM'000
Revenue	**205,736**	213,152
Profit:		
Before tax	**70,234**	58,437
Net of tax	**59,748**	47,184
Profit net of tax attributable to:		
Owners of the Company	**59,572**	47,184
Non-controlling interests	**176**	-
	59,748	47,184
	sen	sen
Earnings per share attributable to owners of the Company:		
Basic/Diluted	**28.51**	22.77
Dividend per share:		
Gross/Net	**16.00**	16.00
	RM'000	RM'000
Total assets	**2,064,170**	1,814,298
	RM	RM
Net assets per share attributable to owners of the Company	**8.17**	8.09

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datin Paduka Tan Siok Choo
(Chairperson)

Tan Sri Dato' Ahmad bin Mohd Don

Mr. Tan Jiew Hoe

Mr. Teo Leng

Dato' Tan Ang Meng

AUDIT COMMITTEE

Dato' Tan Ang Meng *
(Chairman)

Datin Paduka Tan Siok Choo #

Tan Sri Dato' Ahmad bin Mohd Don *

Mr. Teo Leng *

* *Independent Non-Executive Director*
\# *Non-Independent Non-Executive Director*

SECRETARIES

Ms. Yong Yoke Hiong

Ms. Pang Poh Chen

AUDITORS

Ernst & Young
Level 16-1, Jaya99, 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

Ms. Susan Lai Swee Kee
Chief Financial Officer

Mr. Anantakrishnan A/L A.R. Nambiar
Senior Plantation Controller

Mr. Chia Thim Siong
Plantation Controller

Mr. Fabian Fernandez
Mill Controller

Mr. Winston Chua Eng Meng
General Manager (Plantation) - LAK

HEAD OFFICE/REGISTERED OFFICE

6th Floor, No. 61, Jalan Melaka Raya 8
Taman Melaka Raya, 75000 Melaka
P.O.Box 117, 75720 Melaka
Tel : 06-2823700
Fax : 06-2834599
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

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

A Malaysian, Datin Paduka Tan Siok Choo, aged 64, is the Chairperson. She joined the Board on 8 December 1988 and was unanimously elected by the Directors as Chairperson in July 2011. She had been an Independent Non-Executive Director until she was re-designated as Non-Independent Non-Executive Director on 17 July 2014. She is also a member of the Audit Committee, Remuneration Committee, Board Tender Committee, United Malacca University Scholarship Committee and Diversification & Strategic Investment Committee. She sits on the Board of several subsidiaries of the Group in Malaysia and is the President Commissioner of PT Lifere Agro Kapuas, the Group's subsidiary in Indonesia.

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

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

Datin Paduka Tan Siok Choo has had a varied career in corporate finance, stockbroking, executive search and journalism. She was head of Corporate Finance in Southern Bank Berhad, worked as an investment analyst for Rashid Hussain Securities as well as Morgan Grenfell Asia & Partners' Securities, did a short stint with the world's largest executive search firm, Korn Ferry International, and was a journalist with Business Times and The Sunday Star. She is currently a columnist for The Sun.

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

Datin Paduka Tan Siok Choo is not related to any Director and/or major shareholder of United Malacca Berhad and has no personal interest in any business arrangement involving the Company. She has attended all eight Board Meetings held during the financial year ended 30 April 2016. She has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS (continued)

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

Tan Sri Dato' Ahmad Bin Mohd Don, aged 69 and a Malaysian was appointed as an Independent Non-Executive Director on 1 October 2006. He is the Chairman of the Remuneration Committee and Board Tender Committee as well as a member of the Audit Committee and Nomination Committee. He sits on the Board of several subsidiaries of the Group in Malaysia and is a Director of International Natural Resources Pte Ltd, the Group's subsidiary in Singapore.

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

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

He was the Governor of Bank Negara Malaysia from May 1994 to August 1998. He is currently a Director of MAA Group Berhad, Zurich Insurance Malaysia Berhad, MAA Takaful Berhad, KAF Investment Bank Berhad and Hap Seng Plantations Holdings Berhad.

He is not related to any Director and/or major shareholder of United Malacca Berhad and has no personal interest in any business arrangement involving the Company. He has attended all eight Board Meetings held during the financial year ended 30 April 2016. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS (continued)

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

Mr. Tan Jiew Hoe, aged 69 and a Singaporean, joined the Board as Alternate Director on 9 June 1997 and was subsequently appointed as Director on 30 March 2007. He is the Chairman of the Nomination Committee and a member of the Remuneration Committee, Diversification & Strategic Investment Committee and United Malacca University Scholarship Committee. He is the Chairman of International Natural Resources Pte Ltd, the Group's subsidiary in Singapore.

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

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

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

He has attended six out of the eight Board Meetings held during the financial year ended 30 April 2016. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS (continued)

MR. TEO LENG
(Independent Non-Executive Director)

Mr. Teo Leng, aged 64 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 and Diversification & Strategic Investment Committee, as well as a member of the Audit Committee, Nomination Committee and Board Tender Committee. He is also a director of several subsidiaries of the Group in Malaysia and is a member of the Board Commissioner of PT Lifere Agro Kapuas, the Group's subsidiary in Indonesia.

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

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

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

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

Mr. Teo is also an Independent Non-Executive Director of Southern Acids (M) Berhad and several private companies in Malaysia.

He is not related to any Director and/or major shareholder of United Malacca Berhad and has no personal interest in any business arrangement involving the Company. He has attended all eight Board Meetings held during the financial year ended 30 April 2016. He has not been convicted of any offence within past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS (continued)

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

Dato' Tan Ang Meng, aged 60 and a Malaysian, was appointed as an Independent Non-Executive Director on 16 December 2010. He is the Chairman of Audit Committee as well as a member of the Remuneration Committee and Board Tender Committee. He is a member of the Board of Commissioner of PT Lifere Agro Kapuas, the Group's subsidiary in Indonesia.

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 Berhad. 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 in various regional offices in the group. His last position was that of Regional Director based in Singapore with responsibility for the brewery operations in China, Vietnam, Cambodia and Myanmar.

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

Dato' Tan 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 eight Board Meetings held during the financial year ended 30 April 2016. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF CHIEF EXECUTIVE OFFICER

MR. PETER BENJAMIN

Peter Benjamin, aged 59 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 37 years in the plantation industry holding various Senior Management positions in different companies. He has the experience in managing various crop during his career, oil palm, cocoa, forestry, sago 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 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 the Honorary Secretary of the Malaysian Palm Oil Association (MPOA), a council member of the Malaysian Estates Owners Association (MEOA) and was recently appointed as an alternate Board member of the Malaysian Palm Oil Berhad (MPOB). He is also a Director of United Malacca Berhad's subsidiaries, namely, Meridian Plantations Sdn. Bhd., Syarikat Penanaman Bukit Senorang Sdn. Bhd., South-East Pahang Oil Palm Berhad, Leong Hin San Sdn. Bhd., Masjid Tanah Properties Sdn. Bhd. and Melaka Pindah Properties Sdn. Bhd. as well as the President Director of PT Lifere Agro Kapuas, the Group's subsidiary in Indonesia.

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

PROFILE OF KEY SENIOR MANAGEMENT

MS. SUSAN LAI SWEE KEE
Chief Financial Officer

Nationality / Age
Malaysian / 51

Date Appointed as Key Senior Management
Year 2001

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

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

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

Nationality / Age
Malaysian / 56

Date Appointed as Key Senior Management
15 December 2014

Qualification
- Bachelor of Science (Business Science)

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

MR. CHIA THIM SIONG
Plantation Controller

Nationality / Age
Malaysian / 61

Date Appointed as Key Senior Management
1 March 2012

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

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

PROFILE OF KEY SENIOR MANAGEMENT (continued)

MR. FABIAN FERNANDEZ
Mill Controller

Nationality / Age
Malaysian / 45

Date Appointed as Key Senior Management
1 May 2016

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

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

MR. WINSTON CHUA ENG MENG
General Manager (Plantation) - LAK

Nationality / Age
Malaysian / 44

Date Appointed as Key Senior Management
15 March 2016

Qualification
- Sijil Tinggi Persekolahan Malaysia (STPM)

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

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

CHAIRPERSON'S STATEMENT

"Financial Year 2016 marked the first historic overseas venture for UMB...."

CHAIRPERSON'S STATEMENT (continued)

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 2016 (FY2016).

FY2016 marked the first historic overseas venture for UMB. On 15 December 2015, the Company announced that it had entered into a conditional sale and purchase agreement with Lincoln Wilshire Investments Ltd to acquire 793,837 ordinary shares representing 88.2% equity interest of the issued and paid-up share capital of International Natural Resources Pte Ltd ("INR"), a company incorporated in the Republic of Singapore for a total cash consideration of USD66,400,000. INR holds a 94.1% equity interest in Indonesia's PT Lifere Agro Kapuas (LAK) which has obtained a plantation licence (Izin Usaha Perkebunan) over approximately 24,585 hectares of oil palm plantation, including plasma land, located in Kalimantan Tengah. On 22 January 2016, the acquisition was completed. INR and LAK have become subsidiaries of the Company effective from that date. The acquisition of LAK has doubled the Group's land bank to 49,226 hectares, including plasma land, from 24,641 hectares.

FINANCIAL PERFORMANCE

FY2016 continued to be a challenging year with commodity prices coming under pressure. Crude palm oil (CPO) prices, averaging a low of RM2,207 per tonne, was 3% lower than the preceding year's average of RM2,265 per tonne.

Output of fresh fruit bunches (FFB) in the year under review was below target. This was due to the dry weather caused by El Nino, the most severe for the past 30 years and the haze from August to October 2015; both adversely affected FFB output. Our Sabah estates were worst hit by the dry weather since beginning of 2015. FFB output dropped drastically in the second half of the financial year. As a result, FFB output of the Malaysian operations of 310,563 tonnes was 9% lower compared with that of the preceding year. Including 377 tonnes FFB from the Indonesia operations, the Group achieved a total FFB output of 310,940 tonnes compared with 341,200 tonnes in the preceding year.

Group pre-tax profit of RM70.23 million was 20% higher compared with RM58.44 million in the preceding year. This was mainly due to a foreign exchange gain of RM17.88 million (of which RM4.02 million has been realised) on a USD 50 million loan taken to finance the acquisition of LAK. Excluding this gain, pre-tax profit for FY2016 was 10% lower compared with that in the preceding year mainly due to lower FFB output, lower average CPO price as well as lower investment income. The newly acquired Indonesia plantation contributed a small profit of RM1.2 million mainly from scout harvesting.

Similarly, at the Company level, pre-tax profit of RM61.31 million, including a RM17.88 million foreign exchange gain on the USD loan, was 39% higher than RM44.19 million in the preceding year. Excluding this item, pre-tax profit was 2% lower.

United Malacca's earnings per share were 28.51 sen compared with 22.77 sen in the preceding year.

During the financial year, the Company's paid up capital increased from RM207,719,001 to RM209,221,201 due to the issue of 1,502,200 ordinary shares under the Employee Share Scheme.

Estate in LAK.

CHAIRPERSON'S STATEMENT (continued)

DIVIDENDS

The Board declared a second interim single-tier dividend of 8 sen for the financial year ended 30 April 2016 payable on 19 August 2016.

Together with the first interim single-tier dividend of 8 sen paid on 3 February 2016, the total single-tier dividend for the financial year ended 30 April 2016 is 16 sen or RM33.48 million. For the preceding financial year, United Malacca paid a total single-tier dividend of 16 sen amounting to RM33.33 million.

United Malacca directors do not recommend any final dividend for the financial year ended 30 April 2016.

SUSTAINABILITY & CORPORATE RESPONSIBILITY

Sustainable production is our priority to protect the environment and to improve long-term productivity. To further enhance sustainability, the Group has moved towards certification. Since the initiative began in May 2015, both our estates in Pahang as well as Bukit Senorang Palm Oil Mill are now MPOB Code of Practice certified. We target to have these units Malaysian Sustainable Palm Oil (MSPO) certified by December 2016. On Group basis, the target is to have the Malaysian operations MSPO certified by end of 2018.

The details of activities are set out in the Sustainability & Corporate Responsibility Statement on page 30 to page 37 of this Annual Report.

Research collaboration with University Putra Malaysia (UPM), started in 2013, is now at the final stage. Several studies have been made to deal with the problems faced by oil palm plantations.

UPM explored the early detection of Ganoderma-infected oil palms using Composite Infra-red (CIR) UAV images. Another area of focus is improving soil fertility to boost FFB yields and enhance resistance to Ganoderma through addition of different levels of copper and zinc.

The concept of a self-propelled climber with a rotary cutter for pruning and harvesting of FFB has been developed in the first stage. Testing of the climbing robot was done in the field and there are still some factors need to be tackled for better efficiency.

EXPANSION PROGRAMME

On 29 July 2016, the Company announced to Bursa Malaysia Securities Berhad a MOU with Adhi Indrawan and Kartika Dianningsih Antono ("the Parties") was signed with the intention of establishing a joint venture arrangement with PT Bintang Gemilang Permai ("BGP") which holds a 99.9% equity interest in PT Wana Rindang Lestari ("WRL") which in turn holds the concession right to develop about 59,920 hectares of land within an industrial plantation forest area located in Central Sulawesi, Indonesia ("Proposed Joint Venture"). Both BGP and WRL are companies incorporated and domiciled in the Republic of Indonesia.

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

Singing the MOU allows the Company to conduct the necessary due diligence in connection with the Proposed Joint Venture and will enable the Parties to further negotiate and execute definitive agreements within the exclusivity period. The MOU is effective for a period of six (6) months from the date of signing.

If it materialises, the Proposed Joint Venture is in line with the Company's expansion plan to significantly increase its plantation land bank, expand its geographical presence in Indonesia to Sulawesi, in addition to its existing plantation estates located in Kalimantan, and diversify its crop base.

Ganoderma control trial in Machap Estate.

CHAIRPERSON'S STATEMENT (continued)

Estate and mill visit by Directors.

CURRENT YEAR PROSPECTS

El Nino, the worst in the last 30 years, affected yields for the financial year under review and this impact is expected to continue into FY2017. The severe dry spell affected the formation of inflorescence while the long term impact will be felt for two years. We expect yields to be back to normal in the FY2019.

For FY2017, we expect better yields compared to FY2016. Due to low production, the CPO price has recovered and this should cushion the low yield and give better returns.

To ensure continued growth and sustainability of United Malacca's plantation activities and enhance returns to shareholders, the Board will focus on yield improvement, cost control and getting returns from the newly acquired plantation.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to thank all employees for their hard work and endeavour in financial year ended 30 April 2016.

Dato' Tan Ang Meng has indicated his intention to retire after the forthcoming AGM on 23rd September 2016 due to his pressing commitments as chief strategy officer in Red Sena Berhad.

During his tenure as director of United Malacca Berhad, Dato' Tan's financial, accounting and other expertise enhanced the quality of Board deliberations while his willingness to meet at short notice - even after office hours - to discuss urgent issues and offer advice will be greatly missed.

As in previous years, my fellow directors have willingly spent much time and offered their invaluable advice – often beyond the ambit of their statutory responsibilities – in dealing with some major challenges United Malacca faced, especially those relating to the acquisition of LAK and INR during the past financial year.

DATIN PADUKA TAN SIOK CHOO
Chairperson

PENYATA PENGERUSI

Bagi pihak Lembaga Pengarah United Malacca Berhad, dengan sukacitanya saya membentangkan Laporan Tahunan dan Penyata Kewangan Syarikat dan Kumpulan yang telah diaudit bagi tahun kewangan berakhir 30 April 2016 (Tahun Kewangan 2016).

UMB telah membuat penerokaan luar negara yang bersejarah yang pertama pada tahun kewangan 2016. Pada 15 Disember 2015, Syarikat telah mengumumkan bahawa ia telah memeterai perjanjian jual beli bersyarat dengan Lincoln Wilshire Investments Ltd untuk membeli 793,837 saham biasa yang mewakili 88.2% kepentingan ekuiti modal saham terbitan dan berbayar International Natural Resources Pte Ltd ("INR"), sebuah Syarikat yang diperbadankan di Republik Singapura dengan pembayaran tunai sebanyak USD 66,400,000.

INR memegang 94.1% kepentingan ekuiti dalam PT Lifere Agro Kapuas (LAK), Indonesia yang telah memperolehi lesen perladangan ("Izin Usaha Perkebunan") untuk 24,585 hektar ladang kelapa sawit, termasuk tanah plasma, di Kalimantan Tengah. Pengambilalihan tersebut telah selesai pada 22 Januari 2016. INR dan LAK telah menjadi subsidiari Syarikat berkuatkuasa dari tarikh tersebut. Pengambilalihan LAK telah meningkatkan keluasan tanah Kumpulan sebanyak 2 kali ganda kepada 49,226 hektar, termasuk tanah plasma, daripada 24,641 hektar.

PRESTASI KEWANGAN

Tahun kewangan 2016 akan terus menjadi tahun yang mencabar dengan harga komoditi akan mengalami tekanan harga. Harga purata yang rendah bagi minyak sawit mentah (MSM) iaitu RM 2,207 setan metrik adalah 3% lebih rendah daripada harga purata tahun sebelumnya sebanyak RM 2,265 setan metrik.

Pengeluaran buah tandan segar (BTS) pada tahun semasa adalah di bawah sasaran. Ini kerana cuaca kering yang disebabkan oleh El Nino, yang paling teruk sejak 30 tahun yang lalu dan jerebu dari Ogos hingga Oktober 2015 yang mana kedua-duanya telah menjejaskan pengeluaran BTS. Estet di Sabah mengalami cuaca kering yang bermula awal 2015. Pengeluaran BTS telah menurun dengan drastik pada separuh kedua tahun kewangan. Ini menyebabkan pengeluaran BTS untuk operasi di Malaysia sebanyak 310,563 tan metrik adalah 9% lebih rendah berbanding dengan tahun sebelumnya.

Dengan mengambilkira 377 tan BTS daripada operasi di Indonesia, Kumpulan mencapai jumlah pengeluaran BTS sebanyak 310,940 tan metrik berbanding dengan 341,200 tan metrik pada tahun sebelumnya.

Keuntungan sebelum cukai Kumpulan sebanyak RM 70.23 juta adalah 20% lebih tinggi berbanding dengan RM 58.44 juta pada tahun sebelumnya. Ini disebabkan oleh keuntungan pertukaran wang asing sebanyak RM 17.88 juta (yang mana RM 4.02 juta telah direalisasi) pada USD 50 juta pinjaman yang diambil untuk membiayai pengambilalihan LAK. Tanpa mengambilkira keuntungan ini, keuntungan sebelum cukai bagi tahun kewangan 2016 adalah 10% lebih rendah berbanding dengan tahun sebelumnya disebabkan oleh pengeluaran BTS yang lebih rendah, harga purata MSM yang lebih rendah serta pendapatan pelaburan yang lebih rendah. Perladangan di Indonesia yang baru diambilalih telah menyumbang keuntungan kecil sebanyak RM 1.2 juta terutamanya daripada penuaian BTS kecil.

Begitu juga di peringkat Syarikat, keuntungan sebelum cukai sebanyak RM 61.31 juta, termasuk keuntungan pertukaran wang asing RM 17.88 juta melalui pinjaman USD, adalah 39% lebih tinggi daripada RM 44.19 juta pada tahun sebelumnya. Keuntungan sebelum cukai adalah 2% lebih rendah tanpa mengambilkira pertukaran wang asing tersebut.

Pendapatan sesaham United Melaka ialah 28.51 sen berbanding 22.77 sen pada tahun sebelumnya. Dalam tahun kewangan, modal berbayar Syarikat telah meningkat daripada RM 207,719,001 kepada RM 209,221,201 disebabkan oleh penawaran 1,502,200 saham biasa di bawah Skim Saham Pekerja.

Pejabat Estet Harun di LAK

PENYATA PENGERUSI (sambungan)

DIVIDEN

Lembaga Pengarah telah mengumumkan dividen interim kedua “single-tier” sebanyak 8 sen bagi tahun kewangan berakhir 30 April 2016 yang akan dibayar pada 19 Ogos 2016.

Bersama-sama dengan dividen interim pertama “single-tier” sebanyak 8 sen yang dibayar pada 3 Februari 2016, jumlah dividen “single-tier” bagi tahun kewangan berakhir 30 April 2016 adalah 16 sen atau RM 33.48 juta. Bagi tahun kewangan sebelumnya, United Malacca membayar dividen “single-tier” sebanyak 16 sen berjumlah RM 33.33 juta.

Lembaga Pengarah United Malacca tidak mencadangkan sebarang dividen akhir bagi tahun kewangan berakhir 30 April 2016.

KEMAMPANAN & TANGGUNGJAWAB KORPORAT

Pengeluaran mampan adalah keutamaan kami bagi melindungi alam sekitar dan untuk meningkatkan produktiviti jangka panjang. Bagi meningkatkan lagi kemampanan, Kumpulan telah menuju ke arah pensijilan. Sejak inisiatif ini bermula pada Mei 2015, kedua-dua estet di Pahang dan Kilang Sawit Bukit Senorang telah memperolehi pengiktirafan Kod Amalan MPOB. Kami menjangka estet and kilang sawit ini akan memperolehi pengiktirafan Minyak Sawit Lestari Malaysia (MSPO) selewat-lewatnya Disember 2016. Pada peringkat Kumpulan, sasaran adalah untuk memastikan semua operasi di Malaysia memperolehi pengiktirafan MSPO selewat-lewatnya akhir 2018.

Butiran aktiviti adalah seperti yang dinyatakan di dalam Penyata Kemampanan & Korporat Tanggungjawab pada halaman 30 ke halaman 37 dalam Laporan Tahunan ini.

Kerjasama penyelidikan dengan Universiti Putra Malaysia (UPM) yang bermula pada 2013 telah memasuki peringkat akhir. Beberapa kajian telah dibuat untuk menangani masalah-masalah yang dihadapi oleh perladangan kelapa sawit.

UPM meneroka pengesanan awal kelapa sawit yang dijangkiti Ganoderma dengan menggunakan Komposit Infra-Merah Imej UAV (CIR). Satu lagi fokus meningkatkan kesuburan tanah untuk meningkatkan hasil BTS dan meningkatkan daya tahan terhadap Ganoderma melalui penambahan tembaga and zink pada tahap yang berbeza.

Konsep pendakian sendiri dengan pergerakkan pemotong putar untuk pemangkasan dan penuaian BTS telah dibangunkan pada peringkat pertama. Ujian robot memanjat itu dilakukan di kebun dan masih terdapat beberapa faktor yang perlu ditangani untuk kecekapan yang lebih baik.

PROGRAM PENGEMBANGAN

Pada 29 Julai 2016, Syarikat telah mengumumkan kepada Bursa Malaysia Securities Berhad yang Syarikat telah menandatangani MOU dengan Adhi Indrawan dan Kartika Dianningsih Antono (“Pihak-Pihak”) dengan tujuan untuk mewujudkan usahasama dengan PT Bintang Gemilang Permai (“BGP”) yang memegang 99.9% kepentingan ekuiti dalam PT Wana Rindang Lestari (“WRL”) yang memegang hak konsesi untuk membangunkan 59,920 hektar tanah dalam kawasan industri perladangan hutan yang terletak di Sulawesi Tengah, Indonesia (“Cadangan Usaha Sama”). Kedua-dua BGP dan WRL adalah Syarikat-Syarikat yang diperbadankan dan bermastautin di Republik Indonesia.

Tertakluk kepada usahawajar yang memuaskan dan kelulusan daripada pihak berkuasa yang berkaitan dengan undang-undang, Syarikat bercadang untuk mengambilalih 60% kepentingan ekuiti dalam Syarikat usahasama pada harga yang akan ditentukan dan dipersetujui oleh pihak-pihak berkepentingan.

Dengan menandatangani MOU membolehkan Syarikat untuk menjalankan usahawajar yang diperlukan berkaitan dengan Cadangan Usaha Sama dan akan membolehkan pihak-pihak berkepentingan untuk terus berunding dan memuktamadkan perjanjian dalam tempoh tertentu. MOU ini berkuatkuasa untuk tempoh enam (6) bulan dari tarikh menandatangani.

Sekiranya berjaya, Cadangan Usaha Sama ini adalah seiring dengan rancangan pengembangan Syarikat untuk meningkatkan tanah perladangan dengan ketara, memperluaskan kehadiran geografi di Indonesia hingga ke Sulawesi, sebagai tambahan kepada estet perladangan sedia ada yang terletak di Kalimantan, dan mempelbagaikan asas tanaman.

