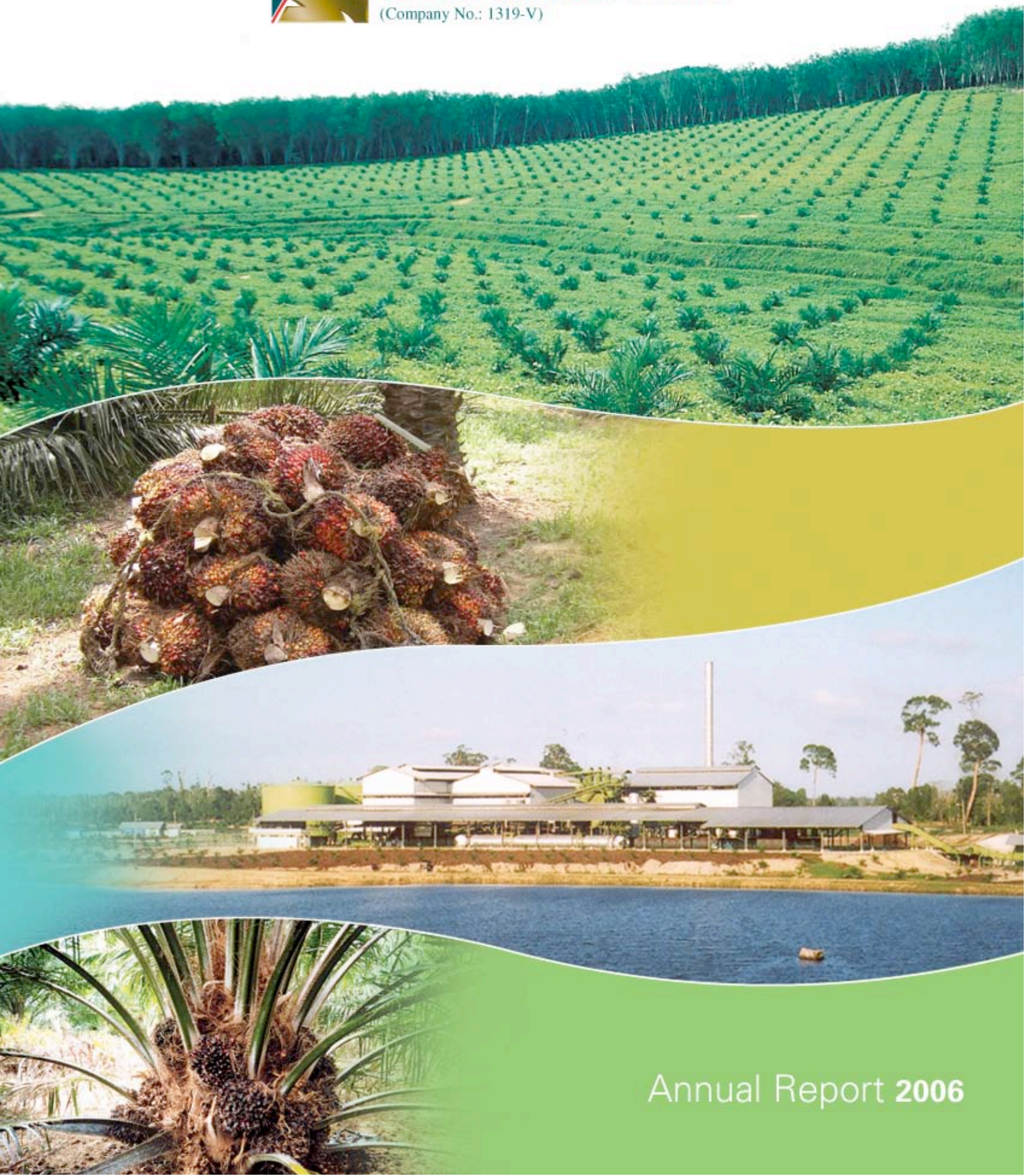




United Malacca Berhad

(Company No.: 1319-V)



Annual Report **2006**



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninety-second Annual General Meeting of members will be held at the Bunga Teratai Room, 7th Floor, Renaissance Hotel, Jalan Bendahara, 75100 Melaka, on Friday, 22 September 2006 at 3.00 p.m. for the following business :-