PENYATA PENGERUSI (sambungan)

Aktiviti estet di LAK.

PROSPEK TAHUN SEMASA

Kesan El Nino yang paling teruk dalam tempoh 30 tahun telah menjejaskan hasil bagi tahun kewangan semasa dan dijangka berterusan pada tahun kewangan 2017. Pembentukan pendebungaan terjejas kerana cuaca kering yang teruk dan kesan jangkamasa panjang akan dirasai selama 2 tahun. Kami menjangkakan pengeluaran hasil akan kembali normal pada tahun kewangan 2019.

Untuk tahun kewangan 2017, kami menjangkakan hasil akan lebih baik berbanding tahun kewangan 2016. Oleh kerana pengeluaran BTS yang rendah, harga MSM telah pulih dan ini perlu bagi membatasi hasil yang rendah serta memberi pulangan yang lebih baik.

Bagi memastikan pertumbuhan yang berterusan dan kemampanan aktiviti perladangan United Malacca serta meningkatkan pulangan kepada pemegang saham, Lembaga Pengarah akan memberi tumpuan kepada peningkatan hasil, pengawalan kos dan mendapat pulangan daripada perladangan yang baru diambilalih.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan terima kasih kepada semua pekerja yang berusaha dan bekerja keras pada tahun kewangan berakhir 30 April 2016.

Dato' Tan Ang Meng telah menyatakan hasratnya untuk bersara selepas Mesyuarat Agung Tahunan pada 23 September 2016 kerana komitmen mendesak sebagai ketua pegawai strategi di Red Sena Berhad.

Sepanjang tempoh perkhidmatan beliau sebagai pengarah United Malacca Berhad, kewangan, perakaunan dan kepakaran Dato' Tan telah meningkatkan kualiti perbincangan Lembaga Pengarah dan kesediaannya untuk bertemu dalam masa yang singkat walaupun selepas waktu pejabat untuk membincangkan isu-isu penting dan menawarkan nasihat akan sentiasa dihargai.

Seperti tahun-tahun sebelumnya, rakan pengarah dengan rela telah menghabiskan banyak masa dalam memberikan nasihat yang tidak ternilai, seiring di luar bidang kuasa tanggungjawab berkanun mereka, dalam menangani beberapa cabaran utama United Malacca terutama yang berkaitan dengan pengambilan LAK dan INR pada tahun kewangan yang lepas.

DATIN PADUKA TAN SIOK CHOO
Pengerusi

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OPERATIONS

United Malacca Berhad (UMB), formerly known as The United Malacca Rubber Estates Berhad, was founded by the late Tun Tan Cheng Lock on 27 April 1910. Starting as a small rubber growing company with a mere 186 hectares, UMB has grown to become a medium size oil palm plantation company with a total of 49,226 hectares – 24,641 hectares located in Malaysia and 24,585 hectares in Central Kalimantan. UMB owns two palm oil mills in Malaysia with a total capacity of 80 tonnes per hour.

UMB has survived two World Wars, the Great Depression, the Japanese Occupation and the Communist Insurgency. Its growth in hectarage started with its venture in Sabah in 1997, followed by the acquisition of two estates totalling 3,248 hectares in Pahang in 2004, 10,126 hectares in the Kinabatangan area in Sabah in 2009 and the recent maiden investment in Indonesia through the purchase of 83% of PT Lifere Agro Kapuas (LAK) which owns 24,585 hectares (partially planted with oil palms) in Central Kalimantan. As land in Malaysia is getting scarce and expensive, the Group will continue to look out for more plantation land in Indonesia for its long-term expansion.

Map showing UMB estates & mills

Apart from suffering a loss during the Depression and the interruption of its operations during the Japanese Occupation, UMB has been consistently profitable since its establishment. The core values of integrity, hard work, good corporate governance and financial prudence, embraced by its founder, have continued to be the guiding principles of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL RESULTS

Revenue

The Group's revenue for FY2016 declined by 3.5% to RM205.7 million mainly due to lower production of the fresh fruit bunches (FFB) as well as weaker crude palm oil (CPO) and palm kernel (PK) selling prices.

	FY2016	FY2015	Change (%)
Average selling price (RM/MT) :			
CPO	2,207	2,265	- 2.6%
PK	1,690	1,639	+ 3.1%
FFB Production (MT)	310,940	341,200	- 8.9%

Profit Before Tax

For the financial year ended 30 April 2016, the Group's pre-tax profit of RM70.23 million was 20% higher compared with RM58.44 million in the preceding year.

Breakdown of the profit before tax is shown below:

	FY2016 RM'000	FY2015 RM'000
Profit from plantation operations - Malaysia	47,242	50,548
- Indonesia	1,204	-
Investment income	21,788	7,889
Profit before tax	**70,234**	**58,437**

i. Plantations

Malaysian operations

Plantation profit of RM47.24 million was 7% lower compared with RM50.55 million in the preceding year mainly due to lower FFB production by 9% or 30,637 tonnes as well as lower average price of CPO (RM2,207/tonne compared with RM2,265/tonne). FFB production was severely affected by the prolonged dry spell due to the El Nino phenomenon. Our most affected estate, Meridian Plantations in Sabah, which accounts for 38% of the total matured area registered a 22% drop in FFB production. Unlike in 1998, despite depreciation of the Ringgit, CPO prices remained low throughout the financial year due to high edible oil inventory in the market, declining demand from importing countries and low crude oil prices.

Despite lower FFB production, good cost control measures helped to reduce average FFB cost of production (ex-estate) for FY2016 to RM247/t from RM252/t in the preceding year. Cost control measures undertaken include reorganising harvesting operations, optimise usage of vehicles, quality control for field works and performance based payment system. We appreciate the effort by all our employees to stay focused in ensuring good management practice and cost controls.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL RESULTS (continued)

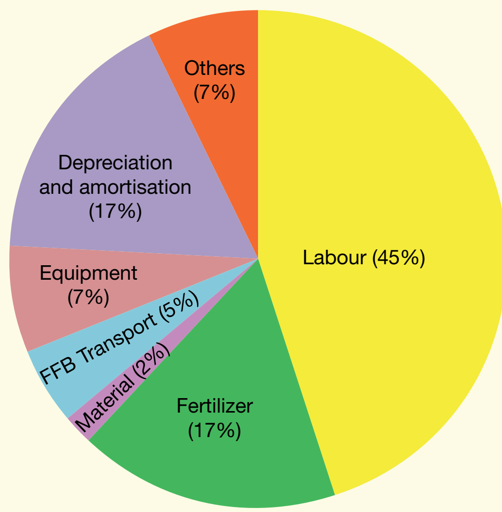
Profit Before Tax (continued)

i. Plantations (continued)

Malaysian operations (continued)

The production cost for FY2016 consist of the following components:

FFB PRODUCTION COST FY2016



Indonesian operations

Our new acquisition in Indonesia contributed RM1.2 million in profit, mainly from scout harvesting in areas that will mature in FY2017.

ii. Investment holding

Investment profit of RM21.79 million was 176% higher compared with RM7.89 million in the preceding year. This was mainly due to foreign exchange gain of RM17.88 million (of which RM4.02 million has been realised) on the USD 50 million loan taken on 22 January 2016 to finance the acquisition of LAK. Excluding this item, the investment profit would be 50% lower compared with that in the preceding year, mainly due to lower dividend income, fair value losses of RM1.41 million on held-for-trading investments as well as interest expense of RM1.23 million due to the USD50 million loan. This is the first loan ever taken by UMB since its establishment. As at 30 April 2016, the loan has been reduced to USD35 million with partial repayment made on 1 April 2016.

Assets and Liabilities

Non-Current Assets increased by RM297.5 million to RM1,881.5 million as at 30 April 2016. This was mainly due to an increase in Biological Assets, Prepaid Land Lease Payments and Goodwill on Consolidation arising from the acquisition of new subsidiaries, LAK and INR.

Higher inventories of RM17.7 million, compared with that of the preceding year of RM8.7 million, were due to carried forward fertilizer stock. Increase in Trade and Other Receivables to RM83.7 million from RM19.6 million was due to plasma receivables in LAK.

Financial Assets at Fair Value Through Profit or Loss and Cash and Bank Balances decreased from RM110.3 million and RM73.8 million to RM23.0 million and RM40.0 million respectively due to the acquisition of new subsidiaries during the year. For the same reason, the Group has an outstanding bank borrowing of RM136.9 million as at 30 April 2016.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

REVIEW OF OPERATING ACTIVITIES

Plantation Operations

In FY2016, an additional 1,178 hectares of oil palm reached maturity, boosting the total to 17,827 matured hectares or 80% of the total planted area in Malaysia. Of the total immature area of 4,351 hectares, 90% are from our estates in Sabah which will mature in two years. Overall planted area in Malaysia stood at 22,178 hectares as at 30 April 2016.

The newly acquired LAK estate in Central Kalimantan has a total land bank of 24,585 hectares, of which 43% or 10,503 hectares have been planted with oil palm. During the period under review, only 226 hectares was matured. Of the immature area of 10,277 hectares, 4,460 hectares will mature in FY2017. Planting the remaining area is progressing well and we target to complete the planting within the next 3 years. In anticipation of more FFB output in the next 2 to 3 years, preparations are underway for a new mill to be constructed. A licence has been obtained for the mill and land earmarked for the site. Total capital expenditure of USD50 million is estimated to be incurred over the next 4 years for new planting and construction of housing, infrastructure and a palm oil mill.

The breakdown of planted area is shown below.

	Malaysia	Indonesia			Total
		Inti	Plasma	Total	
	Ha	Ha	Ha	Ha	Ha
Matured	17,827	124	102	226	18,053
Immature	4,351	5,205	5,072	10,277	14,628
Total planted	**22,178**	**5,329**	**5,174**	**10,503**	**32,681**
Plantable	-			6,497	6,497
Unplantable	2,463			7,585	10,048
Total land bank	**24,641**			**24,585**	**49,226**

Excluding the plasma area, 85% of our Group's oil palms have yet to attain peak productivity. Of the total planted hectarage, 39% of the palms are in prime production (age 8 to 15 years), 11% are on an increasing yield trend (4 to 7 years) and 35% are immature palms of less than 4 years. Only 3% or 772 hectares of palms are more than 20 years. The average age of palms is 8.37 years.

	Malaysia		Indonesia *		Group	
	Ha	%	Ha	%	Ha	%
< 4 years	4,351	20%	5,205	98%	9,556	35%
4 - 7 years	2,977	13%	124	2%	3,101	11%
8 - 15 years	10,640	48%	-	-	10,640	39%
16 - 20 years	3,438	15%	-	-	3,438	12%
21 - 25 years	661	3%	-	-	661	2%
> 25 years	111	1%	-	-	111	1%
Total Planted	**22,178**	**100%**	**5,329**	**100%**	**27,507**	**100%**
Average Age	9.83 years		2.29 years		8.37 years	

* Exclude plasma

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

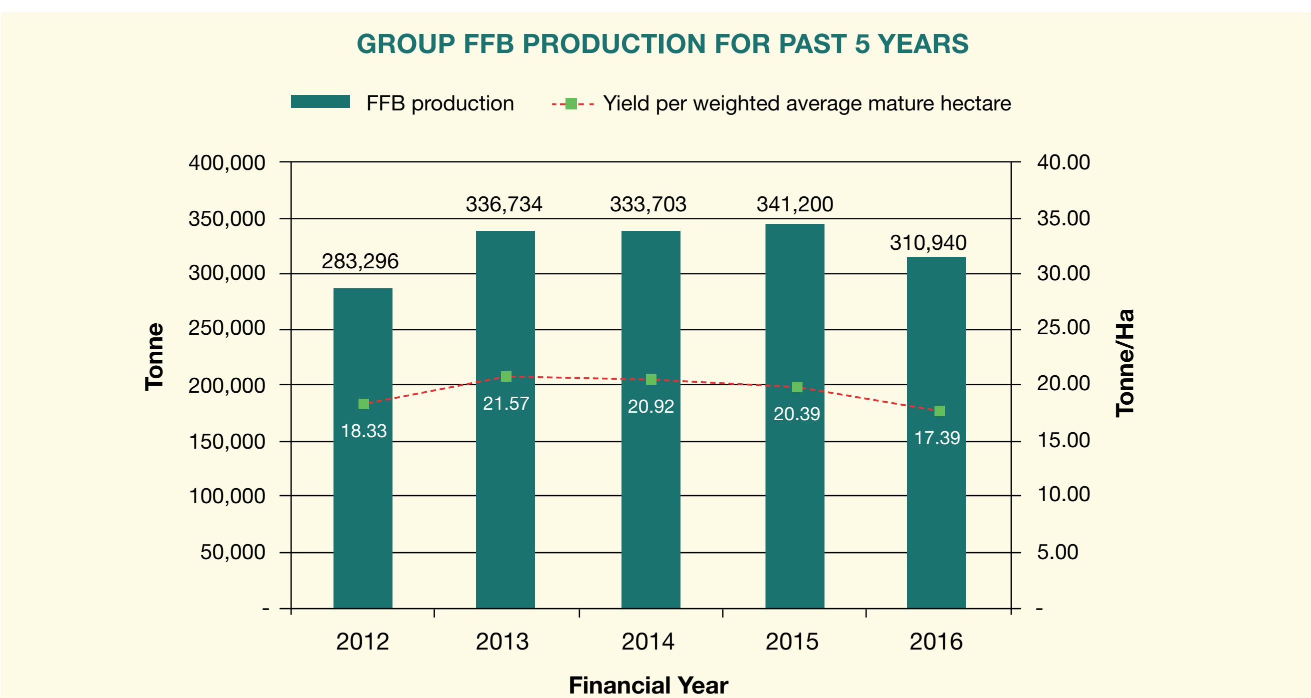
REVIEW OF OPERATING ACTIVITIES (continued)

Plantation Operations (continued)

UMB faced numerous challenges during FY2016 including the El Nino phenomenon, labour shortages, volatile CPO price, a depreciating Ringgit and competition from other vegetable oils. The prolonged dry weather has caused a significant drop in FFB production. In FY2016, total FFB production from Malaysia was 310,563 tonnes, a fall of 9% compared with the last financial year. FFB production by Peninsular Estates was 125,680 tonnes (40%) while Sabah Estates produced a total of 184,883 tonnes (60%).

The Group's Indonesia plantations contributed 377 tonnes of FFB for the period 1 February to 30 April 2016 from its matured area of 124 hectares. With the young average age profile of 2.29 years, FFB production from LAK is expected to increase significantly in the near future.

Young oil palms in LAK, Central Kalimantan.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

REVIEW OF OPERATING ACTIVITIES (continued)

Plantation Operations (continued)

Despite the challenges faced, UMB's shift towards high yields and high oil extraction rate continues. El Nino phenomenon may be temporary with its force expected to weaken by June 2016, but its detrimental impact will persist for a longer period. Reduction in bunch production is expected 6-12 months later (floral abortion phase) or 20-24 months later (sex determination phase). Therefore, various efforts were implemented to counter the negative impacts of the dry spell such as the construction of water conservation trenches.

Good quality FFB.

Water conservation.

Notwithstanding the young average palm age of 8.37 years, the Group has drawn up a replanting programme for palms above 20 years - consisting of only 4% of the area in Malaysia - to ensure FFB yield production improves over the years. For the current year under review, we have incurred RM1.83 million on new replanting as well as maintaining immature oil palms planted over 439 hectares. In the coming financial year, about 200 hectares of old palms will be replanted. To strengthen our goal towards achieving high yields, management has moved towards high-yielding clonal materials as our main planting materials in all future replanting. At present, about 93 ha of our replanted areas are planted with clonal materials. The Group is committed to carry out replanting in a sustainable manner with commitment to zero burning, thus protecting the environment.

Clonal seedlings.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

REVIEW OF OPERATING ACTIVITIES (continued)

Plantation Operations (continued)

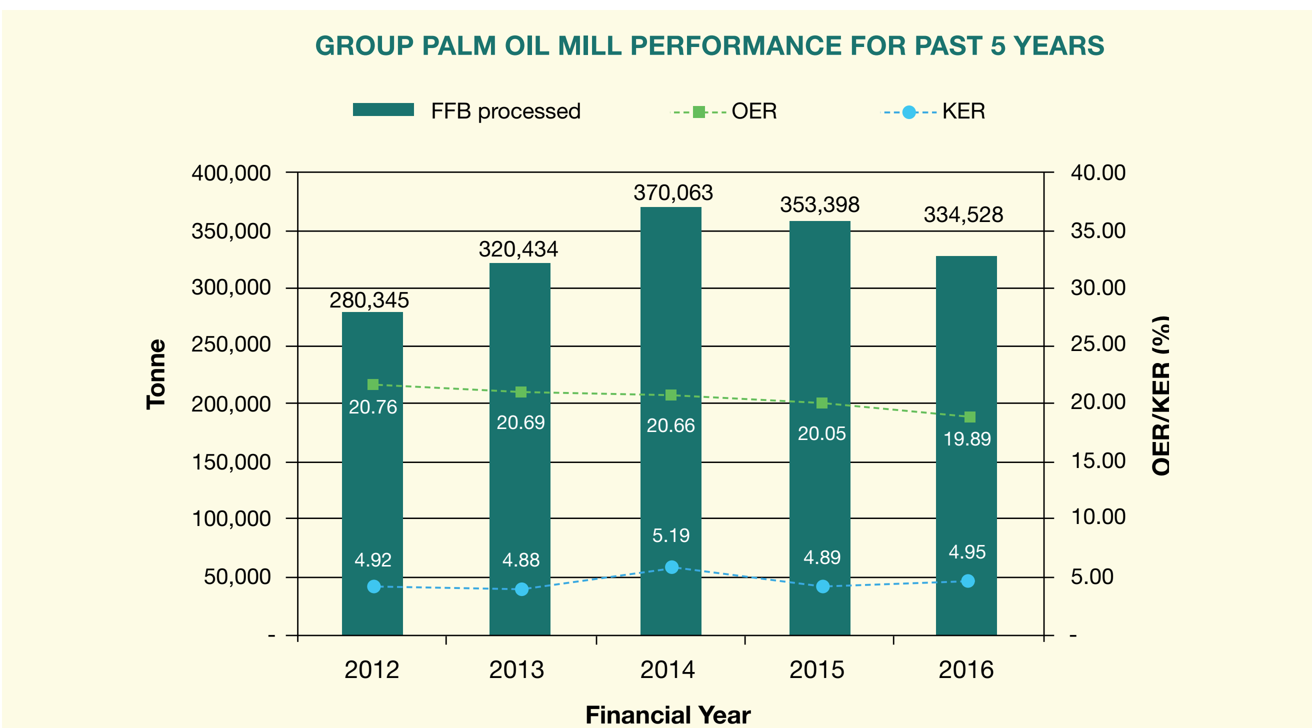
With labour the biggest challenge facing the plantation industry, the Group has implemented mechanisation in most of our estates to reduce dependency on labour. For FFB infield loading, the Group has added 6 units of mini tractors coupled with grabbers and scissor lift trailers in FY2016 and another 21 units will be purchased in FY2017. The Group has also budgeted 6 units of fertiliser spreaders in FY2017 to mechanise manuring operation.

Milling Operations

The Group owns two palm oil mills, Bukit Senorang Palm Oil Mill and Meridian Palm Oil Mill with a total production capacity of 80 tonnes per hour (tph). In FY2016, total FFB processed was 334,528 tonnes, lower by 5% compared with 353,398 tonnes in the preceding year. UMB's own crop accounted for 73% of the total crop processed. Lower FFB processed was due to lower FFB production from own estates.

The two mills recorded total production of 66,525 tonnes (2015: 70,850 tonnes) of CPO and 16,566 tonnes (2015: 17,270 tonnes) of palm kernel and achieved an average of 19.89% oil extraction rate (OER) (2015: 20.05%) and 4.95% kernel extraction rate (KER) (2015: 4.89%) in FY2016. Lower OER was due to inclement weather which affected output of quality FFB.

The Group plans to set up another two oil mills, one in Millian-Labau Plantations in Sabah and another in LAK in Kalimantan with capacity of 40 tph and 45 tph respectively.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FORWARD LOOKING STATEMENT

Extreme dry weather due to El Nino which affected yields for FY2016 will continue into the first half of the current financial year. However, the Group expects a better FFB output for the financial year ending 30 April 2017, with an additional 2,500 hectares coming into maturity (833 hectares from Malaysia and 1,667 hectares from Indonesia plantations). Overall, management targets to achieve an increase of 15% in FFB production i.e. 10% contributed from Malaysia estates and 5% from Indonesia.

The Group's performance will be influenced to a large extent by trends in palm oil prices and production cost. This includes the increase in minimum wages effective 1 July 2016 and rising cost of raw materials. Nevertheless, management's priority remains focused on improving labour productivity, cost efficiency and better estate management practices.

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

To broaden its earning base and not overly depend on a single commodity, the Group is exploring diversifying into other crops and increasing its land bank. To meet the challenges ahead and facilitate expansion plans, we are also focused on improving the skills and capabilities of our staff through enhanced training and more scholarships for students studying in universities.

The Group is anticipating higher production growth from the younger palms in Sabah and our Indonesian operations with more planted areas coming into maturity in the coming years. Barring any unforeseen circumstances such as a volatile CPO prices, currency fluctuations and weather conditions, we expect satisfactory results in the coming financial year.

This Statement is made in accordance with the resolution of the Board of Directors passed on 15 August 2016.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY

We in UMB believe in doing business in a sustainable manner to generate value to our stakeholders while simultaneously conserving the natural environment and uplifting the social and economic conditions of its employees and the community. To underscore our commitment to be a certified sustainable palm oil producer, a sustainability team was formed to guide and synergise the operations on the ground and to achieve MPOB Code of Practices (COP) certification and also the Malaysian Sustainable Palm Oil (MSPO) certification.

Over the years, UMB believes it has a duty to care for the welfare of communities where its estates are located.

In July 2015, UMB unveiled its MSPO Implementation and Commitment Policies which aim to adopt the following:

- Maintain a safe and healthy working environment
- Conserve and protect the environment
- Conduct its business without compromising on quality of its palm oil
- Uphold and respect social human rights & equal opportunity for employees
- Create a workplace free of sexual harassment & other forms of gender discrimination

OUR PEOPLE

United Malacca Berhad aims to balance the needs of people, planet and economic prosperity. We aim to contribute to a better society, protect the environment and deliver a sustainable business.

Safety and Health Commitment

Providing our employees an assurance of a safe and conducive working environment is UMB's objective. To achieve this objective, a Safety & Health Policy and Personal Protective Equipment Policy were established.

Safety briefing on use of ear plug at Meridian Palm Oil Mill.

Code of Practice Internal Audit briefings to workers in Paitan Estate.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY (continued)

OUR PEOPLE (continued)

Achieving Zero Major Accident

We had no cases of major occupational safety and fatality incidents for the financial year ended 30 April 2016. This was due to a concerted effort to ensure that all workers adhered to enhanced procedures for safe practices in our operations.

The Sustainability & Mechanisation Department together with the Environment, Safety and Health Department ensures the safety of our workers by providing a safe and conducive working environment.

Training on the Implementation of Mini Grabber for infield collection at Meridian Estate.

Fertilizer Spreader carrying out application in field.

Continuous training programmes are regularly carried out to ensure standards and effectiveness of employees' safety can be sustained.

Mini Tractor Grabber Training in Bukit Senorang Estate.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY (continued)

OUR PEOPLE (continued)

Our Employees

Our employees are our most important assets and UMB strives to provide the best working conditions. In our plantations, we provide good housing and living amenities to employees and their families.

To nurture healthy employees, sport facilities are provided. Every year, we organise annual sports day involving all employees. Employees are also encouraged to grow fruits and vegetables in all estates to provide a balanced diet and improve their health.

The workers' quarters in MLP 4 Estate (left) and Bukit Senorang Estate (right).

The Champion for UMB 2015 Sports Day – MPSB.

Netball game during UMB 2015 Sports Day.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY (continued)

OUR PEOPLE (continued)

Social Contribution

United Malacca Berhad offers scholarships to eligible Malaysian citizens who wish to pursue full-time undergraduate courses in local universities. UMB also makes donations annually to non-profit organisations.

Presentation of Scholarship Awards & Donation to non-profit organizations during UMB 2015 Annual Dinner.

Student Awards in our Plantation.

Our human resource policy enshrines the following:

- Non-discrimination on the grounds of religion, ethnicity or gender
- Zero tolerance towards physical or verbal harassment in the workplace
- Protecting the rights of employees to be treated with dignity and respect
- Respecting the rights of employees to freedom of association
- Ensuring grievance channels are available

SUSTAINABILITY AND CORPORATE RESPONSIBILITY (continued)

THE ENVIRONMENT

To fulfil its aim of being a sustainable grower, UMB works in harmony with the environment through sustainable utilisation of natural resources i.e. soil, water and beneficial organisms.

Soil Management

Apart from weather, soil is an important determinant of fruit production. Enhancing soil quality is thus our priority. This involves:

- Enveloping the soil with leguminous cover crops i.e. mucuna bracteata.
- Recycling oil palm wastes to return the nutrients back to the soil.
  - Pruned fronds and empty fruit bunches (EFB) are stacked between rows of oil palms. Decomposition of these biomass improves soil nutrients and aids in moisture retention.
- Promoting a healthy relationship between soil and microbes.

Pruned fronds are stacked between rows of oil palms.

EFB from the mill are also applied between rows of oil palms.

Palm Oil Mill Effluent (POME) discharge for field irrigation through furrow system.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY (continued)

THE ENVIRONMENT (continued)

Minimising Chemical Usage

UMB aims to minimise the use of chemicals in our plantations through maintaining cover crops and soft grass.

Minimise use of chemicals by maintaining soft grasses.

Integrated Pest Management

Integrated Pest Management suppresses pests below the threshold level by utilising biological methods. Beneficial plants like *Turnera subulata, Antigonon leptopus* and *Cassia cobanensis* are cultivated along main roads and field roads. This helps to build up the population of natural predators of oil palm pests.

Antigonon plant.

Beneficial insects spotted at Turnera.

Cultivation of Turnera in the nursery.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY (continued)

THE ENVIRONMENT (continued)

Integrated Pest Management (continued)

Encourage the breeding of barn owls for biological control of the rat population.

Barn owl nest in the field.

Biodiversity Conservation

Conservation policies are instituted to protect the environment and add value to our stakeholders. In our premises,

- Killing of wildlife is prohibited
- No chemical activity is allowed along the riparian buffer zone
- Conservation areas are undisturbed.

Waterfall area in Millian-Labau estate is conserved and left undisturbed.

Riparian reserve conservation.

Riparian Buffer Zone in Tengkarasan Estate.

Hunting is prohibited.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY (continued)

THE ENVIRONMENT (continued)

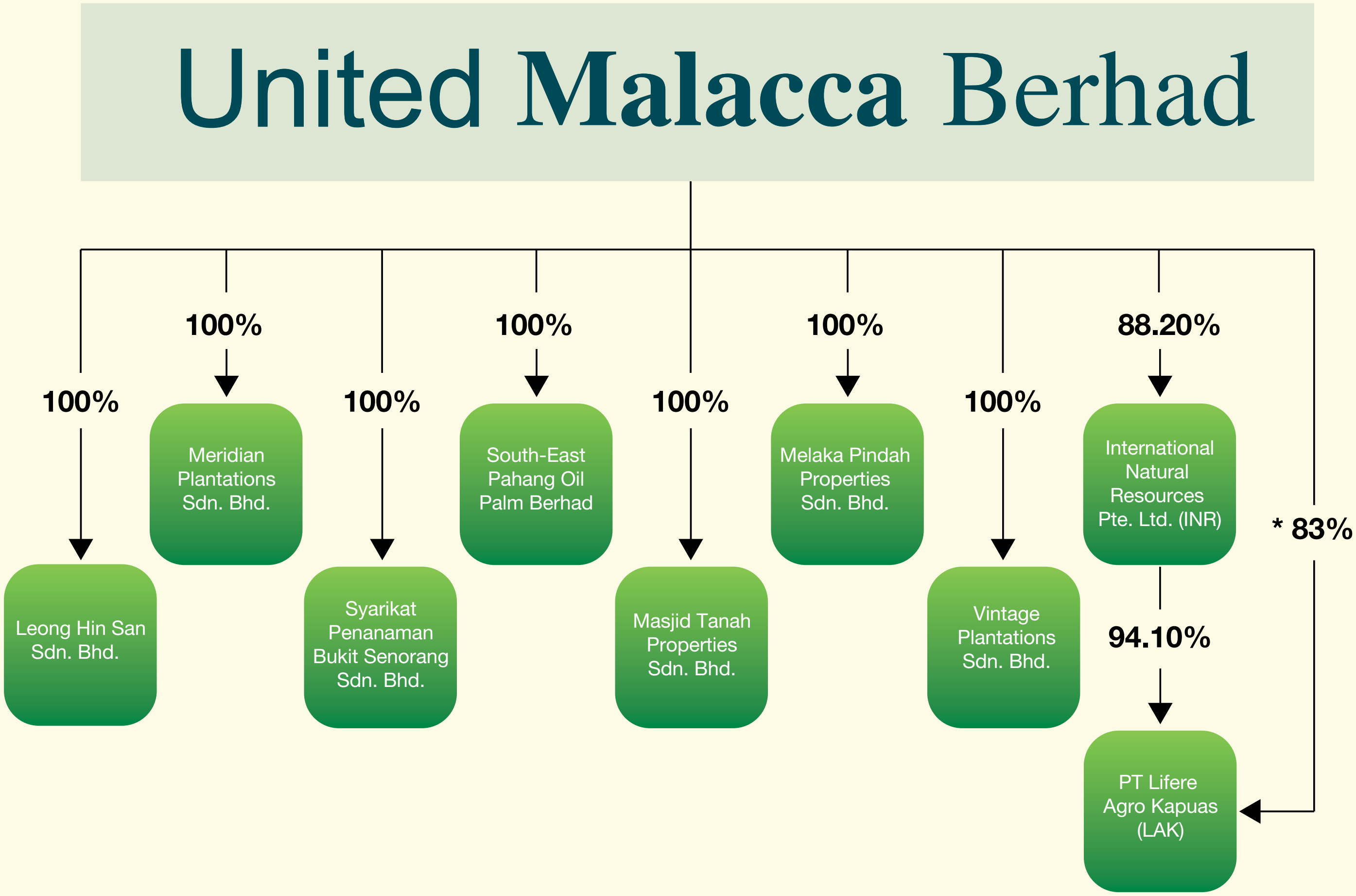
Zero Burning in Replanting

UMB has a zero burning policy. Felled palms are chipped and left in the field which aids in recycling of organic matter to the soil, thus enhances soil fertility and protects the environment.

Replanting work in Machap Estate.

This Statement is made in accordance with the resolution of the Board of Directors passed on 15 August 2016.

CORPORATE STRUCTURE
AS AT 29 JULY 2016

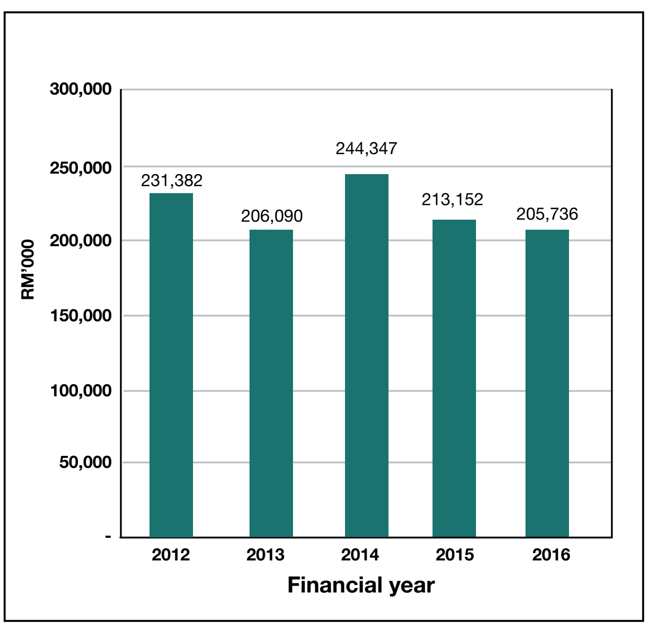


* 83% effective equity interest in LAK via INR

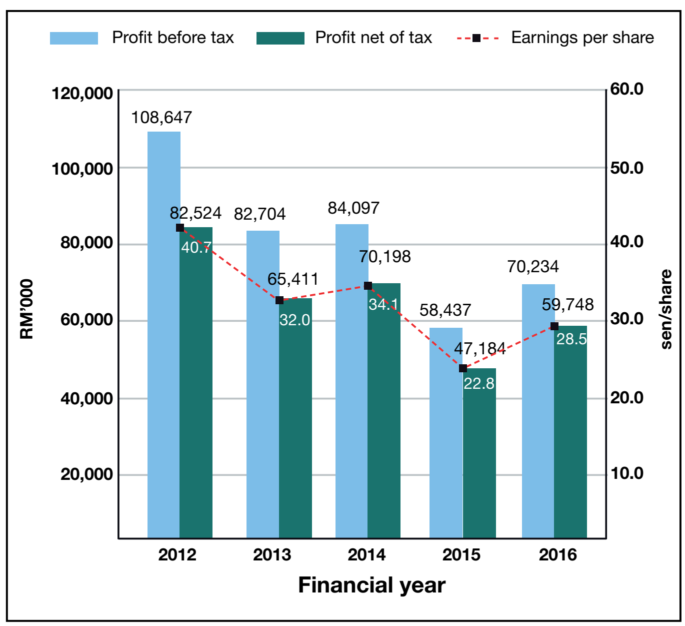
FIVE YEARS' FINANCIAL STATISTICS

	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000
REVENUE					
Plantation	**205,736**	213,152	244,347	206,090	231,382
GROUP PROFIT					
Oil palm products	**50,276**	53,144	73,825	72,788	102,061
Replanting expenses	**(1,830)**	(2,596)	(4,179)	(2,870)	(3,266)
Profit from plantation activities	**48,446**	50,548	69,646	69,918	98,795
Gain on disposal of an associate	**-**	-	5,675	-	365
Investment income	**21,788**	7,889	8,776	8,414	6,685
Operating profit	**70,234**	58,437	84,097	78,332	105,845
Share of results of associates	**-**	-	-	4,372	2,802
Profit before tax	**70,234**	58,437	84,097	82,704	108,647
Income tax expense	**(10,486)**	(11,253)	(13,899)	(17,293)	(26,123)
Profit net of tax	**59,748**	47,184	70,198	65,411	82,524
Profit net of tax attributable to:					
Owners of the Company	**59,572**	47,184	70,198	65,411	82,524
Non-controlling interests	**176**	-	-	-	-
	59,748	47,184	70,198	65,411	82,524
Earnings per share attributable to owners of the Company (sen)	**28.5**	22.8	34.1	32.0	40.7

Revenue



Profit and Earnings per Share



FIVE YEARS' FINANCIAL STATISTICS (continued)

	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000
ASSETS					
Property, plant and equipment	**683,930**	681,453	692,545	685,060	446,825
Biological assets	**955,305**	846,483	827,418	803,422	427,981
Prepaid land lease payments	**133,047**	11,355	11,829	10,254	4,037
Investment property	**1,147**	1,054	1,040	960	-
Goodwill on consolidation	**86,777**	18,628	18,628	18,628	18,628
Investment in associate	**-**	-	-	-	28,403
Available-for-sale investments	**21,272**	25,002	47,418	57,105	41,756
Current assets	**182,692**	230,323	211,949	166,016	195,145
Non-current assets held for sale	**-**	-	-	31,536	-
Total assets	**2,064,170**	1,814,298	1,810,827	1,772,981	1,162,775
EQUITY AND LIABILITIES					
Equity					
Issued and paid-up share capital	**209,221**	207,719	206,503	205,109	203,473
Capital reserves	**893,844**	897,275	895,596	897,977	350,600
Revenue reserves	**605,586**	575,175	573,858	543,038	529,431
Equity attributable to owners of the Company	**1,708,651**	1,680,169	1,675,957	1,646,124	1,083,504
Non-controlling interests	**41,530**	-	-	-	-
Total equity	**1,750,181**	1,680,169	1,675,957	1,646,124	1,083,504
Liabilities					
Term loan	**136,896**	-	-	-	-
Deferred tax liabilities	**150,840**	111,605	111,661	105,232	56,504
Current liabilities	**26,253**	22,524	23,209	21,625	22,767
Total liabilities	**313,989**	134,129	134,870	126,857	79,271
Total equity and liabilities	**2,064,170**	1,814,298	1,810,827	1,772,981	1,162,775
FINANCIAL STATISTICS					
Earnings per share (sen)	**28.5**	22.8	34.1	32.0	40.7
Gross/Net dividend per share (sen)	**16.0**	16.0	26.0	21.0	26.0
Net dividend yield per share (%)	**2.7**	2.5	3.6	2.9	3.4
Return on average total assets (%)	**3.1**	2.6	3.9	4.5	7.2
Return on average equity (%)	**3.5**	2.8	4.2	4.8	7.8
Price earnings ratio (times)	**20.9**	28.0	20.9	22.8	18.8
Net assets per share (RM)	**8.2**	8.1	8.1	8.0	5.3
Share price as at financial year end (RM)	**5.96**	6.38	7.13	7.30	7.64
Debt/Equity (%)	**7.8**	N/A	N/A	N/A	N/A

GROUP TITLED AREA STATEMENT

In Hectares	2016			2015	2014	2013	2012
	Malaysia	Indonesia	Total	Malaysia	Malaysia	Malaysia	Malaysia
Oil Palm							
Mature	**17,827**	**124**	**17,951**	16,698	15,940	15,614	15,253
Immature	**4,351**	**5,205**	**9,556**	5,713	6,396	6,047	6,015
	22,178	**5,329**	**27,507**	22,411	22,336	21,661	21,268
Oil Palm (Plasma)							
Mature	**-**	**102**	**102**	-	-	-	-
Immature	**-**	**5,072**	**5,072**	-	-	-	-
	-	**5,174**	**5,174**	-	-	-	-
Total Planted Area	**22,178**	**10,503**	**32,681**	22,411	22,336	21,661	21,268
Development in progress	**-**	**-**	**-**	-	-	442	-
Plantable area	**-**	**6,497**	**6,497**	40	40	255	649
Unplantable area	**2,463**	**7,585**	**10,048**	2,190	2,265	2,217	2,217
Total Group Titled Area	**24,641**	**24,585**	**49,226**	24,641	24,641	24,575	24,134

FIVE YEARS' PLANTATION STATISTICS

	2016	2015	2014	2013	2012
ESTATES					
FFB production (tonne)	**310,940**	341,200	333,703	336,734	283,296
Yield per weighted average mature hectare (tonne/ha)	**17.39**	20.39	20.92	21.57	18.33
MILLS					
FFB processed (tonne)	**334,528**	353,398	370,063	320,434	280,345
Production					
- Crude palm oil (tonne)	**66,525**	70,850	76,455	66,299	58,191
- Palm kernel (tonne)	**16,566**	17,270	19,221	15,621	13,801
Oil extraction rate (OER) (%)	**19.89**	20.05	20.66	20.69	20.76
Kernel extraction rate (KER) (%)	**4.95**	4.89	5.19	4.88	4.92
AVERAGE SELLING PRICE					
Crude palm oil (RM/tonne)	**2,207**	2,265	2,485	2,516	3,152
Palm kernel (RM/tonne)	**1,690**	1,639	1,624	1,337	2,005
FFB (RM/tonne)	**429**	433	489	484	657

AUDIT COMMITTEE REPORT

1. Introduction

Pursuant to Paragraph 15.15 of the Bursa Malaysia Securities Berhad's Listing Requirement, the Board of Directors of United Malacca Berhad is pleased to present the Audit Committee Report for the financial year ended 30th April 2016.

2. Composition

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

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

Members : Tan Sri Dato' Ahmad bin Mohd Don
(Independent Non - Executive Director)
Datin Paduka Tan Siok Choo
(Non - Independent Non - Executive Director)
Mr Teo Leng
(Independent Non - Executive Director)

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

(ii) The members of the 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.

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

AUDIT COMMITTEE REPORT (continued)

3. Objectives

(i) The Audit Committee serves 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 the Board of Directors' principal agent in ensuring the independence of the Company's External Auditors and the adequacy of disclosures to stockholders.

4. Authority

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

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

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

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

(iv) Availability of resources which are required to perform its duties.

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

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

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

5. Meetings

The Audit Committee met on four (4) occasions during the FY 2015/2016 and the attendance of each member of the Audit Committee is as follows:

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

The Company Secretary acts as Secretary to the Audit Committee. Minutes of each meeting are kept and circulated to the Audit Committee members and to all other members of the Board of Directors. The Chairman of the Audit Committee reports on key issues discussed at each meeting to the Board of Directors.

AUDIT COMMITTEE REPORT (continued)

5. Meetings (continued)

(i) Meeting

Meetings shall be held not less than four (4) times a year. The Chairman may call for additional meetings at any time at his discretion. Upon request by the External Auditors, the Chairman shall convene a meeting of the Audit Committee to consider any matter the External Auditors believe should be brought to the attention of the Board of Directors or Stockholders.

(ii) Quorum

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

(iii) Attendance At Meeting

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

6. Summary of Works

Summary of works undertaken by the Audit Committee during FY 2015/2016 encompassed the following:

(i) Reviewing and recommending for Board of Directors' approval the quarterly financial results for announcement to the Bursa Malaysia Securities Berhad in compliance with the Revamped Quarterly Reports pursuant to Bursa Malaysia Listing Requirements by focusing on:

- Changes in or implementation of major accounting policies
- Significant and unusual events
- Compliance with accounting standards and other legal requirements.

(ii) Reviewing and recommending for Board of Directors' approval the overall presentation of the annual audited financial statements 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.

(iii) 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 and reporting them to the Board of Directors.

(iv) Reviewing and approving the Annual Audit Plan for FY 2015/2016 and appraising the audit scope, programme, functions, resource requirements, audit reports and recommended actions to be taken by the Management, and their implementation.

(v) Reviewing and recommending for Board of Directors' approval the proposed fees of the External Auditors for FY 2015/2016.

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

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

AUDIT COMMITTEE REPORT (continued)

6. Summary of Works (continued)

(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.

For FY 2015/2016, the Audit Committee held two (2) private sessions with the External Auditors on 21st September 2015 and 29th March 2016 respectively without the presence of Management to discuss any issues or significant matters, which the External Auditors wished to raise. The External Auditors also provided written assurance of their independence as stated in their Audit Engagement Letter dated 9th December 2015 to the Audit Committee that they are, and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

7. Internal Audit

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

Submission of the audit results and recommendations by Internal Auditor to the Management and Audit Committee would provide pertinent information about weaknesses in the system of internal controls thus allowing Management to take remedial actions on audit issues raised.

Due to Group's estates in Sabah, an internal audit team has been established in Millian Labau Plantations, Keningau since September 2012, and responsible to undertake normal audit works and audit investigations, if any, for Sabah operations in accordance with the Annual Audit Plan, which is approved by the Audit Committee. During the financial year, a new unit of internal audit team has also been established in Indonesia with responsibilities for auditing for the newly acquired estates in Kalimantan, Indonesia.

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 Senior Assistant Manager, and supported by four (4) Executives. The Senior Manager and Senior Assistant Manager are registered members 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. The total cost incurred in managing the internal audit function during the financial year ended 30th April 2016 was RM 437,503 [2015: RM 484,107]. The lower cost incurred this financial year was due to staff vacancies in the Internal Audit Department.

AUDIT COMMITTEE REPORT (continued)

7. Internal Audit (continued)

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 2015/2016, Internal Audit Department had undertaken the following summary of works 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 value-added recommendations for more effective and efficient use of resources within the Company.

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

(iii) Establishing a follow up process to determine the implementation status of management's plans to address issues reported in preceding audit visits.

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

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

(vi) Conducting investigation audits or ad-hoc reviews of other areas that affects financial reporting or a threat on the security of the Company's assets.

In total, Internal Audit Department issued 28 audit reports covering the operations in the Head Office, estates and palm oil mills in Peninsular Malaysia and Sabah as outlined in the Annual Audit Plan. It includes 6 special investigation audits carried out at the request of Management. Follow up audit reviews were also carried out to monitor and ensure that audit recommendations were implemented. High risk auditable areas such as stores and manuring, FFB collection and despatch, estate payroll, vehicle operating cost, FFB quality and mill operations were part of the audit programme.

This Statement is made in accordance with the resolution of the Board of Directors passed on 15 August 2016.

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

Recognising 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 Requirements"), 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 2016.

1. BOARD OF DIRECTORS

1.1 Board Responsibilities

The Board plays a key role in charting the Group's strategic direction and development. Its six primary responsibilities include 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 a Board Charter which is accessible through United Malacca's website at *www.unitedmalacca.com.my.* The Charter sets out the matters specifically reserved for the Board and the powers delegated to its Committees and to the CEO. The Board delegates responsibility for the day-to-day management of the Group to the CEO, but retains responsibility for the overall strategy, governance and performance of the Group. The CEO then delegates authority to the appropriate Senior Executives for specific activities and transactions.

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 five Directors, comprising the Chairperson who is a Non-Independent Non-Executive Director and four 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, the Nomination Committee reviews the composition and size of the Board to ensure its appropriateness.

The roles of the Chairperson and Chief Executive Officer (CEO) are segregated with 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. The Chairperson ensures orderly conduct and proceedings of the Board and general meetings and ensures every resolution is put to vote to reflect the collective decision of the Board.

The Chairperson also maintains regular dialogue and meetings with the CEO, Senior Managers, heads of operating centres as well as institutional investors and research analysts.

The CEO is the link between the Board and Management in ensuring the success of the Group's governance and management functions. Authority conferred on Management is delegated through the CEO and the CEO will be accountable to the Board.

STATEMENT ON CORPORATE GOVERNANCE (continued)

1. BOARD OF DIRECTORS (continued)

1.2 Board's Composition (continued)

The CEO is responsible for the day to day management of the Group's operations and implementation of the business strategy, annual operating plan, budget as well as Board policies and decisions. The CEO ensures execution of strategies, effective operations within the Group and briefs the Board on key matters pertaining to the Group.

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

The profiles of the Directors are set out in this Annual Report on pages 7 to 11.

1.3 Tenure of Independent Directors

Independent Directors are required to be independent of management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgment taking into account the interest of the Group, shareholders, employees, customers and communities where the Group conducts business.

While remaining committed to the progressive renewal of Board membership and the recommendations of the Code, the Board believes a Director's independence cannot be determined solely on tenure as limitation of term of service may result in a significant loss of experience and judgement of Board members who make critical contributions to the Company.

The Board currently comprises 4 Independent Directors. All Directors are objective and independent in their decision making. Directors' length of service has not interfered with the exercise of independent judgement and the discharge of their roles as Independent Directors during the financial year ended 30 April 2016.

Two Directors, Tan Sri Dato' Ahmad Bin Mohd Don and Mr. Tan Jiew Hoe have served on the Board for more than 9 years. The Board is of the opinion that both Directors possess unique expertise and are able to bring independent and objective judgement to the Board's deliberations and their position as directors has not been compromised by their familiarity and long relationship with other Board members. The Board also recognises the benefits of experience and stability of having longer-serving Directors who have gained a deep understanding of the industry and are able to offer in-depth knowledge and historical context for consideration during discussions and decision-making.

In line with the recommendation of MCCG 2012, the Board will seek the approval of the shareholders at the forthcoming Annual General Meeting for Tan Sri Dato' Ahmad Bin Mohd Don and Mr. Tan Jiew Hoe to continue as an Independent Directors.

STATEMENT ON CORPORATE GOVERNANCE (continued)

1. BOARD OF DIRECTORS (continued)

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 convened as and when necessary to discuss special or major issues.

During the financial year ending 30 April 2016, the Board held eight meetings. As required by Paragraph 15.05 of the Bursa Malaysia Securities Berhad's Listing Requirements, all Directors have complied with the minimum 50% attendance.

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

All deliberations and conclusions of Board meetings are recorded in the minutes 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	Attendance
Datin Paduka Tan Siok Choo, Chairperson	8 out of 8 meetings
Tan Sri Dato' Ahmad Bin Mohd Don	8 out of 8 meetings
Mr. Tan Jiew Hoe	6 out of 8 meetings
Mr. Teo Leng	8 out of 8 meetings
Dato' Tan Ang Meng	8 out of 8 meetings

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

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 sent by courier 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 Directors with relevant information.