AGENDA

1. To receive and adopt the Report of the Directors and Audited Accounts for the year ended 30 April 2006 and the Report of the Auditors thereon. *Resolution 1*
2. To declare a final dividend of 8 sen less 28% taxation per RM1.00 stock unit for the year ended 30 April 2006. *Resolution 2*
3. To approve payment of Directors' fees. *Resolution 3*
4. To consider and, if thought fit, to pass the following resolutions pursuant to Section 129(6) of the Companies Act 1965:-
 - (a) "That pursuant to Section 129(6) of the Companies Act, 1965, Mr. Choi Siew Hong be and is hereby re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting." *Resolution 4*
 - (b) "That pursuant to Section 129(6) of the Companies Act 1965, Mr. Boon Weng Siew be and is hereby re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting." *Resolution 5*
 - (c) "That pursuant to Section 129(6) of the Companies Act 1965, Mr. Chua Ngoh Chuan be and is hereby re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting." *Resolution 6*
5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. *Resolution 7*
6. **As Special Business**

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

(A) ORDINARY RESOLUTION**- Authorising Directors to allot and issue shares**

"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and approvals of the relevant Governmental or regulatory bodies, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company and upon allotment to convert the same into stock units transferable in amounts and multiples of RM1.00 each, at any time upon such terms and conditions and for such purposes as the Directors may in their absolute discretion, deem fit provided

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

always that the aggregate number of shares to be issued pursuant to this Resolution shall not exceed ten per centum of the issued share capital of the Company for the time being and that the Directors be and are empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

Resolution 8**(B) SPECIAL RESOLUTION****- Proposed amendments to the Articles of Association of the Company**

"THAT the alterations, modifications, additions and deletions of the Articles of Association of the Company as set out below be and are hereby approved:-

Article 151

- (i) by inserting the sentence "*in printed form or in CD-ROM form or in such other form of electronic media*" immediately after the word "reports" in line 3;
- (ii) by inserting a new sentence "*In the event that these documents are sent in CD-ROM form or in such other form of electronic media and a Member requires a printed form of such documents, the Company shall send such documents to the Member within four (4) Market Days from the date of receipt of the Member's request.*" Immediately after the word "Exchange" in line 9.

and the amended Article 151 shall read as follows:-

A copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the Company in General Meeting and of the Directors' and Auditors' reports **in printed form or in CD-ROM form or in such other form of electronic media**, shall not less than fourteen days before the date of the meeting be delivered or sent by post to every Member and debenture holder of the Company of whose address the Company is aware, and to the Company's Auditors and the requisite number of copies of each of these documents shall at the same time be forwarded to the Stock Exchange. **In the event that these documents are sent in CD-ROM form or in such other form of electronic media and a Member requires a printed form of such documents, the Company shall send such documents to the Member within four (4) Market Days from the date of receipt of the Member's request.**

New Article 127A

- (i) by inserting the following new Article 127A immediately after the existing Article 127

and the New Article 127A shall read as follows:-

The conduct of a meeting of Directors or of a committee of the Directors may include a participation thereat by any Director by means of telephone conferencing, video conferencing, audio visual, or other similar communications equipment by means of which all persons participating in the

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

meeting can hear each other and be heard, without a Director being in the physical presence of another Director or Directors. A Director participating in a meeting in the manner aforesaid shall be deemed to be present at the meeting and be counted for the purpose of a quorum. He shall also be entitled to vote thereat. Such a meeting shall be deemed to be held or have been held at a venue where the largest group of Directors present for the purpose of the meeting is assembled or, if there is no such group, where the Chairman of the meeting is present.

Article 130

- (i) By inserting the following new sentence at the end of Article 130 as follows:-

“The expression “in writing” and “signed” shall include approval by any such Director by telefax, telex, cable, telegram, electronic mail or any other form of electronic communication approved by the Directors for such purpose from time to time incorporating, if the Directors deem necessary, the use of security and/or identification procedures and devices approved by the Directors.”

and the amended Article 130 shall read as follows:-

A resolution in writing signed or approved by all the Directors who may at the time be present in Malaysia and who are sufficient to form a quorum shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted; provided that where a Director is not so present but has an alternate who is so present, then such resolution must also be signed by such alternate. All such resolutions shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's Minute Book. Any such resolution may consist of several documents in like form, each signed by one or more Directors. **The expression “in writing” and “signed” shall include approval by any such Director by telefax, telex, cable, telegram, electronic mail or any other form of electronic communication approved by the Directors for such purpose from time to time incorporating, if the Directors deem necessary, the use of security and/or identification procedures and devices approved by the Directors.**

Resolution 9

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

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN that a final dividend of 8 sen less 28% taxation per RM1.00 stock unit in respect of the financial year ended 30 April 2006, if approved by the Stockholders at the forthcoming Annual General Meeting, will be paid on 13 October 2006 to Depositors whose names appear in the Record of Depositors at the close business at 5.00 p.m. on 4 October 2006.