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

In between Board meetings, the CEO and Senior Management meet 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 update their understanding of operational issues.

Directors have full access to all company information and records as well as to the Company Secretaries and Senior Management.

Directors are entitled, with the approval of the Chairperson, to obtain independent professional advice relating to their role as directors, at the Company's expense.

STATEMENT ON CORPORATE GOVERNANCE (continued)

1. BOARD OF DIRECTORS (continued)

1.7 Board Committees

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

Specific responsibilities have been delegated to these Committees which operate within clearly defined terms of reference and in compliance with the recommendations of the Malaysian Code on Corporate Governance 2012. The Chairman of the respective Committees will report to the Board on matters discussed at these meetings. Minutes of these meetings are also circulated to the full Board.

The Chairmanship of the Board Committees would be rotated amongst its members once in every 5 years.

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

1.8 Appointments to the Board

Board renewal and succession planning is an important part of the governance process. The Board regularly reviews and evaluates its succession planning, and the Nomination Committee oversees this process.

The Nomination Committee is responsible for recommending new appointments to the Board and ensures 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 conducts an annual review and evaluation of the conduct and performance of the Board and Board Committees based upon completion by all Directors of assessment forms which include self-assessment by individual directors. The process aims to assess the overall performance of the Board as a whole as well as the individual Board member and the effectiveness of the Board Committees.

The Board is satisfied with the review conducted by the Nomination Committee for the financial year ended 30 April 2016; its review states the Board and its Committees had discharged their duties and responsibilities.

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

The Nomination Committee comprises the following members:-

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

STATEMENT ON CORPORATE GOVERNANCE (continued)

1. BOARD OF DIRECTORS (continued)

1.8 Appointments to the Board (continued)

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

During the financial year ended 30 April 2016, the Nomination Committee conducted one meeting and the attendance of each member is as follows:-.

Nomination Committee	Attendance
Mr. Tan Jiew Hoe, Chairman	1 out of 1 meeting
Tan Sri Dato' Ahmad Bin Mohd Don	1 out of 1 meeting
Mr. Teo Leng	1 out of 1 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 every three years.

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

Directors over seventy years of age are required to seek re-appointment annually in accordance with Section 129 (6) of the Companies Act 1965. Currently, there is no Director who is over 70 years of age.

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-election at the forthcoming Annual General Meeting are disclosed in the Notice of Annual General Meeting in this Annual Report.

1.10 Directors' Training

Ongoing director education is provided through regular management presentations on key business functions or activities and visits to the Group's estates/operating centres in Malaysia and Indonesia. Directors are also offered access to external education and professional development training at the Company's expense.

External Auditor, Ernst & Young, also addresses the Board from time to time on new accounting standards as well as changes in financial reporting requirements and regulatory environment. Most of the topics are determined in advance and form part of the Board's annual meetings. Information about new developments affecting the plantation industry is provided by one Director, Mr. Teo Leng who sits on the Council of the Malaysian Palm Oil Association.

STATEMENT ON CORPORATE GOVERNANCE (continued)

1. BOARD OF DIRECTORS (continued)

1.10 Directors' Training (continued)

To ensure directors remain equally informed on all material matters impacting the Group's businesses, copies of submissions for Board and Board Committee meetings are provided to all directors.

During the year, the Directors participated in the following conferences, seminars and training workshops:-

Name of Director	Conference / Seminar / Workshop
Datin Paduka Tan Siok Choo	Bank Negara Malaysia FIDE Forum - Industry Consultation Session: Directors' Remuneration Study
	Securities Commission – Corporate Governance: Balancing Rules & Practices
	ISIS Malaysia – 29th Asia Pacific Roundtable
	Bursa Malaysia Board Chairman Series Part 2 : Leadership Excellence from the Chair
	Bursa Malaysia – Corporate Governance Breakfast Series With Directors : How to maximise Internal Audit
	Bursa Malaysia - Breakfast Series : Future of Auditor Reporting – The Game Changer for Boardroom
	Bursa Malaysia - Corporate Governance Breakfast Series With Directors : Board Reward & Recognition
	Bursa Malaysia - Corporate Governance Breakfast Series For Directors - Improving Board Risk Oversight Effectiveness
	ISIS Malaysia – The Future of Think Tanks and Nation Building in Malaysia
	Bursa Malaysia - Nominating Committee Programme Part 2 : Effective Board Evaluation
Tan Sri Dato' Ahmad Bin Mohd Don	Understanding the Corporate Disclosure Guide issued by Bursa Malaysia, best practices in promoting boardroom effectiveness and accountability and other topics
	Corporate Governance Breakfast Series with Directors: Future of Auditor Reporting – The Game Changer for Boardroom
	Amendments to MFRS 141: Agriculture – Bearer Plants Sustainability Reporting

STATEMENT ON CORPORATE GOVERNANCE (continued)

1. BOARD OF DIRECTORS (continued)

1.10 Directors' Training (continued)

Name of Director	Conference / Seminar / Workshop
Mr. Tan Jiew Hoe	7th Palm Oil & Rubber Summit
Mr. Teo Leng	7th Palm Oil & Rubber Summit
	Palm & Lauric Oils Price Outlook Conference & Exhibition (POC 2016)
	Programme Advisory Committee (PAC) Seminar
	2015 National Conference on Governance, Risk and Control
Dato' Tan Ang Meng	Corporate Governance Breakfast Series With Directors – How To Maximize Internal Audit
	Risk Management and Internal Control Workshop
	Tricor Breakfast Talk - Analysis of Corporate Governance Disclosures in Annual Reports

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

2. DIRECTORS' REMUNERATION

Remuneration for Directors is aimed at attracting and retaining individuals needed to successfully manage the Group's business.

The Remuneration Committee is responsible for reviewing and recommending to the Board every year the remuneration framework, policy and packages of the CEO and key senior management officers.

The Remuneration Committee comprises the following members:-

Chairman	Tan Sri Dato' Ahmad Bin Mohd Don *Independent Non-Executive Director*
Members	Datin Paduka Tan Siok Choo *Non-Independent Non-Executive Director*
	Mr. Tan Jiew Hoe *Independent Non-Executive Director*
	Dato' Tan Ang Meng *Independent Non-Executive Director*

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

STATEMENT ON CORPORATE GOVERNANCE (continued)

2. DIRECTORS' REMUNERATION (continued)

The Remuneration Committee held three meetings during the financial year ended 30 April 2016 and the attendance of each member is as follows:-

Remuneration Committee	Attendance
Tan Sri Dato' Ahmad Bin Mohd Don, Chairman	3 out of 3 meetings
Dato' Tan Ang Meng	3 out of 3 meetings
Datin Paduka Tan Siok Choo	3 out of 3 meetings
Mr. Tan Jiew Hoe	3 out of 3 meetings

The Board determines the remuneration of the Chairperson and Non-Executive Directors. Individuals involved 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 Chairperson and 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.

On the recommendation of 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 2017 for which approval would be sought at the forthcoming 102nd Annual General Meeting. The quantum of fees payable to the members of the Board and Board Committees are based on the following fee structure:-

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

The aggregate remuneration of the Chairperson and Directors for the financial year ended 30 April 2016 which was approved by shareholders at the 101st Annual General Meeting categorized into appropriate components and bands of RM50,000 are as disclosed in Note 13 on page 115 to 116 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE (continued)

3. SHAREHOLDERS

3.1 Timely and High Quality Disclosures

The Board is committed to ensuring 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 (AGM)

Notice of AGM is sent to shareholders at least 21 days in advance – this includes explanatory notes that clearly explain the nature of the AGM and the resolutions to be put to shareholders.

The AGM begins with a business presentation, followed by a question and answer session. Shareholders are given the opportunity to question directors and management and to vote on matters listed in the Agenda. Answers to questions are provided by the Chairperson, CEO and Management.

At the AGM, all resolutions are put to vote. At the commencement of the AGM, the Chairperson informs shareholders of their right to demand a poll vote in accordance with the Articles of Association.

3.3 Communications and Investor Relations

The website *www.unitedmalacca.com.my* provides information on the Group, its businesses, profile of directors and management staff, financial data, annual reports, quarterly reports, announcements and 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.

Tan Sri Dato' Ahmad Bin Mohd Don, is the Senior Independent Non-Executive Director to whom concerns of investors and shareholders may be conveyed.

4. ACCOUNTABILITY AND AUDIT

4.1 Financial Reporting

In discharging the Board's responsibility to ensure accurate and adequate financial reporting to shareholders and regulatory authorities, the Audit Committee scrutinises information for disclosure to ensure compliance with accounting standards as well as its 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 financial statements of the Group and Company, the Directors ensure appropriate accounting policies are consistently applied, supported by reasonable and prudent judgment, all applicable and approved accounting standards are followed and any material departure from accounting standards are disclosed and explained in the financial statements.

Directors are responsible for ensuring the Group and the Company keep 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 and Company as well as to detect and prevent fraud and other irregularities.

STATEMENT ON CORPORATE GOVERNANCE (continued)

4. ACCOUNTABILITY AND AUDIT (continued)

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 60 to 66 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.

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

The Internal Auditor is empowered and encouraged to make surprise visits to group estates/mills and all operating units.

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 43 to 47 of this Annual Report.

5. CODES AND POLICIES

5.1 Directors' Code of Ethnics

The Board has adopted the Directors' Code of Ethics based on the principles of integrity, responsibility and corporate social responsibility. The said Code aims to enhance the standard of corporate governance and corporate behaviour by:-

- Establishing a standard of ethical behaviour for directors based on trustworthiness and values that can be accepted and are upheld by any one person.
- Upholding the spirit of responsibility and social responsibility in line with regulations and guidelines for administrating the Group.

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

STATEMENT ON CORPORATE GOVERNANCE (continued)

5. CODES AND POLICIES (continued)

5.2 Gender Diversity Policy

Presently, the Group does not have a formal gender diversity policy as the Group adheres to the practice of non-discrimination of any form throughout the Group. The Board provides equal opportunity to candidates with merit and believes it is vital to recruit and retain the best available talent regardless of gender, taking into account the requisite skills, experience, knowledge, integrity, character, independence and other qualities to meet the needs of the Group.

The Board of Directors comprise 5 members, out of which one is a woman Director, representing 20% of the Board composition. Among senior management, the Chief Financial Officer, the Company Secretaries and the Head of Human Resources are women.

5.3 Whistleblowing Policy

To promote and enhance high standard of work ethics the Board recognises effective whistleblowing arrangements are a key part of good governance. The Board has put in place a Whistleblowing Policy to encourage its employees to raise genuine concerns of any improper conduct (wrongdoing, corruption and instances of fraud, waste and/or abuse involving resources of the Company) within the Group.

The said Policy provides guidance to employees on how to raise concerns on possible malpractices and to reassure employees they can report relevant wrongdoings without fear of reprisal.

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

5.4 External Auditor Independence Policy

The Board has put in place an External Auditor Independence Policy which outlines the guidelines and procedures for the Audit Committee to review, assess and monitor the performance, suitability and independence of UMB Group's External Auditor.

This External Auditor Independence Policy is made available on the Company's website at *www.unitedmalacca.com.my.*

This Statement is made in accordance with the resolution of the Board of Directors passed on 15 August 2016.

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 2016 to raise any cash proceeds. However, the Company has issued 1,502,200 ordinary shares under the Employee Share Option Scheme ("ESOS") for a cash consideration of RM8,173,000 during the financial year. The Proceeds arising from the exercise of the share options pursuant to the ESOS were utilised for working capital purposes.

2. Non-Audit Fees

During the financial year under review, the Group's non-audit fees paid or payable to the external auditors, or a firm affiliated to the auditors' firm amounted to RM75,000 (please refer to page 114).

3. 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.

4. Material Contracts Involving Directors and Major Shareholders

There is no material contract involving the Company and its subsidiaries with directors, chief executive officer who is not a director or major shareholders of the Company either still subsisting at the end of the financial year ended 30 April 2016 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 which outlines the nature and scope of the Group's risk management and internal controls for the financial year ended 30 April 2016.

2. BOARD RESPONSIBILITY

The Board affirms its overall responsibility for maintaining a sound risk management framework and internal control system to safeguard the shareholders' investment and the Group's assets, as well as to discharge its stewardship by identifying potential risks and ensuring the implementation of an appropriate risk management and internal control system to manage those risks in accordance with Principle 6 of the Malaysian Code on Corporate Governance.

The Board continuously reviews the adequacy and integrity of the Group's risk management and internal control system which has been embedded in all aspects of the Group's activities and reviews the processes as well as assesses the risks have been managed within the Group's risk appetite.

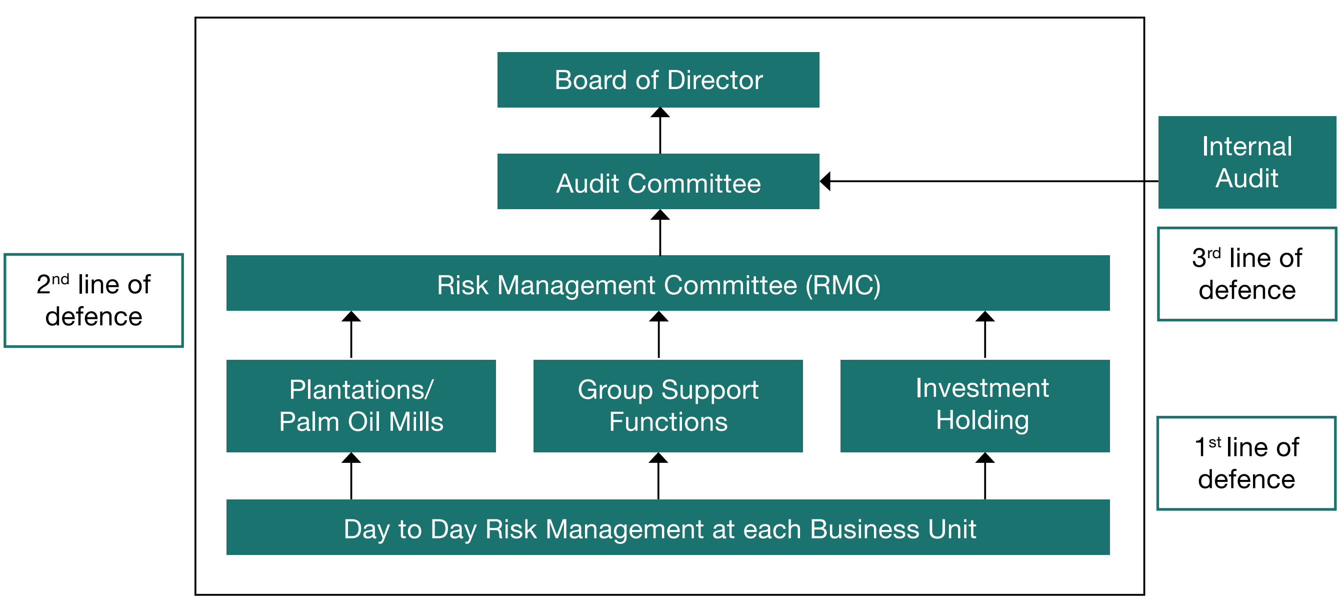
However, the Board recognises the system of risk management and internal control by its nature is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. Accordingly, it can only provide reasonable – and not absolute – assurance against any material misstatement, loss or fraud.

3. RISK MANAGEMENT

3.1. Risk Management Framework

Since 2002, Enterprise Risk Management (ERM) framework has been instituted to facilitate management of 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 are acceptable to the Group.

As illustrated below, a risk management structure is in place for effective risk management:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

3. RISK MANAGEMENT (continued)

3.1. Risk Management Framework (continued)

There are three lines of defence with established and clear functional responsibilities and accountability for the management of risk.

1st line of defence - Day to Day Risk Management at each Business Unit

The day to day risk management resides with the business units. The business unit's management is accountable for the comprehensiveness of the risk identified, their assessment and their bottom up reporting. Actively managing risks is the key duty of heads of business unit who shall assist the risk owners in identifying, measuring, controlling, monitoring and reporting risk and have both the right and obligation to contribute to risk management.

The principal roles and responsibilities of the business unit's management are as follows:
- Manage business unit's risk profile
- Report risk exposures to the Risk Officer
- Develop and implement action plans to manage risks
- Report status of action plans and implementation results to the Risk Officer; and
- Ensure critical risks are considered in the management plan

On a quarterly basis, each business unit submits the risk profile worksheet to the Risk Officer.

Significant risk issues evaluated by the Risk Officer are discussed at management meetings and also at meetings convened by the RMC. In essence, risk areas are dealt and contained at respective business units and are communicated upwards to the RMC through the Risk Officer who acts as a central contact and guide for risk management issues within the Group.

2nd Line of Defence - Risk Management Committee (RMC)

Meeting on a quarterly basis, the RMC is headed by the Group's Chief Executive Officer and supported by the Chief Financial Officer, Plantation Controllers, Senior Manager (Administration and Corporate Affair), Head of Internal Audit and Risk Officer. The RMC's principal roles and responsibilities are to create a high-level risk strategy aligned with UMB's strategies business objective, to identify and communicate to the Board the critical risks the Group faces, changes in risks and disclose an action plan to manage the risks, perform risk oversight and review risk profiles and organisational performance.

3rd Line of Defence – Audit Committee and Internal Audit

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

3. RISK MANAGEMENT (continued)

3.2. Risk Assessment Process

The Group's ERM approach which prioritises risks according to their likelihood and impact goes through the following steps:

- Risk owners identify and assess the likelihood of occurrence and the magnitude of impact of key business risks arising from the processes within their business areas. Risk owners update their risk profile worksheets to the Risk Officer on a quarterly basis and confirm they have reviewed the risk profile of their related business processes and monitored implementation of their action plan.

- The Risk Officer will facilitate the risk owner during the risk assessment and risk action planning to ensure the likelihood and impact of an adverse event is within a manageable and acceptable level.

- On a quarterly basis, the Risk Officer will present the key risks, their causes and the mitigation actions to the RMC. The RMC will review the risk rating, control effectiveness and risk action plan identified by the risk owners.

- The RMC submits the risk management report to the Audit Committee on a quarterly basis.

- Internal auditors review the effectiveness of risk management and internal controls and provide independent views on specific risk and control issues, the state of internal control, trends and events.

Significant risks identified for the financial year are outlined below:

(i) Fluctuating commodity prices

Being a producer of a single commodity, the Group's profitability is very much affected by fluctuating crude palm oil (CPO) prices. This risk is partially managed through close monitoring of the edible oil market and taking approved hedging positions as approved by the Board.

(ii) Insufficient labour supply

Like all other plantation companies in Malaysia, the Group faces a shortage of harvesters and field workers who are mainly foreigners. Besides recruiting its own workers (rather than depending on recruitment agents) and encouraging local villagers to join the workforce, the Group also gives priority to retaining existing workers by improving their housing and other amenities and implementing a retention scheme. The Group is constantly looking into mechanising its operations to reduce labour dependency.

(iii) Increasing labour cost

Wages and salaries, which accounts for 45% of the total FFB production cost, is a major cost component for the Group. In view of ever rising wages and salaries, the Group is constantly improving its productivity through training, efficient management of human resources and mechanisation of selected operations.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

3. RISK MANAGEMENT (continued)

3.2. Risk Assessment Process (continued)

(iv) Foreign exchange fluctuations

The Group is exposed to foreign currency fluctuation on its USD loan taken to finance the new subsidiaries and translation differences arising from consolidation of foreign subsidiaries' financial statements. As these investments are long term in nature, such currency fluctuation should even out in the long run.

(v) Adverse weather conditions

The effect of the prolonged dry weather (which was the most severe for the past 30 years) and the haze during the financial year caused a drastic drop in FFB production. The dry weather also posed a fire hazard and created a shortage of water for palm oil mill processing. The Group constructed new conservation pits / ponds, deepened existing water reservoir as well as established a fire rescue team in each operating centre to mitigate the risk.

4. INTERNAL AUDIT

The Group's in-house 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 internal audit plan and instituted ad-hoc audits requested by the CEO and Audit Committee.

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 quarterly 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.

A summary of focus areas of the internal audit during the financial year, including reports submitted to Audit Committee is set out in the Audit Committee Report on page 43 to 47 of this Annual Report.

5. OTHER KEY ELEMENTS OF INTERNAL CONTROL

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, internal audit, human resource, agronomic, estate operations, sustainability and mechanisation, safety and environment, marketing and purchasing are centralised to ensure uniform policies and procedures are implemented throughout the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

5. OTHER KEY ELEMENTS OF INTERNAL CONTROL (continued)

(iii) Whistleblowing Policy

A whistleblowing policy was established to provide appropriate communication and feedback channels which facilitate whistleblowing in a transparent and confidential manner to enable employees to report instances of misconduct, wrongdoing, corruption, fraud, waste of the Company resources or abuse of rules and regulations within the Group. The report can be submitted to the CEO or the Chairperson of UMB Group (in the case where reporting to Management is a concern).

(iv) 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.

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 (DSC) to determine the Group's investment criteria and to recommend any new businesses for expansion and/or diversification as well as acts as a liaison for research projects.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

5. OTHER KEY ELEMENTS OF INTERNAL CONTROL (continued)

(v) Performance Review and Reporting

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

Scheduled meetings between senior management and heads of operating units are held quarterly in Peninsular Malaysia as well as in Sabah aimed at continuous improvement in FFB quality, operational cost effectiveness, efficiency of operations and profitability. Estate and mill issues are discussed during the meetings.

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

Quarter 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, the Group's financial position as well as treasury and fund management are presented at Board meetings.

(vi) Estate and Palm Oil Mill Visits

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

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

(vii) Coverage and Safeguarding of Major Assets

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

(viii) Occupational Safety and Health (OSHA) Committee

The OSHA committee meets regularly 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. A safety officer has been appointed each at Millian Labau Plantations and Meridian Plantations to monitor and supervise OSHA activities for Sabah operations.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

6. REVIEW BY THE EXTERNAL AUDITORS

The External Auditors have reviewed this statement pursuant to Paragraph 15.23 of the Listing Requirements and in accordance with the Recommended Practice Guide 5 (Revised) [RPG 5 (Revised)], Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control, issued by the Malaysian Institute of Accountants.

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

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

7. CONCLUSION

For the financial year under review, the Board is pleased to state the Group's system of risk management and internal control was adequate and effective for the Group's purpose. There were no material weaknesses or deficiencies in the Group's system of internal controls that have directly resulted in any material loss to the Group. The CEO and the Chief Financial Officer have also given written assurances to the Board that the Group's risk management and internal control systems are operating adequately and effectively at all material respects, based on the risk management and internal control framework of the Group.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors passed on 15 August 2016.

FINANCIAL STATEMENTS

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 2016.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are described in Note 22 to the financial statements.

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	59,748	59,583
Profit net of tax attributable to:		
Owners of the Company	59,572	59,583
Non-controlling interests	176	-
	59,748	59,583

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 2015 were as follows:

	RM'000
In respect of the financial year ended 30 April 2015 as reported in the directors' report of that year:	
Second interim single-tier dividend of 8%, on 209,188,001 ordinary shares, declared on 24 June 2015 and paid on 21 August 2015	16,735
In respect of the financial year ended 30 April 2016:	
First interim single-tier dividend of 8%, on 209,217,601 ordinary shares, declared on 15 December 2015 and paid on 3 February 2016	16,737
	33,472

DIRECTORS' REPORT (continued)

DIVIDENDS (continued)

On 29 June 2016, the directors declared a second interim single-tier dividend in respect of the financial year ended 30 April 2016, of 8% on 209,221,201 ordinary shares, amounting to approximately RM16,738,000 (8 sen per ordinary share) which is payable on 19 August 2016.

The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 April 2017.

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:

Datin Paduka Tan Siok Choo
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, Datin Paduka Tan Siok Choo retires by rotation at the forthcoming Annual General Meeting and, being eligible, offer herself for re-election.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employee Share Option Scheme ("ESOS") and the ordinary shares granted under the Executive Share Incentive Plan ("ESIP"), both under the Employee Share Scheme ("ESS") of the Company.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 13 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 37 to the financial statements.

DIRECTORS' REPORT (continued)

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		**1.5.2015**	**Acquired ***	**Sold**	**30.4.2016**
Direct Interest:					
Ordinary shares of the Company					
Datin Paduka Tan Siok Choo		3,604,681	54,000	-	3,658,681
Tan Sri Dato' Ahmad bin Mohd Don		10,500	100,000	-	110,500
Tan Jiew Hoe		251,625	105,000	-	356,625
Teo Leng		45,000	62,000	(30,000)	77,000
Dato' Tan Ang Meng		21,500	-	-	21,500
Indirect Interest:					
Ordinary shares of the Company					
Datin Paduka Tan Siok Choo	#	2,605,549	-	-	2,605,549
Tan Jiew Hoe	@	2,525,021	-	-	2,525,021

* Exercise of employee share options under ESOS.
\# 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	**1.5.2015**	**Granted**	**Exercised**	**Expired**	**30.4.2016**
Share options of the Company under ESOS					
Datin Paduka Tan Siok Choo	54,000	-	(54,000)	-	-
Tan Sri Dato' Ahmad bin Mohd Don	270,000	-	(100,000)	(170,000)	-
Tan Jiew Hoe	201,000	-	(105,000)	(96,000)	-
Teo Leng	162,000	-	(62,000)	-	100,000
Dato' Tan Ang Meng	270,000	-	-	-	270,000

DIRECTORS' REPORT (continued)

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM207,719,001 to RM209,221,201 by way of issuance of 1,502,200 ordinary shares of RM1 each for cash pursuant to the ESOS at a weighted average exercise price of RM5.44 per ordinary share.

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

EMPLOYEE SHARE SCHEME

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

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

The maximum number of new or existing shares of the Company to be made available under the ESS during the duration of the ESS shall not exceed fifteen percent (15%) of the issued and paid-up share capital of the Company at any one time. Not more that fifty percent (50%) of the total shares of the Company available under the ESS shall be allocated, in aggregate, to directors and senior management of the Group.

The Scheme is administered by the Remuneration Committee.

The salient features of the By-Laws are disclosed in Note 36 to the financial statements.

<u>Employee Share Option Scheme ("ESOS")</u>

During the financial year, 1,260,000 options which were offered to eligible employees under the ESOS in the previous financial year were accepted by the said eligible employees, of which 10% are exercisable into new ordinary shares with immediate effect on 13 May 2015 whilst the balance of 90% are exercisable into new ordinary shares at different vesting periods and tranches beginning from May 2016, subject to the fulfilment of vesting conditions including but not limited to the satisfactory performance of the option holders during the exercise periods.

In addition, during the financial year, 450,000 options were offered and accepted by eligible employees under the ESOS, of which 20% are exercisable into new ordinary shares with immediate effect on 27 October 2015 whilst the balance of 80% are exercisable into new ordinary shares at different vesting periods and tranches beginning from October 2016, subject to the fulfilment of vesting conditions including but not limited to the satisfactory performance of the option holders during the exercise periods.

DIRECTORS' REPORT (continued)

EMPLOYEE SHARE SCHEME (continued)

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

Details of all the options to subscribe for ordinary shares of the Company pursuant to the ESOS as at 30 April 2016 are as follows:

Grant date	Expiry date	Exercise price	Number of options
1 November 2011	31 October 2016	RM5.82	1,260,000
7 November 2012	6 November 2017	RM6.49	1,180,000
22 October 2013	21 October 2018	RM6.42	1,350,000
13 May 2015	12 May 2020	RM5.77	1,260,000
27 October 2015	17 June 2020	RM5.26	450,000

As at 30 April 2016, the cumulative options granted to directors and senior management of the Group amounted to 13% 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 during the current financial year to subscribe for less than 27,000 ordinary shares of RM1 each. The following employees were granted options to subscribe for 27,000 or more ordinary shares of RM1 each during the financial year and their options movement are as shown below:

			← Number of options →		
Name	Grant date	Exercise price	Granted	Exercised	30.4.2016
Thai Yook Kean	13 May 2015	RM5.77	80,000	-	80,000
Felix Dolok Silalahi	13 May 2015	RM5.77	80,000	-	80,000
Ho Hon Sern	13 May 2015	RM5.77	30,000	-	30,000
Yeo Sek Khas	13 May 2015	RM5.77	30,000	-	30,000
Sam Chooi Nam	13 May 2015	RM5.77	30,000	-	30,000
Sibghatallah Mujaddidi bin Md Zaini	13 May 2015	RM5.77	30,000	-	30,000
Suhaimi bin Mohd Ali	13 May 2015	RM5.77	30,000	-	30,000
Zamri bin Md Din	27 October 2015	RM5.26	72,000	-	72,000
Fred bin Juhim	27 October 2015	RM5.26	45,000	-	45,000
Willie Khoo Chwee Fong	27 October 2015	RM5.26	27,000	-	27,000
Fong Chooi Mui	27 October 2015	RM5.26	27,000	-	27,000

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

DIRECTORS' REPORT (continued)

EMPLOYEE SHARE SCHEME (continued)

Executive Share Incentive Plan ("ESIP")

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

OTHER STATUTORY INFORMATION

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

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

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

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

(i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and

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

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

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT (continued)

OTHER STATUTORY INFORMATION (continued)

(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 44 to the financial statements.

EVENT OCCURRING AFTER THE REPORTING DATE

Details of the event occurring after the reporting date are disclosed in Note 45 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 15 August 2016.

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

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

We, Datin Paduka Tan Siok Choo and Tan Sri Dato' Ahmad bin Mohd Don, being two of the directors of United Malacca Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 78 to 171 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 2016 and of their financial performance and cash flows for the year then ended.

The supplementary information set out on page 172 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 15 August 2016.

Datin Paduka 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 78 to 172 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 15 August 2016) **Lai Swee Kee**

Before me,

Chan Chiew Yen
Commissioner for Oaths
Melaka, Malaysia

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of United Malacca Berhad, which comprise statements of financial position as at 30 April 2016 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 78 to 171.

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 2016 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.

INDEPENDENT AUDITORS' REPORT (continued)
TO THE MEMBERS OF UNITED MALACCA BERHAD (INCORPORATED 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 of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of a subsidiary of which we have not acted as auditors, which is indicated in Note 22 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) 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.

(d) 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 172 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
2187/09/17(J)
Chartered Accountant

Melaka, Malaysia
Date: 15 August 2016

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Revenue	8	**205,736**	213,152	**86,393**	85,784
Cost of sales		**(138,647)**	(141,096)	**(30,629)**	(29,822)
Gross profit		**67,089**	72,056	**55,764**	55,962
Other income	9	**26,318**	10,100	**19,015**	1,927
Selling and distribution expenses		**(5,192)**	(5,121)	**(2,746)**	(2,574)
Administrative expenses		**(12,445)**	(14,680)	**(6,543)**	(8,254)
Other expenses		**(2,480)**	(1,322)	**(1,585)**	(1,207)
Replanting expenses		**(1,830)**	(2,596)	**(1,366)**	(1,643)
Operating profit		**71,460**	58,437	**62,539**	44,211
Interest expenses	10	**(1,226)**	-	**(1,229)**	(21)
Profit before tax	11	**70,234**	58,437	**61,310**	44,190
Income tax expense	14	**(10,486)**	(11,253)	**(1,727)**	(945)
Profit net of tax		**59,748**	47,184	**59,583**	43,245
Profit net of tax attributable to:					
Owners of the Company		**59,572**	47,184	**59,583**	43,245
Non-controlling interests		**176**	-	**-**	-
		59,748	47,184	**59,583**	43,245
Earnings per share attributable to owners of the Company (sen per share):					
Basic	15	**28.51**	22.77		
Diluted	15	**28.51**	22.77		

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 2016

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit net of tax	**59,748**	47,184	**59,583**	43,245
Other comprehensive (loss)/income:				
Items that will be subsequently reclassified to profit or loss:				
Net loss on fair value changes on available-for-sale investments	**(3,730)**	(978)	**(3,730)**	(978)
Transfer of loss on disposal of available-for-sale investments to profit or loss	**-**	460	**-**	460
Exchange differences on translation of foreign operations	**(3,413)**	-	**-**	-
	(7,143)	(518)	**(3,730)**	(518)
Total comprehensive income for the year	**52,605**	46,666	**55,853**	42,727
Total comprehensive income attributable to:				
Owners of the Company	**52,954**	46,666	**55,853**	42,727
Non-controlling interests	**(349)**	-	**-**	-
	52,605	46,666	**55,853**	42,727

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

STATEMENTS OF FINANCIAL POSITION
AS AT 30 APRIL 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Assets					
Non-current assets					
Property, plant and equipment	17	**683,930**	681,453	**347,136**	354,431
Biological assets	18	**955,305**	846,483	**434,899**	423,861
Prepaid land lease payments	19	**133,047**	11,355	**-**	-
Investment property	20	**1,147**	1,054	**1,147**	1,054
Goodwill on consolidation	21	**86,777**	18,628	**-**	-
Investment in subsidiaries	22	**-**	-	**425,206**	140,954
Available-for-sale investments	23	**21,272**	25,002	**21,272**	25,002
		1,881,478	1,583,975	**1,229,660**	945,302
Current assets					
Inventories	24	**17,704**	8,733	**4,681**	1,943
Income tax recoverable		**-**	-	**522**	-
Trade and other receivables	25	**83,739**	19,594	**12,058**	9,380
Held-for-trading investments	26	**17,232**	17,164	**17,232**	17,164
Held-to-maturity investments	27	**1,005**	731	**187**	294
Financial assets at fair value through profit or loss	28	**22,996**	110,298	**22,962**	110,264
Cash and bank balances	29	**40,016**	73,803	**23,746**	57,697
		182,692	230,323	**81,388**	196,742
Total assets		**2,064,170**	1,814,298	**1,311,048**	1,142,044
Equity and liabilities					
Equity					
Share capital	30	**209,221**	207,719	**209,221**	207,719
Share premium	30	**42,795**	33,551	**42,795**	33,551
Other reserves	31	**851,049**	863,724	**380,198**	388,322
Retained earnings	32	**605,586**	575,175	**491,986**	463,227
Equity attributable to owners of the Company		**1,708,651**	1,680,169	**1,124,200**	1,092,819
Non-controlling interests		**41,530**	-	**-**	-
Total equity		**1,750,181**	1,680,169	**1,124,200**	1,092,819
Non-current liabilities					
Term loan	33	**136,896**	-	**136,896**	-
Deferred tax liabilities	34	**150,840**	111,605	**42,328**	40,973
		287,736	111,605	**179,224**	40,973
Current liabilities					
Trade and other payables	35	**25,850**	21,022	**7,624**	8,155
Income tax payable		**403**	1,502	**-**	97
		26,253	22,524	**7,624**	8,252
Total liabilities		**313,989**	134,129	**186,848**	49,225
Total equity and liabilities		**2,064,170**	1,814,298	**1,311,048**	1,142,044

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 2016

	Attributable to owners of the Company										
		Non-distributable						Distributable			
Group 2016	Share capital (Note 30) RM'000	Share premium (Note 30) RM'000	Fair value adjustment reserve (Note 31) RM'000	Asset revaluation reserve (Note 31) RM'000	Foreign currency translation reserve (Note 31) RM'000	Employee share option reserve (Note 31) RM'000	Total other reserves (Note 31) RM'000	Retained earnings (Note 32) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Opening balance at 1 May 2015	207,719	33,551	22,512	835,801	-	5,411	863,724	575,175	1,680,169	-	1,680,169
Total comprehensive income	-	-	(3,730)	-	(2,888)	-	(6,618)	59,572	52,954	(349)	52,605
Transfer to retained earnings:											
Realisation of asset revaluation reserve upon:											
- Depreciation	-	-	-	(3,443)	-	-	(3,443)	3,443	-	-	-
- Property, plant and equipment written off	-	-	-	(2)	-	-	(2)	2	-	-	-
	-	-	-	(3,445)	-	-	(3,445)	3,445	-	-	-
Transactions with owners:											
Acquisition of subsidiaries (Note 22)	-	-	-	-	-	-	-	-	-	41,879	41,879
Fair value of share options granted to eligible directors and employees	-	-	-	-	-	827	827	-	827	-	827
Shares issued pursuant to ESOS	1,502	9,244	-	-	-	(2,573)	(2,573)	-	8,173	-	8,173
Employee share options forfeited	-	-	-	-	-	(199)	(199)	199	-	-	-
Employee share options expired	-	-	-	-	-	(667)	(667)	667	-	-	-
Dividends (Note 16)	-	-	-	-	-	-	-	(33,472)	(33,472)	-	(33,472)
	1,502	9,244	-	-	-	(2,612)	(2,612)	(32,606)	(24,472)	41,879	17,407
Closing balance at 30 April 2016	209,221	42,795	18,782	832,356	(2,888)	2,799	851,049	605,586	1,708,651	41,530	1,750,181

STATEMENTS OF CHANGES IN EQUITY (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

	Attributable to owners of the Company										
	Non-distributable							Distributable			
Group (continued) 2015	Share capital (Note 30) RM'000	Share premium (Note 30) RM'000	Fair value adjustment reserve (Note 31) RM'000	Asset revaluation reserve (Note 31) RM'000	Foreign currency translation reserve (Note 31) RM'000	Employee share option reserve (Note 31) RM'000	Total other reserves (Note 31) RM'000	Retained earnings (Note 32) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Opening balance at 1 May 2014	206,503	26,070	23,030	839,405	-	7,091	869,526	573,858	1,675,957	-	1,675,957
Total comprehensive income	-	-	(518)	-	-	-	(518)	47,184	46,666	-	46,666
Transfer to retained earnings:											
Realisation of asset revaluation reserve upon:											
- Depreciation	-	-	-	(3,601)	-	-	(3,601)	3,601	-	-	-
- Property, plant and equipment written off	-	-	-	(3)	-	-	(3)	3	-	-	-
	-	-	-	(3,604)	-	-	(3,604)	3,604	-	-	-
Transactions with owners:											
Fair value of share options granted to eligible directors and employees	-	-	-	-	-	657	657	-	657	-	657
Shares issued pursuant to ESOS	1,216	7,481	-	-	-	(2,064)	(2,064)	-	6,633	-	6,633
Employee share options forfeited	-	-	-	-	-	(273)	(273)	273	-	-	-
Dividends (Note 16)	-	-	-	-	-	-	-	(49,744)	(49,744)	-	(49,744)
	1,216	7,481	-	-	-	(1,680)	(1,680)	(49,471)	(42,454)	-	(42,454)
Closing balance at 30 April 2015	207,719	33,551	22,512	835,801	-	5,411	863,724	575,175	1,680,169	-	1,680,169

STATEMENTS OF CHANGES IN EQUITY (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

	Attributable to owners of the Company							
		Non-distributable					Distributable	
Company 2016	**Share capital (Note 30) RM'000**	**Share premium (Note 30) RM'000**	**Fair value adjustment reserve (Note 31) RM'000**	**Asset revaluation reserve (Note 31) RM'000**	**Employee share option reserve (Note 31) RM'000**	**Total other reserves (Note 31) RM'000**	**Retained earnings (Note 32) RM'000**	**Total equity RM'000**
Opening balance at 1 May 2015	207,719	33,551	22,511	360,400	5,411	388,322	463,227	1,092,819
Total comprehensive income	-	-	(3,730)	-	-	(3,730)	59,583	55,853
Transfer to retained earnings:								
Realisation of asset revaluation reserve upon depreciation	-	-	-	(1,782)	-	(1,782)	1,782	-
	-	-	-	(1,782)	-	(1,782)	1,782	-
Transactions with owners:								
Fair value of share options granted to eligible directors and employees	-	-	-	-	827	827	-	827
Shares issued pursuant to ESOS	1,502	9,244	-	-	(2,573)	(2,573)	-	8,173
Employee share options forfeited	-	-	-	-	(199)	(199)	199	-
Employee share options expired	-	-	-	-	(667)	(667)	667	-
Dividends (Note 16)	-	-	-	-	-	-	(33,472)	(33,472)
	1,502	9,244	-	-	(2,612)	(2,612)	(32,606)	(24,472)
Closing balance at 30 April 2016	209,221	42,795	18,781	358,618	2,799	380,198	491,986	1,124,200

STATEMENTS OF CHANGES IN EQUITY (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

	Attributable to owners of the Company							
		Non-distributable					Distributable	
Company (continued) 2015	Share capital (Note 30) RM'000	Share premium (Note 30) RM'000	Fair value adjustment reserve (Note 31) RM'000	Asset revaluation reserve (Note 31) RM'000	Employee share option reserve (Note 31) RM'000	Total other reserves (Note 31) RM'000	Retained earnings (Note 32) RM'000	Total equity RM'000
Opening balance at 1 May 2014	206,503	26,070	23,029	362,199	7,091	392,319	467,654	1,092,546
Total comprehensive income	-	-	(518)	-	-	(518)	43,245	42,727
Transfer to retained earnings:								
Realisation of asset revaluation reserve upon depreciation	-	-	-	(1,799)	-	(1,799)	1,799	-
	-	-	-	(1,799)	-	(1,799)	1,799	-
Transactions with owners:								
Fair value of share options granted to eligible directors and employees	-	-	-	-	657	657	-	657
Shares issued pursuant to ESOS	1,216	7,481	-	-	(2,064)	(2,064)	-	6,633
Employee share options forfeited	-	-	-	-	(273)	(273)	273	-
Dividends (Note 16)	-	-	-	-	-	-	(49,744)	(49,744)
	1,216	7,481	-	-	(1,680)	(1,680)	(49,471)	(42,454)
Closing balance at 30 April 2015	207,719	33,551	22,511	360,400	5,411	388,322	463,227	1,092,819

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 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Operating activities					
Profit before tax		**70,234**	58,437	**61,310**	44,190
Adjustments for:					
Amortisation of prepaid land lease payments	11	**330**	260	**-**	-
Depreciation of property, plant and equipment	11	**19,546**	18,163	**7,269**	6,398
Dividend income	9	**(1,117)**	(2,187)	**-**	-
Fair value of share options expensed off:					
- employees	12	**771**	522	**451**	306
- non-executive directors	13	**56**	135	**56**	135
Gain from fair value adjustment of investment property	9	**(93)**	(14)	**(93)**	(14)
Gain on disposal of property, plant and equipment	9	**(90)**	(194)	**(59)**	(53)
Impairment loss on trade receivables	11	**180**	-	**-**	-
Interest expenses	10	**1,226**	-	**1,229**	21
Interest income	9	**(2,094)**	(3,117)	**-**	-
Loss on disposal of available-for-sale investments	11	**-**	460	**-**	460
Net fair value gains on financial assets at fair value through profit or loss:					
- realised	8,9	**(3,461)**	(2,505)	**(3,461)**	(2,503)
- unrealised	8,9	**(238)**	(102)	**(238)**	(101)
Net fair value losses/(gains) on held-for-trading investments:					
- realised	9,11	**743**	(565)	**743**	(565)
- unrealised	11	**668**	188	**668**	188
Property, plant and equipment written off	11	**88**	461	**31**	356
Unrealised foreign exchange gain	9	**(12,974)**	(38)	**(13,463)**	(38)
Operating cash flows before changes in working capital		**73,775**	69,904	**54,443**	48,780
Changes in working capital:					
Increase in inventories		**(3,480)**	(115)	**(2,738)**	(658)
Decrease/(increase) in trade and other receivables		**34,016**	1,262	**(3,499)**	(3,124)
(Decrease)/increase in trade and other payables		**(10,285)**	26	**(531)**	1,244
Cash flows from operations		**94,026**	71,077	**47,675**	46,242
Interest received		**2,190**	3,353	**-**	-
Interest paid		**(1,040)**	-	**(1,043)**	(21)
Income taxes refunded		**96**	-	**80**	-
Income taxes paid		**(10,372)**	(12,021)	**(1,071)**	(683)
Net cash flows from operating activities		**84,900**	62,409	**45,641**	45,538

STATEMENTS OF CASH FLOWS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Investing activities					
Dividend received from:					
- available-for-sale investments		**688**	1,724	**-**	-
- held-for-trading investments		**447**	483	**-**	-
Purchase of:					
- available-for-sale investments		**-**	(1,564)	**-**	(1,564)
- financial assets at fair value through profit or loss		**(20,000)**	(128,433)	**(20,000)**	(128,433)
- held-for-trading investments		**(28,436)**	(28,341)	**(28,436)**	(28,341)
- property, plant and equipment	17	**(8,685)**	(12,330)	**(3,861)**	(2,642)
Proceeds from disposal of:					
- available-for-sale investments		**-**	23,002	**-**	23,002
- financial assets at fair value through profit or loss		**111,001**	60,533	**111,001**	60,533
- held-for-trading investments		**27,469**	24,950	**27,469**	24,950
- property, plant and equipment		**463**	478	**547**	110
Additions of:					
- biological assets		**(10,638)**	(14,337)	**(7,670)**	(12,582)
- prepaid land lease payments	19	**(3,918)**	(3,120)	**-**	-
Net (placement)/withdrawal of held-to-maturity investments		**(274)**	22,972	**107**	22,910
Net cash outflow on acquisition of subsidiaries	22	**(245,651)**	-	**(284,252)**	-
Net cash flows used in investing activities		**(177,534)**	(53,983)	**(205,095)**	(42,057)
Financing activities					
Dividends paid	16	**(33,472)**	(49,744)	**(33,472)**	(49,744)
Payment of fair value of share options granted to eligible employees by subsidiaries		**-**	-	**320**	216
Proceeds from exercise of employee share options under ESOS		**8,173**	6,633	**8,173**	6,633
Drawdown of term loan		**214,975**	-	**214,975**	-
Repayment of finance lease		**(229)**	-	**-**	-
Repayment of term loans		**(130,723)**	-	**(64,493)**	-
Net cash flows from/(used in) financing activities		**58,724**	(43,111)	**125,503**	(42,895)
Net change in cash and bank balances		**(33,910)**	(34,685)	**(33,951)**	(39,414)
Effect of foreign exchange rate changes		**123**	-	**-**	-
Cash and bank balances at beginning of financial year		**73,803**	108,488	**57,697**	97,111
Cash and bank balances at end of financial year	29	**40,016**	73,803	**23,746**	57,697

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

1. CORPORATE INFORMATION

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

The principal activities of the Company consist of cultivation of oil palm and investment holding. The principal activities of the subsidiaries are described in Note 22. 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

(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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

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

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

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

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

3.2 Business combinations and goodwill

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Business combinations and goodwill (continued)

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

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

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

3.3 Transactions with non-controlling interests

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

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

3.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Foreign currency translation (continued)

(b) Transactions and balances (continued)

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

(c) Foreign operations

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

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

3.5 Property, plant and equipment

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

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

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

Freehold land is not depreciated and measured at fair value. Long term leasehold lands and buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity at least once every 5 years to ensure that the carrying amount does not differ materially from the fair value of the freehold lands, long term leasehold lands and buildings at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Property, plant and equipment (continued)

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

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

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

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

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised.

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

3.6. Biological assets

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

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

Valuations are performed with sufficient regularity at least once every 5 years to ensure that the carrying amount does not differ materially from the fair value of the biological assets at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Prepaid land lease payments

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

3.8 Investment property

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

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

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

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

3.9 Impairment of non-financial assets

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

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Impairment of non-financial assets (continued)

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

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

3.10 Subsidiaries

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

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

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

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

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

3.11 Plasma receivables

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial instruments

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

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

(a) Financial assets

(i) Initial recognition and measurement

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

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

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

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

(ii) Subsequent measurement

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

<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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial instruments (continued)

(a) Financial assets (continued)

(ii) Subsequent measurement (continued)

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

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

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

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

Loans and receivables

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

Held-to-maturity investments

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial instruments (continued)

(a) Financial assets (continued)

(ii) Subsequent measurement (continued)

Available-for-sale financial investments

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial instruments (continued)

(a) Financial assets (continued)

(iii) Derecognition

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

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

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

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

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

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

(b) Impairment of financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial instruments (continued)

(b) Impairment of financial assets (continued)

Financial assets carried at amortised cost

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

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

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

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

Available-for-sale 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial instruments (continued)

(c) Financial liabilities

(i) Initial recognition and measurement

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

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

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

(ii) Subsequent measurement

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

<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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial instruments (continued)

(c) Financial liabilities (continued)

(ii) Subsequent measurement (continued)

<u>Financial guarantee contracts</u>

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

(iii) Derecognition

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

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

(d) Offsetting of financial instruments

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

3.13 Inventories

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Cash and bank balances

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

3.15 Share capital and share issuance expenses

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

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

3.16 Dividend distributions

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

3.17 Provisions

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

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

3.18 Contingencies

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Revenue and other income

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

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

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

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

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

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

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

(d) Rental income

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

3.20 Employee benefits

(a) Short term benefits

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

(b) 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Employee benefits (continued)

(c) Employee share option plan

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

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

When the options are exercised, the employee share option reserve is transferred to share 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.