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

- (a) Stocks deposited into the Depositor's Securities Account before 12.30 p.m. on 2 October 2006 in respect of stocks which are exempted from mandatory deposit;
- (b) Stocks transferred into the Depositor's Securities Account before 4.00 p.m. on 4 October 2006 in respect of transfers;

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

- (c) Stocks bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

Leong Yok Mui
Company Secretary
Melaka

Date: 23 August 2006

NOTE:

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

EXPLANATORY NOTES ON SPECIAL BUSINESS:

Resolution No. 8

The proposed Ordinary Resolution 8 if passed, will empower the Directors to issue and allot shares in the Company at any time and for such purposes as the Directors consider would be in the interests of the Company up to an aggregate not exceeding 10% of the issued capital of the Company without convening a general meeting. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting.

Resolution No. 9

The rationale for the proposed amendments to the Company's Articles of Association under Special Resolution No. 9 are as follows:-

- Article 151 – This will facilitate the issuance of financial statements in CD-ROM or in such other form of electronic media, if deemed appropriate.
- Article 127A – This will allow Directors to participate in meetings of Directors and committees of Directors by means of telephone conferencing, video conferencing, audio visual or other similar communications equipment.
- Article 130 – This will facilitate the approval of circular resolutions by Directors via electronic means.

STATEMENT ACCOMPANYING NOTICE OF NINETY-SECOND ANNUAL GENERAL MEETING

PURSUANT TO PARAGRAPH 8.28(2) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Ninety-second Annual General Meeting of members of the Company will be convened at the Bunga Teratai Room, 7th Floor, Renaissance Hotel, Jalan Bendahara, 75100 Melaka on Friday, 22 September 2006 at 3.00 p.m.
2. The Directors who are standing for re-appointment at the Ninety-Second Annual General Meeting of the Company are as follow and their profile and stockholdings in the Company are set out in the Annual Report on pages as follow:-

Director Standing for Re-appointment	Director's Profile	Details of Stockholdings in the Company
Mr. Choi Siew Hong	Page 8	Page 88
Mr. Boon Weng Siew	Page 10	Page 88
Mr. Chua Ngoh Chuan	Page 11	Page 88

3. A total of 4 (four) Board of Directors' Meetings were held during the financial year ended 30 April 2006, the details of which are as follows:-

Date of Meeting	Time	Venue
29 June 2005	10.00 a.m.	Level 19, Menara Prudential, Jalan Sultan Ismail, 50250 Kuala Lumpur.
21 September 2005	10.00 a.m.	Level 19, Menara Prudential, Jalan Sultan Ismail, 50250 Kuala Lumpur.
21 December 2005	10.00 a.m.	Level 19, Menara Prudential, Jalan Sultan Ismail, 50250 Kuala Lumpur.
29 March 2006	10.00 a.m.	Level 19, Menara Prudential, Jalan Sultan Ismail, 50250 Kuala Lumpur.

4. The details of Directors' attendance at Board Meetings held during the financial year ended 30 April 2006 are as follows:-

Directors	Attendance
Mr. Choi Siew Hong	4 of 4 Meetings
Tan Sri Dato' Abdul Aziz Bin Haji Taha	3 of 4 Meetings
Ms. Tan Siok Choo	4 of 4 Meetings
Mr. Boon Weng Siew	4 of 4 Meetings
Mr. Chua Ngoh Chuan (or represented by his Alternate Mr. Tan Jiew Hoe)	4 of 4 Meetings
Datuk Fong Weng Phak	4 of 4 Meetings

GROUP HIGHLIGHTS

PRODUCTION		2006	2005
Crude palm oil	(tonne)	65,628	52,414
Palm kernel	(tonne)	17,434	14,899
Fresh fruit bunches	(tonne)	172,707	169,395
FINANCIAL		RM'000	RM'000
Revenue		114,007	100,013
Profit:-			
Before taxation		32,630	33,418
After taxation		24,451	33,577#
Earnings per stock unit:-		sen	sen
Basic		18.2	25.1#
Fully diluted		18.2	25.1#
Dividend per stock unit:-		sen	sen
Gross		13.0	11.0
Net		9.4	9.6
		RM'000	RM'000
Total assets		594,493	585,232
		RM	RM
Net tangible assets per stock unit		4.02	3.93