(e) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after reporting date are discounted to present value.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 Leases

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

(a) Group as lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss.

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

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

(b) Group as lessor

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

3.22 Borrowing costs

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

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

3.23 Replanting expenditure

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.24 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

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

(b) Deferred tax

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

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

(i) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) in respect of taxable temporary differences associated with investments in subsidiaries and associates where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

(i) where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) in respect of deductible temporary differences associated with investments in subsidiaries and associates deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.24 Taxes (continued)

(b) Deferred tax (continued)

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.

3.25 Current versus non-current classification

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

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.26 Fair value measurement

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

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

The principal or the most advantageous market must be accessible 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.26 Fair value measurement (continued)

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

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

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

4. CHANGES IN ACCOUNTING POLICIES

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

On 1 May 2015, the Group and the Company adopted the following standards mandatory for the annual periods beginning on or after 1 July 2014:

Description	Effective for annual periods beginning on or after
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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards 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, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Annual Improvements to FRSs 2012–2014 Cycle	1 January 2016
FRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to FRS 11: *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to FRS 101: *Disclosure Initiative*	1 January 2016
Amendments to FRS 116 and FRS 138: *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 116 and FRS 141: *Agriculture: Bearer Plants*	1 January 2016
Amendments to FRS 127: *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 107: *Disclosure Initiative*	1 January 2017
Amendments to FRS 112: *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
FRS 9 *Financial Instruments*	1 January 2018
Amendments to FRS 10 and FRS 128: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

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

FRS 9 *Financial Instruments*

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

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

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

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

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

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

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

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

7. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

7.1. Judgment made in applying accounting policies

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

Classification between investment property and property, plant and equipment

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

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

7.2. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements are prepared. Existing circumstances and assumptions about future developments, however may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Useful lives of property, plant and equipment

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

(b) Estimation of recoverable amounts on biological assets

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

(c) Impairment of goodwill

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

When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value and the key assumptions applied in the impairment assessment of goodwill are disclosed in Note 21.

(d) Deferred tax assets

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

(e) Income tax

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

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

7.2. Estimates and assumptions (continued)

(f) Employee share options

The Group measures the cost of equity-settled transactions with eligible directors and employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and model used for estimating fair value for share-based payment transactions are disclosed in Note 36.

(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	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Sale of oil palm products	**205,736**	213,152	**54,782**	53,621
Interest income	**-**	-	**1,236**	2,400
Net fair value gains on financial assets at fair value through profit or loss:				
- realised	**-**	-	**3,461**	2,503
- unrealised	**-**	-	**238**	101
Dividend income from:				
- subsidiaries	**-**	-	**25,559**	24,972
- available-for-sale investments				
- quoted in Malaysia	**-**	-	**688**	959
- unquoted in Malaysia	**-**	-	**-**	765
- held-for-trading investments				
- quoted in Malaysia	**-**	-	**342**	403
- quoted outside Malaysia	**-**	-	**87**	60
	205,736	213,152	**86,393**	85,784

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

9. OTHER INCOME

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Additional compensation received from compulsory land acquisition	**249**	-	**249**	-
Dividend income from:				
- available-for-sale investments				
- quoted in Malaysia	**688**	959	**-**	-
- unquoted in Malaysia	**-**	765	**-**	-
- held-for-trading investments				
- quoted in Malaysia	**342**	403	**-**	-
- quoted outside Malaysia	**87**	60	**-**	-
Gain from fair value adjustment of investment property (Note 20)	**93**	14	**93**	14
Gain on disposal of property, plant and equipment	**90**	194	**59**	53
Insurance claim received	**148**	304	**17**	304
Insurance commission received	**173**	181	**173**	181
Interest income	**2,094**	3,117	**-**	-
Management fee received	**268**	-	**-**	-
Miscellaneous income	**516**	365	**125**	249
Net fair value gains on held-for-trading investments - realised	**-**	565	**-**	565
Net fair value gains on financial assets at fair value through profit or loss:				
- realised	**3,461**	2,505	**-**	-
- unrealised	**238**	102	**-**	-
Net foreign exchange gain:				
- realised	**4,615**	222	**4,560**	222
- unrealised	**12,974**	38	**13,463**	38
Net rental income	**282**	306	**276**	301
	26,318	10,100	**19,015**	1,927

10. INTEREST EXPENSES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest expenses on:				
- loan from a subsidiary *	**-**	-	**21**	21
- finance lease	**11**	-	**-**	-
- term loans	**1,215**	-	**1,208**	-
	1,226	-	**1,229**	21

* This represents the interest expense paid for loan from a subsidiary, bearing interest at the rate of one percent (1%) above Malayan Banking Berhad's 12 months fixed deposit interest rate per annum (Note 35(c)).

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

11. PROFIT BEFORE TAX

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Amortisation of prepaid land lease payments (Note 19)	**330**	260	**-**	-
Auditors' remuneration:				
- Statutory audits	**237**	175	**84**	84
- Other services	**75**	168	**42**	135
Depreciation of property, plant and equipment (Note 17)	**19,546**	18,163	**7,269**	6,398
Employee benefits expense (Note 12)	**36,732**	38,970	**14,949**	13,329
Non-executive directors' remuneration (Note 13)	**598**	918	**564**	918
Loss on disposal of available-for-sale investments	**-**	460	**-**	460
Property, plant and equipment written off	**88**	461	**31**	356
Impairment loss on trade receivables (Note 25)	**180**	-	**-**	-
Net fair value losses on held-for-trading investments:				
- realised	**743**	-	**743**	-
- unrealised	**668**	188	**668**	188

12. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Wages and salaries	**31,502**	33,899	**12,332**	11,168
Contributions to defined contribution plan	**2,021**	2,123	**920**	822
Social security contributions	**166**	162	**74**	63
Fair value of share options granted under ESOS	**771**	522	**451**	306
Other staff related expenses	**2,272**	2,264	**1,172**	970
	36,732	38,970	**14,949**	13,329

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

13. DIRECTORS' REMUNERATION

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-executive:				
Directors of the Company				
Fees	**240**	252	**240**	252
Other emoluments	**268**	531	**268**	531
Fair value of share options granted under ESOS	**56**	135	**56**	135
Total excluding benefits-in-kind	**564**	918	**564**	918
Estimated money value of benefits-in-kind	**31**	31	**31**	31
Total including benefits-in-kind	**595**	949	**595**	949
Director of a subsidiary				
Fees	**34**	-	**-**	-
Total excluding benefits-in-kind	**34**	-	**-**	-
Total directors' remuneration	**629**	949	**595**	949
Analysis of directors' remuneration:				
Total non-executive directors' remuneration excluding benefits-in-kind (Note 11 and 37(c))	**598**	918	**564**	918
Estimated money value of benefits-in-kind	**31**	31	**31**	31
	629	949	**595**	949

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

13. DIRECTORS' REMUNERATION (continued)

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

	Fees RM'000	Other emoluments RM'000	Fair value of share options granted under ESOS RM'000	Estimated money value of benefits-in-kind RM'000	Total RM'000
2016					
Non-executive directors:					
Datin Paduka Tan Siok Choo	80	50	-	31	161
Tan Sri Dato' Ahmad bin Mohd Don	40	59	-	-	99
Tan Jiew Hoe	40	43	-	-	83
Teo Leng	40	63	10	-	113
Dato' Tan Ang Meng	40	53	46	-	139
	240	268	56	31	595
2015					
Non-executive directors:					
Datin Paduka Tan Siok Choo	80	45	6	31	162
Datuk Boon Weng Siew *	12	306	6	-	324
Tan Sri Dato' Ahmad bin Mohd Don	40	47	6	-	93
Tan Jiew Hoe	40	34	6	-	80
Teo Leng	40	54	34	-	128
Dato' Tan Ang Meng	40	45	77	-	162
	252	531	135	31	949

* Datuk Boon Weng Siew retired on 22 August 2014 and his other emoluments included a gratuity amounting to RM300,000 was approved by the shareholders in the annual general meeting held on 22 August 2014.

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

	Number of directors 2016	2015
Non-executive directors:		
RM50,001 - RM100,000	**2**	2
RM100,001 - RM150,000	**2**	1
RM150,001 - RM200,000	**1**	2
RM300,001 - RM350,000	**-**	1

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

14. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the financial years ended 30 April 2016 and 2015 are:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current income tax:				
Malaysian income tax				
- Current year	**9,199**	11,211	**360**	840
- (Over)/underprovision in prior years	**(22)**	98	**12**	(292)
	9,177	11,309	**372**	548
Deferred tax (Note 34):				
Reversal/(origination) of temporary differences	**1,828**	(50)	**1,760**	377
Effect of reduction in tax rate	**-**	53	**-**	20
Overprovision in prior years	**(519)**	(59)	**(405)**	-
	1,309	(56)	**1,355**	397
Income tax expense recognised in profit or loss	**10,486**	11,253	**1,727**	945

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year. The corporate tax rates applicable to the Singapore subsidiary and Indonesia subsidiary of the Group are 17% (2015: Nil) and 25% (2015: Nil) respectively.

Reconciliation between income tax expense and accounting profit

The reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 30 April 2016 and 2015 are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Accounting profit before tax	**70,234**	58,437	**61,310**	44,190
Tax at Malaysian statutory tax rate of 24% (2015: 25%)	**16,856**	14,609	**14,714**	11,047
Different tax rates in other countries	**(126)**	-	**-**	-
Adjustments:				
Effect of expenditure capitalised allowable for tax deduction	**(2,012)**	(3,639)	**(1,900)**	(3,303)
Effect of income not subject to tax	**(5,707)**	(1,360)	**(11,698)**	(7,598)
Effect of non-deductible expenses	**2,016**	1,551	**1,004**	1,071
Effect of reduction in tax rate on deferred tax	**-**	53	**-**	20
(Over)/underprovision of income tax expense in prior years	**(22)**	98	**12**	(292)
Overprovision of deferred tax in prior years	**(519)**	(59)	**(405)**	-
Income tax expense recognised in profit or loss	**10,486**	11,253	**1,727**	945

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

15. EARNINGS PER SHARE

(a) Basic earnings per share

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

	Group	
	2016	**2015**
Profit net of tax for the year attributable to owners of the Company (RM'000)	**59,572**	47,184
Weighted average number of ordinary shares in issue ('000 unit)	**208,955**	207,182
Basic earnings per share (sen)	**28.51**	22.77

(b) Diluted earnings per share

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

16. DIVIDENDS

	Group and Company	
	2016 RM'000	**2015 RM'000**
Recognised during the financial year:		
Second interim dividend for 2014: - single-tier dividend of 11%, on 207,155,401 ordinary shares (11 sen per ordinary share)	**-**	22,787
Special dividend for 2014: - single-tier dividend of 5%, on 207,155,401 ordinary shares (5 sen per ordinary share)	**-**	10,358
First interim dividend for 2015: - single-tier dividend of 8%, on 207,485,901 ordinary shares (8 sen per ordinary share)	**-**	16,599
Second interim dividend for 2015: - single-tier dividend of 8%, on 209,188,001 ordinary shares (8 sen per ordinary share)	**16,735**	-
First interim dividend for 2016: - single-tier dividend of 8%, on 209,217,601 ordinary shares (8 sen per ordinary share)	**16,737**	-
	33,472	49,744

On 29 June 2016, the directors declared a second interim single-tier dividend in respect of the financial year ended 30 April 2016, of 8% on 209,221,201 ordinary shares, amounting to approximately RM16,738,000 (8 sen per ordinary share) which is payable on 19 August 2016.

The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 April 2017.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

17. PROPERTY, PLANT AND EQUIPMENT

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

17. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold lands RM'000	Long term leasehold lands RM'000	Buildings RM'000	Plant and machinery RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles, tractors, trailers and boats RM'000	Capital work-in-progress RM'000	Total RM'000
Group (continued)								
2015								
At cost or valuation:								
At 1 May 2014	136,512	428,892	74,557	52,180	6,073	46,686	3,245	748,145
Additions	-	-	825	1,883	445	3,577	5,600	12,330
Disposals	-	-	-	(380)	(12)	(2,328)	-	(2,720)
Written off	-	-	(1,875)	(1,119)	(124)	(1,992)	-	(5,110)
Reclassifications	-	-	4,193	774	50	665	(5,682)	-
At 30 April 2015	136,512	428,892	77,700	53,338	6,432	46,608	3,163	752,645
Representing:								
At cost	-	-	15,993	53,338	6,432	46,608	3,163	125,534
At valuation	136,512	428,892	61,707	-	-	-	-	627,111
At 30 April 2015	136,512	428,892	77,700	53,338	6,432	46,608	3,163	752,645
Accumulated depreciation:								
At 1 May 2014	-	6,708	4,551	19,078	2,689	22,574	-	55,600
Depreciation charge for the year:	-	6,708	5,891	3,636	741	5,701	-	22,677
- Recognised in profit or loss (Note 11)	-	5,395	4,509	3,360	609	4,290	-	18,163
- Capitalised in biological assets (Note 18(a))	-	1,313	1,382	276	132	1,411	-	4,514
Disposals	-	-	-	(345)	(9)	(2,082)	-	(2,436)
Written off	-	-	(1,594)	(1,060)	(103)	(1,892)	-	(4,649)
At 30 April 2015	-	13,416	8,848	21,309	3,318	24,301	-	71,192
Net carrying amount:								
At cost	-	-	15,292	32,029	3,114	22,307	3,163	75,905
At valuation	136,512	415,476	53,560	-	-	-	-	605,548
At 30 April 2015	136,512	415,476	68,852	32,029	3,114	22,307	3,163	681,453

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

17. PROPERTY, PLANT AND EQUIPMENT (continued)

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

17. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold lands RM'000	Long term leasehold lands RM'000	Buildings RM'000	Plant and machinery RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles, tractors, and trailers RM'000	Capital work-in-progress RM'000	Total RM'000
Company (continued)								
2015								
At cost or valuation:								
At 1 May 2014	96,997	221,543	30,602	7,009	4,077	20,778	352	381,358
Additions	-	-	173	222	166	1,364	717	2,642
Disposals	-	-	-	(380)	(9)	(180)	-	(569)
Written off	-	-	(1,865)	(145)	(94)	(249)	-	(2,353)
Reclassifications	-	-	628	9	46	31	(714)	-
At 30 April 2015	96,997	221,543	29,538	6,715	4,186	21,744	355	381,078
Representing:								
At cost	-	-	8,267	6,715	4,186	21,744	355	41,267
At valuation	96,997	221,543	21,271	-	-	-	-	339,811
At 30 April 2015	96,997	221,543	29,538	6,715	4,186	21,744	355	381,078
Accumulated depreciation:								
At 1 May 2014	-	3,880	2,025	2,552	1,570	8,448	-	18,475
Depreciation charge for the year:	-	3,880	2,825	675	507	2,794	-	10,681
- Recognised in profit or loss (Note 11)	-	2,567	1,538	406	377	1,510	-	6,398
- Capitalised in biological assets (Note 18(a))	-	1,313	1,287	269	130	1,284	-	4,283
Disposals	-	-	-	(345)	(8)	(159)	-	(512)
Written off	-	-	(1,584)	(119)	(73)	(221)	-	(1,997)
At 30 April 2015	-	7,760	3,266	2,763	1,996	10,862	-	26,647
Net carrying amount:								
At cost	-	-	7,951	3,952	2,190	10,882	355	25,330
At valuation	96,997	213,783	18,321	-	-	-	-	329,101
At 30 April 2015	96,997	213,783	26,272	3,952	2,190	10,882	355	354,431

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

17. PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 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	**(14,832)**	(13,094)	**(12,052)**	(10,466)
Net carrying amount	**136,858**	138,596	**124,376**	125,962
Buildings				
Cost	**81,921**	82,951	**22,839**	23,281
Less: Accumulated depreciation	**(33,501)**	(30,034)	**(8,210)**	(6,669)
Net carrying amount	**48,420**	52,917	**14,629**	16,612

(b) Assets pledged as security

Certain long term leasehold lands of the Company with net carrying amount of RM185,733,000 (2015: RM187,971,000) are mortgaged to secure the Company's loan from a subsidiary (Note 35(c)).

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

18. BIOLOGICAL ASSETS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At cost or valuation:				
At beginning of financial year	**846,483**	827,418	**423,861**	406,996
Acquisition of subsidiaries (Note 22)	**94,613**	-	**-**	-
Additions	**15,850**	19,065	**11,038**	16,865
Exchange differences	**(1,641)**	-	**-**	-
At end of financial year	**955,305**	846,483	**434,899**	423,861
Representing:				
At cost	**151,883**	43,061	**48,835**	37,797
At valuation	**803,422**	803,422	**386,064**	386,064
At end of financial year	**955,305**	846,483	**434,899**	423,861

(a) Capitalisation of depreciation and amortisation

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Depreciation of property, plant and equipment capitalised (Note 17)	**4,111**	4,514	**3,368**	4,283
Amortisation of prepaid land lease payments capitalised (Note 19)	**1,101**	214	**-**	-
	5,212	4,728	**3,368**	4,283

(b) Revaluation of biological assets

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

(c) Assets pledged as security

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

19. PREPAID LAND LEASE PAYMENTS

	Group	
	2016 RM'000	2015 RM'000
At cost:		
At beginning of financial year	**14,117**	14,117
Acquisition of subsidiaries (Note 22)	**115,973**	-
Additions	**7,307**	-
Exchange differences	**(164)**	-
At end of financial year	**137,233**	14,117
Accumulated amortisation:		
At beginning of financial year	**2,762**	2,288
Amortisation for the year:	**1,431**	474
- Recognised in profit or loss (Note 11)	**330**	260
- Capitalised in biological assets (Note 18(a))	**1,101**	214
Exchange differences	**(7)**	-
At end of financial year	**4,186**	2,762
Net carrying amount	**133,047**	11,355
Amount to be amortised:		
- Not later than one year	**1,431**	474
- Later than one year but not later than five years	**5,721**	1,897
- Later than five years	**125,895**	8,984
	133,047	11,355

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	
	2016 RM'000	2015 RM'000
Outright purchase with cash	**3,918**	-
Advances paid for acquisition of land	**-**	3,120
Total cash outflows on addition of prepaid land lease payments	**3,918**	3,120

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

20. INVESTMENT PROPERTY

	Group and Company	
	2016	**2015**
	RM'000	**RM'000**
At fair value:		
At beginning of financial year	**1,054**	1,040
Gain from fair value adjustment recognised in profit or loss (Note 9)	**93**	14
At end of financial year	**1,147**	1,054

(a) Valuation of investment property

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

(b) Asset pledged as security

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

21. GOODWILL ON CONSOLIDATION

	Group	
	2016	**2015**
	RM'000	**RM'000**
At net carrying amount:		
At beginning of financial year	**18,628**	18,628
Acquisition of subsidiaries (Note 22)	**68,149**	-
At end of financial year	**86,777**	18,628

In the previous financial year, goodwill of RM18,628,000 has been allocated to the Group's cash generating units identified according to the individual subsidiaries, namely Syarikat Penanaman Bukit Senorang Sdn. Bhd. and South-East Pahang Oil Palm Berhad, both of which are principally involved in plantation activities.

In the current financial year, an additional provisional goodwill of RM68,149,000 has been allocated to the Group's cash generating units identified according to the newly acquired individual subsidiaries, namely International Natural Resources Pte. Ltd. ("INR"), an investment holding company incorporated in the Republic of Singapore and PT Lifere Agro Kapuas, a company incorporated under the laws of the Republic of Indonesia, which is held through INR and principally involved in plantation activities.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

21. GOODWILL ON CONSOLIDATION (continued)

<u>**Impairment test for goodwill on consolidation**</u>

Key assumptions used in value-in-use calculations

The recoverable amount is determined based on value-in-use calculations using cash flow projections based on a master plan covering a 25 years period. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(a) Budgeted gross margin

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

(b) Discount rate

The discount rate used is the management 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 where raw materials are sourced. Values assigned to key assumptions are consistent with external information sources.

22. INVESTMENT IN SUBSIDIARIES

	Company 2016 RM'000	Company 2015 RM'000
In Malaysia		
- Unquoted shares, at cost	**142,288**	142,288
- Less: Accumulated impairment losses	**(1,334)**	(1,334)
	140,954	140,954
Outside Malaysia		
- Unquoted shares, at cost	**284,252**	-
	425,206	140,954

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

22. INVESTMENT IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest (%) 2016	2015	Principal activities
Held by the Company				
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
International Natural Resources Pte. Ltd. ^	Singapore	**88**	-	Investment holding
Held through International Natural Resources Pte. Ltd.				
PT Lifere Agro Kapuas #	Indonesia	**83**	-	Cultivation of oil palm

* Audited by Ernst & Young.
^ Audited by a firm other than Ernst & Young.
\# Audited by member firm of Ernst & Young Global.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

22. INVESTMENT IN SUBSIDIARIES (continued)

Acquisition of subsidiaries

On 22 January 2016, the Company completed the acquisition of 83% effective equity interest in PT Lifere Agro Kapuas ("LAK"), a company incorporated under the laws of the Republic of Indonesia, via the acquisition of 793,837 ordinary shares representing 88.2% equity interest of the issued and paid-up share capital of International Natural Resources Pte. Ltd. ("INR"), a company incorporated in the Republic of Singapore, which in turn holds approximately 94.1% equity interest in LAK.

Fair value of the identifiable assets and liabilities of INR and LAK

The provisional fair value of the identifiable assets and liabilities of INR and LAK as at the date of acquisition were:

	Provisional fair value RM'000	Carrying amount RM'000
Identifiable assets		
Property, plant and equipment	18,100	9,943
Biological assets	94,613	75,527
Prepaid land lease payments	115,973	7,686
Inventories	5,500	5,500
Trade and other receivables	40,083	40,083
Plasma receivables	62,944	62,944
Cash and bank balances	38,601	38,601
	375,814	240,284
Identifiable liabilities		
Finance lease	(229)	(229)
Loans and borrowings	(65,639)	(65,639)
Deferred tax liabilities	(38,028)	(38,028)
Trade and other payables	(13,936)	(13,936)
	(117,832)	(117,832)
Net identifiable assets	257,982	122,452
Fair value of net identifiable assets	257,982	
Less: Non-controlling interests	(41,879)	
Group's interest in the fair value of net identifiable assets	216,103	
Goodwill on acquisition (Note 21)	68,149	
Cost of business combination	284,252	

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

22. INVESTMENT IN SUBSIDIARIES (continued)

Acquisition of subsidiaries (continued)

Fair value of the identifiable assets and liabilities of INR and LAK (continued)

The provisional goodwill of RM68,149,000 comprises the value of expected synergies arising from the acquisition, which is not separately recognised. Goodwill is allocated to the plantation segment.

The accounting of business combination of new subsidiaries was based on the provisional fair value of their identifiable assets, liabilities and contingent liabilities. In accordance with FRS 3: *Business Combinations*, the Group will be carrying out the purchase price allocation exercise within 12 months from the date of acquisition. Goodwill arising from this acquisition will be adjusted on a retrospective basis when the valuation of the identifiable assets, liabilities and contingent liabilities is finalised.

Cash outflow on acquisition of subsidiaries

Details of cash outflow arising from the acquisition of subsidiaries are as follows:

	RM'000
Total cost of business combination	281,809
Direct expenses attributable to the acquisition	2,443
Consideration settled in cash	284,252
Less: Cash and cash equivalents of subsidiaries acquired	(38,601)
Net cash outflow on acquisition of subsidiaries	245,651

Impact of acquisition in Income Statement

From the date of acquisition, the new subsidiaries contributed revenue and profit net of tax of approximately RM2,036,000 and RM339,000 respectively to the Group.

Had the acquisition taken place at the beginning of the financial year, the Group's revenue and profit net of tax would have been RM209,217,000 and RM57,765,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

23. AVAILABLE-FOR-SALE INVESTMENTS

	Group and Company			
	Carrying amount		Fair value	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Quoted investment:				
In Malaysia				
- shares	**21,190**	24,932	**21,190**	24,932
Unquoted investment:				
Outside Malaysia				
- shares	**82**	70	**82**	70
Total available-for-sale investments	**21,272**	25,002		

24. INVENTORIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At cost:				
Produce stocks	**4,527**	4,481	**-**	-
Nursery stocks	**4,724**	521	**762**	455
Estate and palm oil mill stores	**8,453**	3,731	**3,919**	1,488
	17,704	8,733	**4,681**	1,943

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group and the Company was RM27,093,000 (2015: RM34,407,000) and RM11,233,000 (2015: RM11,439,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

25. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade receivables:				
Amount due from a subsidiary	-	-	1,189	1,592
Third parties	14,159	10,848	2,895	2,263
	14,159	10,848	4,084	3,855
Less: Allowance for impairment				
- Third parties (Note 11)	(180)	-	-	-
	13,979	10,848	4,084	3,855
Other receivables:				
Amounts due from subsidiaries	-	-	6,713	534
Advances paid for acquisition of land	-	3,389	-	-
Deposits	336	254	263	223
Prepayments	332	199	168	74
Interest receivable	38	134	15	106
Dividend receivable	13	31	13	31
Held-for-trading investments receivable	412	955	412	955
Plasma receivables (Note 38(a))	65,641	-	-	-
Sundry receivables	2,988	3,784	390	3,602
	69,760	8,746	7,974	5,525
	83,739	19,594	12,058	9,380

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 15 to 30 days (2015: 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Neither past due nor impaired	13,979	10,436	4,084	3,855
31 to 60 days past due but not impaired	-	412	-	-
Impaired	180	-	-	-
	14,159	10,848	4,084	3,855

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

25. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables (continued)

Trade receivables that are neither past due nor impaired

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

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

Trade receivables that are past due but not impaired

In the previous financial year, the Group has trade receivables amounting to RM412,000 that are past due at the reporting date but not impaired. These outstanding amount are unsecured in nature.

Trade receivable that is impaired

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

	Individually impaired	
Group	**2016 RM'000**	**2015 RM'000**
Trade receivable - nominal amount	**180**	-
Less: Allowance for impairment	**(180)**	-
	-	-

Movement in allowance accounts:

	Group	
	2016 RM'000	**2015 RM'000**
At beginning of financial year	**-**	-
Charge for the year (Note 11)	**180**	-
At end of financial year	**180**	-

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

(b) Amounts due from subsidiaries

The amounts due from 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

26. HELD-FOR-TRADING INVESTMENTS

	Group and Company			
	Carrying amount		Fair value	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Quoted investments:				
In Malaysia				
- shares	**13,182**	12,995	**13,182**	12,995
Outside Malaysia				
- shares	**4,050**	4,169	**4,050**	4,169
	17,232	17,164		

27. HELD-TO-MATURITY INVESTMENTS

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deposits with licensed commercial banks	**1,005**	731	**187**	294

(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	
	2016 %	2015 %	2016 %	2015 %
Deposits with licensed commercial banks	**3.95**	3.95	**3.95**	3.95

(b) Varying periods of held-to-maturity investments

The varying periods of held-to-maturity investments at the reporting date were as follows:

	Group		Company	
	2016 days	2015 days	2016 days	2015 days
Deposits with licensed commercial banks	**182 - 184**	181 - 184	**182 - 184**	181 - 184

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss consist of investment in income trust funds placed with licensed investment banks and asset management companies in Malaysia which are highly liquid and readily convertible to cash as follows:

	Group			
	Carrying amount		Fair value	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
In Malaysia				
- income trust funds	**22,996**	110,298	**22,996**	110,298

	Company			
	Carrying amount		Fair value	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
In Malaysia				
- income trust funds	**22,962**	110,264	**22,962**	110,264

29. CASH AND BANK BALANCES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash at banks and on hand	**6,900**	1,051	**4,995**	708
Deposits with:				
- Licensed commercial banks	**20,155**	28,984	**5,790**	14,658
- Licensed investment banks	**12,961**	43,768	**12,961**	42,331
	40,016	73,803	**23,746**	57,697

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

29. CASH AND BANK BALANCES (continued)

(a) Interest rates of cash and bank balances

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

The weighted average effective interest rates of deposits at the reporting date are as follows:

	Group		Company	
	2016 %	**2015 %**	**2016 %**	**2015 %**
Deposits with:				
- Licensed commercial banks	**3.37**	3.50	**3.18**	3.49
- Licensed investment banks	**3.42**	3.59	**3.42**	3.59

(b) Varying periods of deposits

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

	Group		Company	
	2016 days	**2015 days**	**2016 days**	**2015 days**
Deposits with:				
- Licensed commercial banks	**6 - 92**	5 - 92	**6 - 30**	5 - 92
- Licensed investment banks	**4 - 31**	5 - 45	**4 - 31**	5 - 45

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

30. SHARE CAPITAL AND SHARE PREMIUM

(a) Authorised share capital

	Group and Company			
	Number of ordinary shares of RM1 each		Amount	
	2016 '000	2015 '000	2016 RM'000	2015 RM'000
Authorised	**500,000**	500,000	**500,000**	500,000

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

	Number of ordinary shares of RM1 each	← Amount →		
	Share capital (issued and fully paid) '000	Share capital (issued and fully paid) RM'000	Share premium RM'000	Total share capital and share premium RM'000
Group and Company				
At 1 May 2014	206,503	206,503	26,070	232,573
Shares issued pursuant to ESOS	1,216	1,216	7,481	8,697
At 30 April 2015 and 1 May 2015	207,719	207,719	33,551	241,270
Shares issued pursuant to ESOS	1,502	1,502	9,244	10,746
At 30 April 2016	209,221	209,221	42,795	252,016

Share capital

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

The Company has an employee share option plan under Employee Share 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 36.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

31. OTHER RESERVES

	Fair value adjustment reserve RM'000	Asset revaluation reserve RM'000	Foreign currency translation reserve RM'000	Employee share option reserve RM'000	Total RM'000
Group					
At 1 May 2015	22,512	835,801	-	5,411	863,724
Other comprehensive loss:					
Net loss on fair value changes on available-for-sale investments	(3,730)	-	-	-	(3,730)
Exchange differences on translation of foreign operations	-	-	(3,413)	-	(3,413)
Less: Non-controlling interests	-	-	525	-	525
	(3,730)	-	(2,888)	-	(6,618)
Transfer to retained earnings:					
Realisation of asset revaluation reserve upon:					
- Depreciation	-	(3,443)	-	-	(3,443)
- Property, plant and equipment written off	-	(2)	-	-	(2)
	-	(3,445)	-	-	(3,445)
Transactions with owners:					
Fair value of share options granted to eligible directors and employees	-	-	-	827	827
Shares issued pursuant to ESOS	-	-	-	(2,573)	(2,573)
Employee share options forfeited	-	-	-	(199)	(199)
Employee share options expired	-	-	-	(667)	(667)
	-	-	-	(2,612)	(2,612)
At 30 April 2016	18,782	832,356	(2,888)	2,799	851,049

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

31. OTHER RESERVES (continued)

	Fair value adjustment reserve RM'000	Asset revaluation reserve RM'000	Foreign currency translation reserve RM'000	Employee share option reserve RM'000	Total RM'000
Group (continued)					
At 1 May 2014	23,030	839,405	-	7,091	869,526
Other comprehensive (loss)/income:					
Net loss on fair value changes on available-for-sale investments	(978)	-	-	-	(978)
Transfer of loss on disposal of available-for-sale investments to profit or loss	460	-	-	-	460
	(518)	-	-	-	(518)
Transfer to retained earnings:					
Realisation of asset revaluation reserve upon:					
- Depreciation	-	(3,601)	-	-	(3,601)
- Property, plant and equipment written off	-	(3)	-	-	(3)
	-	(3,604)	-	-	(3,604)
Transactions with owners:					
Fair value of share options granted to eligible directors and employees	-	-	-	657	657
Shares issued pursuant to ESOS	-	-	-	(2,064)	(2,064)
Employee share options forfeited	-	-	-	(273)	(273)
	-	-	-	(1,680)	(1,680)
At 30 April 2015	22,512	835,801	-	5,411	863,724

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

31. OTHER RESERVES (continued)

	Fair value adjustment reserve RM'000	Asset revaluation reserve RM'000	Employee share option reserve RM'000	Total RM'000
Company				
At 1 May 2015	22,511	360,400	5,411	388,322
Other comprehensive loss:				
Net loss on fair value changes on available-for-sale investments	(3,730)	-	-	(3,730)
	(3,730)	-	-	(3,730)
Transfer to retained earnings:				
Realisation of asset revaluation reserve upon depreciation	-	(1,782)	-	(1,782)
	-	(1,782)	-	(1,782)
Transactions with owners:				
Fair value of share options granted to eligible directors and employees	-	-	827	827
Shares issued pursuant to ESOS	-	-	(2,573)	(2,573)
Employee share options forfeited	-	-	(199)	(199)
Employee share options expired	-	-	(667)	(667)
	-	-	(2,612)	(2,612)
At 30 April 2016	18,781	358,618	2,799	380,198

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

31. OTHER RESERVES (continued)

	Fair value adjustment reserve RM'000	Asset revaluation reserve RM'000	Employee share option reserve RM'000	Total RM'000
Company (continued)				
At 1 May 2014	23,029	362,199	7,091	392,319
Other comprehensive (loss)/income:				
Net loss on fair value changes on available-for-sale investments	(978)	-	-	(978)
Transfer of loss on disposal of available-for-sale investments to profit or loss	460	-	-	460
	(518)	-	-	(518)
Transfer to retained earnings:				
Realisation of asset revaluation reserve upon depreciation	-	(1,799)	-	(1,799)
	-	(1,799)	-	(1,799)
Transactions with owners:				
Fair value of share options granted to eligible directors and employees	-	-	657	657
Shares issued pursuant to ESOS	-	-	(2,064)	(2,064)
Employee share options forfeited	-	-	(273)	(273)
	-	-	(1,680)	(1,680)
At 30 April 2015	22,511	360,400	5,411	388,322

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

31. OTHER RESERVES (continued)

(a) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes of available-for-sale investments until they are disposed or impaired. This reserve arose following the adoption of FRS 139 *Financial Instruments: Recognition and Measurement* on 1 May 2010, the effect of which, was recognised as an opening balance of fair value adjustment reserve on that date.

(b) Asset revaluation reserve

Asset revaluation reserve represents increases in the fair value of freehold lands, long term leasehold lands, buildings, biological assets and investment property, net of tax, and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

(c) Foreign currency translation reserve

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

(d) Employee share option reserve

Employee share option reserve represents the fair value of equity-settled share options granted to the eligible directors and employees under ESOS (Note 36). This reserve is made up of the cumulative value of services receive from the eligible directors and employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the forfeiture or exercise of the share options.

32. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings under the single tier system.

33. TERM LOAN

		Group and Company	
		2016	2015
	Maturity	RM'000	RM'000
Non-current			
Secured:			
- USD loan from OCBC Bank (Malaysia) Berhad at bank's cost of funds + 1% p.a.	2020	**136,896**	-

The USD loan is used by the Company to part finance the acquisition of new subsidiaries. It is secured by negative pledge over all the assets of the Company (Note 17(b), 18(c) and 20(b)). The first instalment payment of this loan is due on January 2019. The remaining maturity of the USD loan at the reporting date is more than 2 years and less than 5 years.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

34. DEFERRED TAX LIABILITIES

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

	At 1 May 2014 RM'000	Recognised in profit or loss RM'000	Overprovision in prior years RM'000	At 30 April 2015 and 1 May 2015 RM'000	Acquisition of subsidiaries (Note 22) RM'000	Recognised in profit or loss RM'000	Under/ (over)provision in prior years RM'000	Exchange differences RM'000	At 30 April 2016 RM'000
Group									
Deferred tax assets:									
Provisions	(664)	(156)	-	(820)	(759)	861	84	(6)	(640)
Unabsorbed capital allowances	(1,547)	(112)	-	(1,659)	(30)	1,124	46	14	(505)
	(2,211)	(268)	-	(2,479)	(789)	1,985	130	8	(1,145)
Deferred tax liabilities:									
Property, plant and equipment	14,507	320	(59)	14,768	2,039	(191)	(115)	-	16,501
Biological assets	19,988	1,097	-	21,085	9,706	1,357	(554)	(110)	31,484
Prepaid land lease payments	-	-	-	-	27,072	(205)	-	-	26,867
Asset revaluation reserve	79,377	(1,146)	-	78,231	-	(1,118)	20	-	77,133
	113,872	271	(59)	114,084	38,817	(157)	(649)	(110)	151,985
	111,661	3	(59)	111,605	38,028	1,828	(519)	(102)	150,840

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

34. DEFERRED TAX LIABILITIES (continued)

	At 1 May 2014 RM'000	Recognised in profit or loss RM'000	At 30 April 2015 and 1 May 2015 RM'000	Recognised in profit or loss RM'000	Under/ (over)provision in prior years RM'000	At 30 April 2016 RM'000
Company						
Deferred tax assets:						
Provisions	(420)	(47)	(467)	42	-	(425)
Unabsorbed capital allowances	(1,547)	(112)	(1,659)	1,613	46	-
	(1,967)	(159)	(2,126)	1,655	46	(425)
Deferred tax liabilities:						
Property, plant and equipment	3,789	248	4,037	(40)	(7)	3,990
Biological assets	9,635	877	10,512	708	(444)	10,776
Asset revaluation reserve	29,119	(569)	28,550	(563)	-	27,987
	42,543	556	43,099	105	(451)	42,753
	40,576	397	40,973	1,760	(405)	42,328

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

34. DEFERRED TAX LIABILITIES (continued)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	**(1,145)**	(2,479)	**(425)**	(2,126)
Deferred tax liabilities	**151,985**	114,084	**42,753**	43,099
	150,840	111,605	**42,328**	40,973

35. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade payables:				
Third parties	**7,444**	6,455	**1,895**	1,848
Other payables:				
Directors' fees and other emoluments	**20**	129	**-**	129
Amount due to a subsidiary	**-**	-	**2**	2
Loan from a subsidiary	**-**	-	**500**	500
Balance outstanding on acquisition of land	**1,477**	1,003	**-**	-
Accruals and sundry payables	**16,909**	13,435	**5,227**	5,676
	18,406	14,567	**5,729**	6,307
	25,850	21,022	**7,624**	8,155

(a) Trade and other payables

These amounts are non-interest bearing and are normally settled on 30 to 60 days (2015: 30 to 60 days) terms.

(b) Amount due to a subsidiary

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

(c) Loan from a subsidiary

This loan is bearing interest at the rate of one percent (1%) above Malayan Banking Berhad's 12 months fixed deposit interest rate per annum and secured by a first mortgage over certain of the Company's long term leasehold lands (Note 17(b)). The loan is repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

36. 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

36. EMPLOYEE BENEFITS (continued)

Employee Share Scheme (continued)

Employee Share Option Scheme ("ESOS")

Movement of share options during the financial year

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

	2016		2015	
	No.	**WAEP (RM)**	**No.**	**WAEP (RM)**
Outstanding at beginning of financial year	**4,146,600**	**5.91**	6,205,700	5.87
- Granted	**1,710,000**	**5.64**	-	-
- Exercised	**(1,502,200)**	**5.44**	(1,215,900)	5.46
- Forfeited	**(584,800)**	**6.10**	(843,200)	6.24
- Expired	**(386,600)**	**5.42**	-	-
Outstanding at end of financial year	**3,383,000**	**6.01**	4,146,600	5.91
Exercisable at end of financial year	**1,336,200**	**6.13**	2,573,600	5.65

- The weighted average fair value of options granted during the financial year was RM1.04 (2015: RM1.43).

- The weighted average share price at the date of exercise of the options during the financial year was RM6.23 (2015: RM6.85).

- The range of exercise prices for options outstanding at the end of financial year was RM5.26 to RM6.49 (2015: RM5.42 to RM6.49). The weighted average remaining contractual life for these options is 2.71 years (2015: 1.72 years).

During the financial year, options for 1,502,200 (2015: 1,215,900) ordinary shares of the Company were exercised at a weighted average price of RM5.44 each (2015: RM5.46 each), with a total cash consideration of approximately RM8,173,000 (2015: RM6,633,000) paid to the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

36. EMPLOYEE BENEFITS (continued)

Employee Share Scheme (continued)

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

Fair value of share options granted

The fair value of the share options granted under ESOS is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the options were granted.

The inputs to the option pricing model for the financial years ended 30 April 2016 and 2015 are as follows:

	2016		
	Granted on 13 May 2015	Granted on 27 Oct 2015	2015
Dividend yield (%)	3.67	3.76	N/A
Expected volatility (%)	12.13	10.26	N/A
Risk-free interest rate (% p.a.)	3.58	3.68	N/A
Expected life of option (years)	5.00	4.64	N/A

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 RM827,000 (2015: RM657,000) for the Group and RM507,000 (2015: RM441,000) 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")

During the current and previous financial years, no ordinary shares ("ESIP shares") has been granted to the directors and selected executives of the Company and its subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

37. RELATED PARTY DISCLOSURES

(a) Transactions with related parties

In addition to the related party transactions information as disclosed in Note 8 and 10, the Group and the Company had the following significant transactions with related parties at terms agreed between the parties during the financial year:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Subsidiaries				
- Sale of oil palm fresh fruit bunches	**-**	-	**25,403**	27,358
- Administrative expenses charged	**-**	-	**4,310**	5,150
- Fair value of share options granted to eligible employees charged	**-**	-	**320**	216
- Sale of property, plant and equipment	**-**	-	**386**	-
- Purchase of property, plant and equipment	**-**	-	**208**	-
A licensed commercial bank in which one of the directors of the Company is a director				
- Interest income	**-**	568	**-**	445

(b) Balances with related parties

Information regarding other outstanding balances arising from related party transactions as at 30 April 2016 and 30 April 2015 are disclosed in Note 25 and 35.

(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 Manager (Plantation), Plantation Controllers and Mill Controller during the financial year was as follows:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Short-term employee benefits	**2,074**	2,716	**1,861**	2,591
Contributions to defined contribution plan	**220**	288	**203**	270
Social security contributions	**2**	1	**1**	1
Fair value of share options granted under ESOS	**104**	182	**104**	174
	2,400	3,187	**2,169**	3,036

Included in the total compensation of key management personnel of the Group and of the Company was non-executive directors' remuneration amounting to RM598,000 (2015: RM918,000) and RM564,000 (2015: RM918,000) respectively (Note 13).

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

37. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel (continued)

Directors' interest in Employee Share Option Scheme ("ESOS")

The following table illustrates the number of share options granted to eligible directors:

Granted date	Exercise price		Number of options: Granted	Number of options: Adjustment for bonus issue	Number of options: Total	Number of eligible directors
3 August 2010	RM8.13		1,300,000	-	1,300,000	6 ^
	RM5.42	*	-	568,000	568,000	
					1,868,000	
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 the six directors and the exercise price has been adjusted to RM5.42 each accordingly.

^ Included three former directors.

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

	2016 No.	2016 WAEP (RM)	2015 No.	2015 WAEP (RM)
Outstanding at beginning of financial year	**1,056,000**	**5.75**	1,281,000	5.71
- Exercised	**(420,000)**	**5.48**	(225,000)	5.52
- Expired	**(266,000)**	**5.42**	-	-
Outstanding at end of financial year	**370,000**	**6.31**	1,056,000	5.75
Exercisable at end of financial year	**275,500**	**6.25**	840,000	5.61

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

During the current and previous financial years, no ordinary shares ("ESIP shares") has been granted to the directors.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

38. COMMITMENTS

(a) Plasma receivables

The Indonesian government requires oil palm plantation companies to develop new plantations together with the local small landholders, generally known as the "Plasma Scheme". Once developed, the plasma plantations will be transferred to the small landholders who then operate the plasma plantations under the supervision of the developer. In line with this requirement, a subsidiary, PT Lifere Agro Kapuas has commitments to develop plantations under the Plasma Scheme. The funding for the development of the plantations under the Plasma Scheme is currently provided by the subsidiary and pending realisation of funding from the designated bank. This includes the subsidiary providing corporate guarantees for the loans advanced by the bank.

When the plasma plantations start to harvest, the plasma farmers are obliged to sell all their harvests to the subsidiary and a portion of the resulting proceeds will be used to repay the loans from the bank and/or the subsidiary. In situations where the sales proceeds are insufficient to meet the repayment obligations to the bank, the subsidiary also provide temporary funding to the plasma farmers to maintain the plasma plantations and to repay the instalment and interest payments to the bank. The plasma farmers will repay the temporary funding to the subsidiary once the plantations have positive cash flows.

The accumulated development costs net of funds receives are presented as Plasma receivables under trade and other receivables (Note 25) and classified in the plantation segment. An analysis of the movement in the Plasma receivables is as follows:

	Group	
	2016 RM'000	2015 RM'000
At beginning of financial year	**-**	-
Acquisition of subsidiaries (Note 22)	**62,944**	-
Additional development cost	**4,063**	-
Exchange differences (IDR to RM)	**(1,366)**	-
At end of financial year	**65,641**	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

38. COMMITMENTS (continued)

(b) Capital commitments

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Capital expenditure approved and contracted for:				
Purchase of property, plant and equipment	**908**	-	**908**	-
Capital expenditure approved but not contracted for:				
Biological assets	**4,408**	8,837	**3,884**	6,861
Construction of new oil mills	**144,732**	56,736	**-**	-
Purchase of property, plant and equipment	**27,511**	23,367	**14,076**	11,457
	176,651	88,940	**17,960**	18,318
	177,559	88,940	**18,868**	18,318

39. SEGMENT INFORMATION

(a) Business segments

Segment information is presented in respect of the Group's business segments as follows:

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

The primary format of business segments is based on the Group's management and internal reporting structure. Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment.

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

39. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

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

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

	Plantation RM'000	Investment holding RM'000	Consolidated RM'000
<u>30 April 2016</u>			
Revenue:			
Total sale of oil palm products	247,717	-	247,717
Inter-company sales	(41,981)	-	(41,981)
Total revenue	205,736	-	205,736
Results:			
Segment results/profit before tax	48,446	21,788	70,234
Income tax expense			(10,486)
Profit net of tax			59,748
Assets:			
Segment assets	1,966,605	97,565	2,064,170
Other segment information:			
<u>Material income</u>			
Dividend income	-	1,117	1,117
Interest income	-	2,094	2,094
Net fair value gains on financial assets at fair value through profit or loss:			
- realised	-	3,461	3,461
- unrealised	-	238	238
Net foreign exchange gain:			
- realised	-	4,615	4,615
- unrealised	-	12,974	12,974

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

39. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

	Plantation RM'000	Investment holding RM'000	Consolidated RM'000
30 April 2016 (continued)			
Other segment information (continued):			
Material expenses			
Amortisation of prepaid land lease payments	330	-	330
Depreciation of property, plant and equipment	19,546	-	19,546
Fair value of share options granted to eligible directors and employees expensed off	827	-	827
Interest expenses	-	1,226	1,226
Net fair value losses on held-for-trading investments:			
- realised	-	743	743
- unrealised	-	668	668
Additions to non-current assets			
Purchase of:			
- property, plant and equipment	8,685	-	8,685
Additions of:			
- biological assets	15,850	-	15,850
- prepaid land lease payments	7,307	-	7,307
30 April 2015			
Revenue:			
Total sale of oil palm products	257,647	-	257,647
Inter-company sales	(44,495)	-	(44,495)
Total revenue	213,152	-	213,152
Results:			
Segment results/profit before tax	50,548	7,889	58,437
Income tax expense			(11,253)
Profit net of tax			47,184

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

39. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

	Plantation RM'000	Investment holding RM'000	Consolidated RM'000
30 April 2015 (continued)			
Assets:			
Segment assets	1,585,126	229,172	1,814,298
Other segment information:			
Material income			
Dividend income	-	2,187	2,187
Interest income	-	3,117	3,117
Net fair value gains on financial assets at fair value through profit or loss:			
- realised	-	2,505	2,505
- unrealised	-	102	102
Net fair value gains on held-for-trading investments:			
- realised	-	565	565
Material expenses			
Amortisation of prepaid land lease payments	260	-	260
Depreciation of property, plant and equipment	18,163	-	18,163
Fair value of share options granted to eligible directors and employees expensed off	657	-	657
Loss on disposal of available-for-sale investments	-	460	460
Net fair value losses on held-for-trading investments:			
- unrealised	-	188	188
Additions to non-current assets			
Purchase of:			
- available-for-sale investments	-	1,564	1,564
- property, plant and equipment	12,330	-	12,330
Additions of:			
- biological assets	19,065	-	19,065

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

39. SEGMENT INFORMATION (continued)

(b) Geographical segments

Revenue and non-current assets information based on geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Malaysia	**203,700**	213,152	**1,584,430**	1,583,975
Indonesia	**2,036**	-	**297,048**	-
	205,736	213,152	**1,881,478**	1,583,975

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2016 RM'000	2015 RM'000
Property, plant and equipment	**683,930**	681,453
Biological assets	**955,305**	846,483
Prepaid land lease payments	**133,047**	11,355
Investment property	**1,147**	1,054
Goodwill on consolidation	**86,777**	18,628
Available-for-sale investments	**21,272**	25,002
	1,881,478	1,583,975

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

40. FINANCIAL ASSETS AND LIABILITIES

(a) Financial assets

Total financial assets of the Group and of the Company at the reporting date consist of the following:

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Available-for-sale investments	23	**21,272**	25,002	**21,272**	25,002
Trade and other receivables *	25	**83,407**	16,006	**11,890**	9,306
Held-for-trading investments	26	**17,232**	17,164	**17,232**	17,164
Held-to-maturity investments	27	**1,005**	731	**187**	294
Financial assets at fair value through profit or loss	28	**22,996**	110,298	**22,962**	110,264
Cash and bank balances	29	**40,016**	73,803	**23,746**	57,697
		185,928	243,004	**97,289**	219,727

* Excluding advances paid for acquisition of land and prepayments of the Group and of the Company amounting to RM332,000 (2015: RM3,588,000) and RM168,000 (2015: RM74,000) which are not recoverable in cash.