Inclusive of RM8,595,000 being deferred tax assets recognised by the Group in financial year 2005, arising from unabsorbed capital allowances and unutilised tax losses carried forward of a subsidiary.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Choi Siew Hong, *JMN*
(Chairman and Executive Director)

Tan Sri Dato' Abdul Aziz bin Hj. Taha
PSM, SPMJ, DSIJ, JMN

Ms. Tan Siok Choo

Boon Weng Siew
SMJ, PIS

Chua Ngoh Chuan

Datuk Fong Weng Phak
PJN, DMPN, KMN

Tan Jiew Hoe
(Alternate to Mr. Chua Ngoh Chuan)

AUDIT COMMITTEE

Tan Sri Dato' Abdul Aziz bin Hj. Taha *
PSM, SPMJ, DSIJ, JMN
(Chairman)

Ms. Tan Siok Choo **

Chua Ngoh Chuan *

Datuk Fong Weng Phak *
PJN, DMPN, KMN

* Independent non-executive director

** Non-executive director

SECRETARIES

Madam Leong Yok Mui

Ms. Yong Yoke Hiong

AUDITORS

Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel: 03-20877000

SENIOR MANAGEMENT

Dr. Leong Tat Thim
Chief Executive Officer/ General Manager

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

Ms. Susan Lai Swee Kee
Group Financial Controller

Mr. Chong Seong Hoe
Plantation Controller (Sabah)

Mr. Tay Chuan Chan
Plantation Controller (Peninsular)

Mr. Toh Tau Book
Mill Controller

HEAD OFFICE/REGISTERED OFFICE

8-H, Jalan Laksamana Cheng Ho
75000 Melaka
P.O.Box 117, 75720 Melaka
Tel : 06-2823700, 2823412,
2823548, 2827415, 2881412
Fax : 06-2834599
E-Mail : umre@po.jaring.my

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 03-27212222
Fax : 03-27212530/31