(b) Financial liabilities

Total financial liabilities carried at amortised cost of the Group and of the Company at the reporting date consist of the following:

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Term loan	33	**136,896**	-	**136,896**	-
Trade and other payables	35	**25,850**	21,022	**7,624**	8,155
		162,746	21,022	**144,520**	8,155

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

41. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial instruments that are carried at fair value

The followings are the classes of financial instruments that are carried at fair value which is determined directly by reference to their published market bid price at the reporting date:

	Note
Available-for-sale investments	23
Held-for-trading investments	26
Financial assets at fair value through profit or loss	28

(b) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The followings are the classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables *	40(a)
Held-to-maturity investments	40(a)
Term loan	40(b)
Trade and other payables	40(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, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amount of term loan is reasonable approximations of fair value due to the insignificant impact of discounting.

The fair value of term loan is estimated by discounting expected future cash flows at market incremental lending rate for similar type of borrowing arrangement at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

41. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(c) Fair value hierarchy

At the reporting date, the Group and the Company held the following financial instruments carried at fair value in the statements of financial position:

	Group			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
30 April 2016				
Available-for-sale investments:				
Quoted investment:				
In Malaysia - shares	21,190	-	-	21,190
Unquoted investment:				
Outside Malaysia - shares	-	82	-	82
Held-for-trading investments:				
Quoted investments:				
In Malaysia - shares	13,182	-	-	13,182
Outside Malaysia - shares	4,050	-	-	4,050
Financial assets at fair value through profit or loss:				
In Malaysia - income trust funds	-	22,996	-	22,996

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

41. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(c) Fair value hierarchy (continued)

	Group			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
<u>30 April 2015</u>				
Available-for-sale investments:				
Quoted investment:				
In Malaysia				
- shares	24,932	-	-	24,932
Unquoted investment:				
Outside Malaysia				
- shares	-	70	-	70
Held-for-trading investments:				
Quoted investments:				
In Malaysia				
- shares	12,995	-	-	12,995
Outside Malaysia				
- shares	4,169	-	-	4,169
Financial assets at fair value through profit or loss:				
In Malaysia				
- income trust funds	-	110,298	-	110,298

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

41. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(c) Fair value hierarchy (continued)

	Company			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
30 April 2016				
Available-for-sale investments:				
Quoted investment:				
In Malaysia				
- shares	21,190	-	-	21,190
Unquoted investment:				
Outside Malaysia				
- shares	-	82	-	82
Held-for-trading investments:				
Quoted investments:				
In Malaysia				
- shares	13,182	-	-	13,182
Outside Malaysia				
- shares	4,050	-	-	4,050
Financial assets at fair value through profit or loss:				
In Malaysia				
- income trust funds	-	22,962	-	22,962

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

41. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(c) Fair value hierarchy (continued)

	Company			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
30 April 2015				
Available-for-sale investments:				
Quoted investment:				
In Malaysia				
- shares	24,932	-	-	24,932
Unquoted investment:				
Outside Malaysia				
- shares	-	70	-	70
Held-for-trading investments:				
Quoted investments:				
In Malaysia				
- shares	12,995	-	-	12,995
Outside Malaysia				
- shares	4,169	-	-	4,169
Financial assets at fair value through profit or loss:				
In Malaysia				
- income trust funds	-	110,264	-	110,264

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

42. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment in unit trust funds and equity instruments, held-to-maturity investments and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increase of credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debt is not significant.

<u>Exposure to credit risk</u>

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.

<u>Credit risk concentration profile</u>

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

<u>Financial assets that are neither past due nor impaired</u>

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 25(a).

Investment in unit trust funds, equity instruments and deposits with banks are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

42. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

(a) Credit risk (continued)

Financial assets that are past due but not impaired

Information regarding trade receivables that are past due but not impaired is disclosed in Note 25(a).

Financial asset that is impaired

Information regarding trade receivable that is impaired is disclosed in Note 25(a).

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group strives to maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group maintains available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations:

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
At 30 April 2016				
Group				
Term loan	-	149,552	-	149,552
Trade and other payables	25,850	-	-	25,850
Total undiscounted financial liabilities	25,850	149,552	-	175,402

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

42. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

(b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
At 30 April 2016 (continued)				
Company				
Term loan	-	149,552	-	149,552
Trade and other payables	7,624	-	-	7,624
Total undiscounted financial liabilities	7,624	149,552	-	157,176

* At the reporting date, the counterparties to the financial guarantees do not have a right to demand cash as the defaults have not occurred. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

At 30 April 2015

As at 30 April 2015, the Group and the Company do not have any external borrowings and all trade and other payables of the Group and of 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's and the Company's exposure to interest rate risk arises primarily from their term loan. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowing. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets.

In addition, the Group and the Company have short term interest bearing financial assets as at 30 April 2016. 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

42. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

(c) Interest rate risk (continued)

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points higher/lower, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM17,000 (2015: RM177,000) and RM29,000 (2015: RM136,000) higher/lower respectively, arising mainly as a result of higher/lower interest income from placements of fund in short term deposits and fixed deposits as well as interest expense on term loan.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchanges rates.

The Group has transactional currency exposure mainly arising from bank borrowing that is denominated in United States Dollar ("USD"), which is a currency other than the functional currency of the operations to which they relate. At the reporting date, such foreign currency balance amount to RM136,896,000 (2015: RM Nil).

Sensitivity analysis for foreign currency risk

The hypothetical sensitivity of the Group's and the Company's profit net of tax to a 3% change in USD exchange rate at the reporting date against RM, assuming all other variables remain unchanged, is RM4,099,000 (2015: RM Nil).

(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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

42. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

(e) Market price risk (continued)

(i) Commodity price risk (continued)

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	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Increase/(decrease) on profit net of tax				
- CPO price 5% higher	**5,269**	5,653	**2,132**	2,055
- CPO price 5% lower	**(5,269)**	(5,653)	**(2,132)**	(2,055)
- PK price 5% higher	**1,006**	1,011	**388**	353
- PK price 5% lower	**(1,006)**	(1,011)	**(388)**	(353)

(ii) Equity price risk

The Group's and the Company's investment in unit trust funds (comprising equity funds and income trust funds) and equity instruments (comprising quoted shares listed on Bursa Malaysia Securities Berhad and outside Malaysia) are subject to fluctuation in net asset values of the unit trust funds and market prices of equity instruments. These instruments are classified as available-for-sale investments, held-for-trading investments or financial assets at fair value through profit or loss.

For investment in unit trust funds, the Group's objective is to manage market price risk by investing in unit trust funds with consistent returns. A careful selection of fund managers with creditable performance track record is carried out. In addition, the fund managers of the unit trust funds are required to provide write-ups of the funds' holdings and investment strategies for the management's review regularly.

For long term investment in shares which classified as available-for-sale investments, the Group's objective is to manage market price risk by investing in shares with consistent dividend returns.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

42. 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 managers with creditable performance track record is carried out. The market price risk is managed by the fund managers by maintaining a mix of securities with consistent dividend yield and potential for capital appreciation in order to achieve a reasonable rate of return. The fund managers of the equity portfolio are required to provide monthly report of the fund's holdings and investment strategies for management's review.

<u>Sensitivity analysis for equity price risk</u>

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

	Group		**Company**	
	Increase/ (decrease) on profit before tax RM'000	**Increase/ (decrease) on equity RM'000**	**Increase/ (decrease) on profit before tax RM'000**	**Increase/ (decrease) on equity RM'000**
<u>30 April 2016</u>				
Available-for-sale investments:				
Investment in shares				
- Market value + 5%	-	1,064	-	1,064
- Market value - 5%	-	(1,064)	-	(1,064)
Held-for-trading investments:				
Investment in shares				
- Market value + 5%	862	862	862	862
- Market value - 5%	(862)	(862)	(862)	(862)
Financial assets at fair value through profit or loss:				
Investment in income trust funds				
- Market value + 5%	1,150	1,150	1,148	1,148
- Market value - 5%	(1,150)	(1,150)	(1,148)	(1,148)

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

42. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

(e) Market price risk (continued)

(ii) Equity price risk (continued)

Sensitivity analysis for equity price risk (continued)

	Group		Company	
	Increase/ (decrease) on profit before tax RM'000	Increase/ (decrease) on equity RM'000	Increase/ (decrease) on profit before tax RM'000	Increase/ (decrease) on equity RM'000
30 April 2015				
Available-for-sale investments:				
Investment in shares				
- Market value + 5%	-	1,250	-	1,250
- Market value - 5%	-	(1,250)	-	(1,250)
Held-for-trading investments:				
Investment in shares				
- Market value + 5%	858	858	858	858
- Market value - 5%	(858)	(858)	(858)	(858)
Financial assets at fair value through profit or loss:				
Investment in income trust funds				
- Market value + 5%	5,515	5,515	5,513	5,513
- Market value - 5%	(5,515)	(5,515)	(5,513)	(5,513)

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

43. CAPITAL MANAGEMENT

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

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

No changes were made in the objectives, policies or processes during the financial years ended 30 April 2016 and 2015.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, trade and other payables, less cash and bank balances and highly liquid short term investments. Capital includes equity attributable to equity holders of the Company.

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Term loan	**136,896**	-	**136,896**	-
Trade and other payables	**25,850**	21,022	**7,624**	8,155
Less: - Cash and bank balances	**(40,016)**	** (21,022)	**(23,746)**	** (8,155)
- Held-to-maturity investments	**(1,005)**	-	**(187)**	-
- Held-for-trading investments	**(17,232)**	-	**(17,232)**	-
- Financial assets at fair value through profit or loss	**(22,996)**	-	**(22,962)**	-
Net debt	**81,497**	-	**80,393**	-
Equity attributable to owners of the Company	**1,708,651**	1,680,169	**1,124,200**	1,092,819
Capital and net debt	**1,790,148**	1,680,169	**1,204,593**	1,092,819
Gearing ratio	**5%**	0%	**7%**	0%

** Restricted cash and bank balances to trade and other payables.

44. SIGNIFICANT EVENT

During the financial year, the Company completed the acqusition of 83% effective equity interest in PT Lifere Agro Kapuas. Further details of the acquisition are disclosed in Note 22 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

45. EVENT OCCURRING AFTER THE REPORTING DATE

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

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

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

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

The MOU is effective for a period of six (6) months from the date of the MOU.

46. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 30 April 2016 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 15 August 2016.

SUPPLEMENTARY INFORMATION
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

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 2016 and 30 April 2015 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	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Total retained earnings of the Company and its subsidiaries:				
- Realised	**630,841**	625,518	**493,532**	475,799
- Unrealised	**(22,963)**	(33,524)	**(1,546)**	(12,572)
	607,878	591,994	**491,986**	463,227
Less: Consolidation adjustments	**(2,292)**	(16,819)	**-**	-
Total retained earnings	**605,586**	575,175	**491,986**	463,227

LIST OF PROPERTIES HELD
AS AT 30 APRIL 2016

Location	Tenure	Titled Hectarage	Description	Year of Acquisition/ Revaluation *	Carrying Amount of Properties # as at 30 April 2016 RM'000
MALAYSIA					
Masjid Tanah Estate 78300 Masjid Tanah Melaka	Freehold Leasehold (expiring on: 31-12-2033 15-03-2066)	354.3 2.8 0.2	Oil palm estate	2013 *	31,461
Pelin Estate 71300 Rembau Negeri Sembilan	Freehold	154.3	Oil palm estate	2013 *	11,283
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 *	57,541
Tampin Estate 73300 Batang Melaka Negeri Sembilan	Freehold	298.9	Oil palm estate	2013 *	16,507
Selandar Estate Selandar P.O. 77500 Jasin Melaka	Freehold Leasehold (expiring on: 31-07-2025)	194.5 22.1	Oil palm estate	2013 *	17,704
Batu Anam Estate Batu Anam P.O. 85100 Batu Anam Segamat, Johor	Freehold	864.9	Oil palm estate	2013 *	44,059
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 *	23,157
Leong Hin San Estate 71200 Rantau Negeri Sembilan	Freehold	844.6	Oil palm estate	2013 *	49,973
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 *	108,783
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 *	84,115
Marmahat Estate Labuk Sugut Beluran District 90000 Sabah	Lease land (expiring between: 2031 and 2032 2097 and 2099)	 30.1 1,396.5	Oil palm estate	2013 *	104,089
Paitan and Tanjung Nipis Estates Labuk Sugut Beluran District 90000 Sabah	Leasehold (expiring between: 2098 and 2102) Lease land (expiring between: 2031 and 2035 2098 and 2100)	 918.1 979.2 1,222.8	Oil palm estate and palm oil mill	2013 *	208,216

LIST OF PROPERTIES HELD (continued)
AS AT 30 APRIL 2016

Location	Tenure	Titled Hectarage	Description	Year of Acquisition/ Revaluation *	Carrying Amount of Properties # as at 30 April 2016 RM'000
Tengkarasan Estate Labuk Sugut Beluran District 90000 Sabah	Leasehold (expiring on 2100) Lease land (expiring between: 2031 and 2035 2098 and 2100) (expiring on: 08-01-2043)	 68.2 938.1 1,291.9 508.3	Oil palm estate	2013 * 2013	164,744
Millian-Labau Estate Sungai Millian-Labau Kinabatangan District 89950 Nabawan Sabah	Leasehold (expiring on: 31-12-2098)	10,126.3	Oil palm estate	2013 *	553,927
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: 10 years)	2013 *	10,464
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: 6 years)	2016 *	1,147
Office Building Lot 130, One Avenue 10, Mile 6, North Road, 90000 Sandakan, Sabah	Leasehold (expiring on: 31-12-2081)	2,242 sq. ft.	Shophouse (Age of: building 1 year)	2016	766
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: 15 years)	2013 *	754
Awana Condominium Unit 5542 Awana Condominium 8th Mile, Genting Highlands 89000 Genting Highlands Pahang	Freehold	1,258 sq. ft.	Holiday condominium (Age of building: 29 years)	2013 *	289
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: 16 years)	2013 *	573
INDONESIA Belida, Haruan, Biawan, Arwana and Seluang Estates Kecamatan Dadahup, Mentangai Kapuas Murung, Kapuas Barat Kabupaten Kapuas Propinsi Kalimantan Tengah	Leasehold (expiring between: 2049 and 2050)	24,584.8	Oil palm estate	2016	221,531
				TOTAL	**1,711,083**

\# Include freehold lands, long term leasehold lands, buildings, biological assets, prepaid land lease payments and investment property.

ANALYSIS OF SHAREHOLDINGS
AS AT 29 JULY 2016

Authorised capital	:	RM500,000,000
Issued & Paid-up capital	:	RM209,221,201
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	212	11,211	0.01
100 to 1,000	970	772,660	0.37
1,001 to 10,000	4,732	18,664,649	8.92
10,001 to 100,000	1,344	35,591,817	17.01
100,001 to less than 5% of issued capital	144	101,043,843	48.29
5% and above of issued shares	3	53,137,021	25.40
	7,405	**209,221,201**	**100**

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct shareholdings	Percentage of issued capital	Indirect shareholdings	Percentage of issued capital
Datin Paduka Tan Siok Choo	3,658,681	1.75	2,605,549	1.25
Tan Sri Dato' Ahmad bin Mohd Don	110,500	0.053	-	-
Tan Jiew Hoe	356,625	0.17	2,525,021	1.21
Teo Leng	70,000	0.033	-	-
Dato' Tan Ang Meng	21,500	0.01	-	-

ANALYSIS OF SHAREHOLDINGS (continued)
AS AT 29 JULY 2016

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	14.14
Great Eastern Life Assurance (Malaysia) Bhd	28,185,701	-	28,185,701	13.47
Aberdeen Asset Management PLC and its subsidiaries	-	29,405,250 *2	29,405,250	14.05
Mitsubishi UFJ Trust Financial Group	-	29,405,250 *3	29,405,250	14.05
HSBC Nominees (Asing) Sdn. Bhd. - Exempt An For The Hongkong And Shanghai Corporation Limited (HBAP-SGDIV-ACCL)	-	17,856,485	17,856,485	8.53
Aberdeen Asset Management Sdn Bhd	-	15,420,900	15,420,900	7.37
Employees Provident Fund Board	13,067,100	-	13,067,100	6.25
Aberdeen Asset Management Asia Ltd	-	12,619,250 *4	12,619,250	6.03

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 – 12,619,250
   - Aberdeen Asset Management Sdn. Bhd. – 15,420,900
   - Aberdeen Islamic Asset Management Sdn. Bhd. – 1,365,100
   - Aberdeen International Fund Managers Limited – 7,953,250
   - Aberdeen Asset Management Inc. – 403,100

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 – 10,992,450
   - BNP Paribas Trust Services Singapore Limited – 1,223,700
   - Nothern Trust – Chicago – 397,100
   - State Street Bank & Trust – 6,000

ANALYSIS OF SHAREHOLDINGS (continued)
AS AT 29 JULY 2016

LIST OF TOP 30 SHAREHOLDERS AS AT 29/7/2016

		No. of share	%
(1)	Malaysia Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad	28,185,701	13.47
(2)	HSBC Nominees (Asing) Sdn Bhd - Exempt An for The Hong Kong and Shanghai Banking Corporation Limited (HBAP-SGDIV-ACCL)	17,856,485	8.53
(3)	Citigroup Nominees (Asing) Sdn Bhd - Exempt An for OCBC Securities Private Limited (CLIENT A/C-NR)	13,230,013	6.32
(4)	HSBC Nominees (Asing) Sdn Bhd - BNP Paribas Secs Svs Lux for Aberdeen Global	7,977,750	3.81
(5)	Cartaban Nominees (Asing) Sdn Bhd - Exempt An for Standard Chartered Bank Singapore Branch (SG PVB CL AC)	7,700,000	3.68
(6)	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Aberdeen)	7,486,600	3.58
(7)	CIMB Group Nominees (Tempatan) Sdn Bhd - Yayasan Hasanah (AUR – VCAM)	6,323,600	3.02
(8)	Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	5,480,000	2.62
(9)	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	4,288,700	2.05
(10)	Datin Paduka Tan Siok Choo	3,658,681	1.75
(11)	Tan Siok Lee	3,111,222	1.49
(12)	HSBC Nominees (Asing) Sdn Bhd - BNP Paribas Secs Svs Paris for Aberdeen Asian Smaller Companies Investment Trust PLC	3,039,200	1.45
(13)	Tan Siok Eng	2,633,963	1.26
(14)	The late Toh Puan Lim Cheng Neo	2,605,549	1.25
(15)	Alros Sdn Bhd	2,057,625	0.98
(16)	Klebang Investments Pte Ltd	1,906,400	0.91
(17)	AMSEC Nominees (Tempatan) Sdn Bhd - Aberdeen Asset Management Sdn Bhd for Tenaga Nasional Berhad Retirement Benefit Trust Fund (FM-Aberdeen)	1,590,000	0.76

ANALYSIS OF SHAREHOLDINGS (continued)
AS AT 29 JULY 2016

LIST OF TOP 30 SHAREHOLDERS AS AT 29/7/2016 (continued)

		No. of share	%
(18)	Citigroup Nominees (Asing) Sdn Bhd - CB Spore GW for Orient Holdings (Private) Limited	1,392,187	0.67
(19)	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Aberislamic)	1,279,800	0.61
(20)	HSBC Nominees (Asing) Sdn Bhd - Exempt An For BNP Paribas Securities Services (Singapore-SGD)	1,223,700	0.58
(21)	Chee Bay Hoon & Co. Sdn Bhd	1,060,000	0.51
(22)	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt An For OCBC Securities Private Limited (Client A/C-RES)	1,042,387	0.50
(23)	Tan Jin Tuan	999,310	0.48
(24)	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	960,500	0.46
(25)	Amanahraya Trustees Berhad - Public Smallcap Fund	913,800	0.44
(26)	Amanahraya Trustees Berhad - Public Strategic Smallcap Fund	817,400	0.39
(27)	Seah Mok Khoon	817,000	0.39
(28)	Swee Cheng Investments Private Limited	750,000	0.36
(29)	Nora Ee Siong Chee	718,875	0.34
(30)	Chee Swee Cheng & Co Sdn Bhd	694,242	0.33
		131,800,690	**62.99**

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

No. of Ordinary Share Held	CDS Account No.

FORM OF PROXY

I/We ……………………………………………………………….......................... NRIC/Company No………………………………….…
(FULL NAME IN CAPITAL)

of ………
(FULL ADDRESS)

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

.... NRIC/Company No………………………………….…
(FULL NAME IN CAPITAL)

of ………
(FULL ADDRESS)

or failing him/her ……………………………………………………………... NRIC/Company No………………………………….…
(FULL NAME IN CAPITAL)

of……
(FULL ADDRESS)

or the Chairperson of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the 102nd Annual General Meeting of the Company to be held on Friday, 23 September 2016 at 11.00 a.m. and at any adjournment thereof.
My/our proxy is to vote as indicated below. (Please indicate with an "X" how you wish your vote to be cast. If no specific instruction as to the voting is given, the proxy will vote or abstain at his/her own discretion).

Resolution	Relating to:	For	Against
No. 1	Approval of Directors' fees for the financial year ending 30 April 2017		
No. 2	Re-election of Datin Paduka Tan Siok Choo, a Director retiring by rotation in accordance with Article 118 of the Company's Articles of Association		
No. 3	Re-appointment and remuneration of Auditors		
No. 4	Continuing In Office as Independent Non-Executive Director by Tan Sri Dato' Ahmad Bin Mohd Don		
No. 5	Continuing In Office as Independent Non-Executive Director by Mr. Tan Jiew Hoe		
No. 6	Authority to grant rights and options to Mr. Peter Benjamin, the Chief Executive Officer under the Company's Employee Share Scheme		

As Witness my hand this …………………day of ……………………. 2016

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

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

Notes:

1. *A member of the Company entitled to attend, speak and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his stead. A proxy need not be a member of the Company. A member shall not be entitled to appoint more than two (2) proxies to attend at the same meeting. Where a member appoint two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
2. *The right of foreign Depositors to vote in respect of their deposited securities with Bursa 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.*
3. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at United Malacca Berhad Building, 6th floor, No. 61, Jalan Melaka Raya 8, Taman Melaka Raya, 75000 Melaka not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof for the proxy to be valid.*
4. *Only members whose name appear in the Register of Members or registered in the General Meeting Record of Depositors on or before 5.00 p.m. on 15 September 2016 shall be eligible to attend the Annual General Meeting.*
5. *Where this proxy form is executed by a corporation, it must be either under its seal or under the hand of an officer or attorney duly authorized.*
6. *All the Resolutions will be put to vote by poll*

please fold along this line (1)

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

Stamp

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

please fold along this line (2)

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