DATE AND PLACE OF INCORPORATION

Incorporated on 27 April 1910 in Malaysia

STOCK EXCHANGE LISTING

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

PROFILE OF DIRECTORS



MR. CHOI SIEW HONG JMN
Chairman and Executive Director

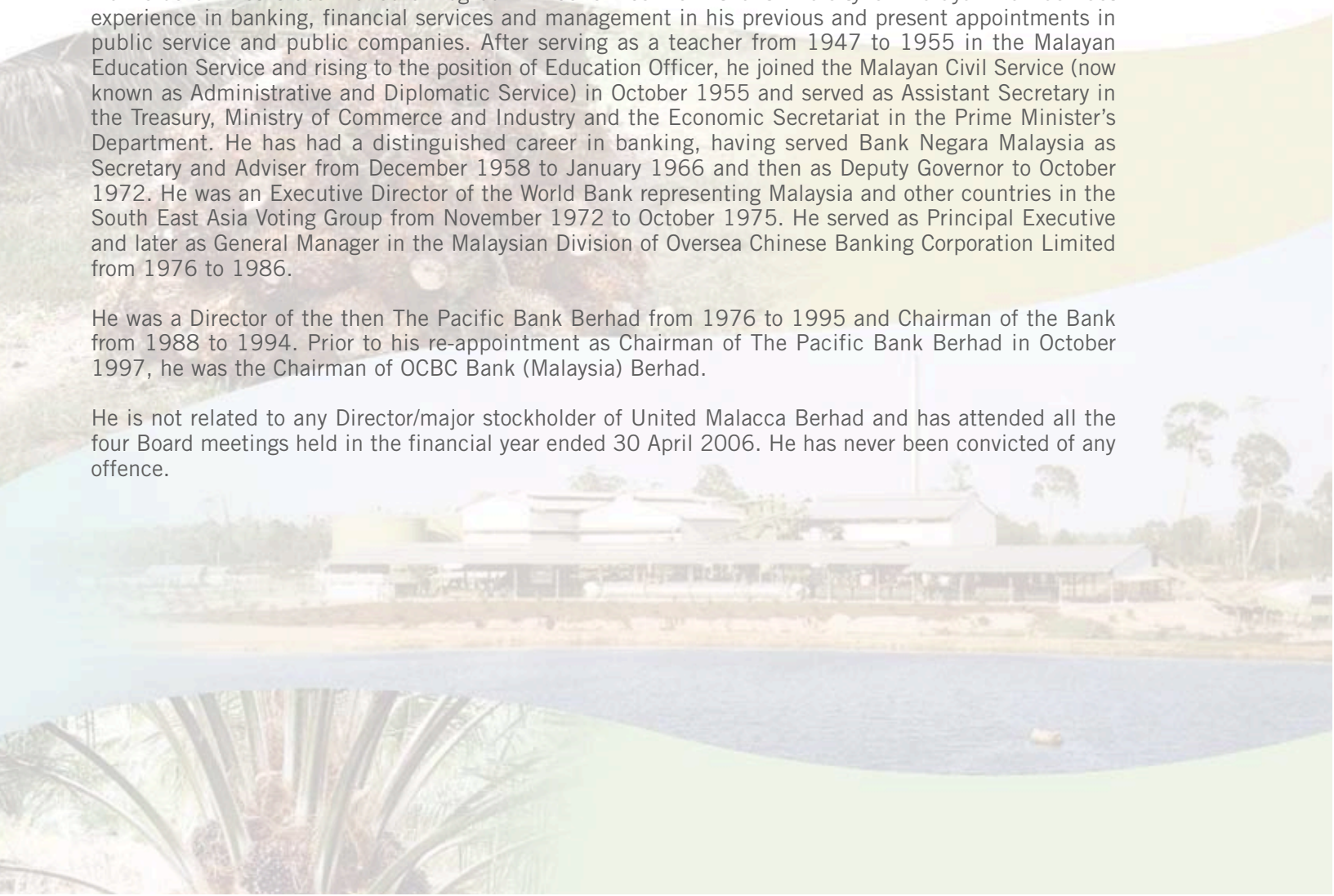
Mr. Choi Siew Hong, aged 85 and a Malaysian, is the Chairman and Executive Director. He joined the Board as Alternate Director on 7 May 1976 and was appointed as Director in 1979 and subsequently as Chairman in 1988. He is the Chairman of the Board Tender Committee, a member of the Remuneration Committee and also sits on the Boards of several subsidiaries of the Group, one of which is South-East Pahang Oil Palm Berhad.

He is currently the Chairman of PacificMas Berhad (formerly known as The Pacific Bank Berhad) and also the Chairman of The Pacific Insurance Berhad, Pacific Mutual Fund Berhad and Malaysian Trustees Berhad besides being on the Board of Malaysia Smelting Corporation Berhad.

He holds a First Class Honours Degree in Economics from the University of Malaya. He has vast experience in banking, financial services and management in his previous and present appointments in public service and public companies. After serving as a teacher from 1947 to 1955 in the Malayan Education Service and rising to the position of Education Officer, he joined the Malayan Civil Service (now known as Administrative and Diplomatic Service) in October 1955 and served as Assistant Secretary in the Treasury, Ministry of Commerce and Industry and the Economic Secretariat in the Prime Minister's Department. He has had a distinguished career in banking, having served Bank Negara Malaysia as Secretary and Adviser from December 1958 to January 1966 and then as Deputy Governor to October 1972. He was an Executive Director of the World Bank representing Malaysia and other countries in the South East Asia Voting Group from November 1972 to October 1975. He served as Principal Executive and later as General Manager in the Malaysian Division of Oversea Chinese Banking Corporation Limited from 1976 to 1986.

He was a Director of the then The Pacific Bank Berhad from 1976 to 1995 and Chairman of the Bank from 1988 to 1994. Prior to his re-appointment as Chairman of The Pacific Bank Berhad in October 1997, he was the Chairman of OCBC Bank (Malaysia) Berhad.

He is not related to any Director/major stockholder of United Malacca Berhad and has attended all the four Board meetings held in the financial year ended 30 April 2006. He has never been convicted of any offence.



TAN SRI DATO' ABDUL AZIZ BIN. HAJI TAHA*PSM, SPMJ, DSIJ, JMN**Independent Non-Executive Director*

Tan Sri Dato' Abdul Aziz, aged 70 and a Malaysian, is an Independent Non Executive Director who joined the Board since 12 December 1991. He is the Chairman of the Audit Committee and the Nomination Committee. He is also the Senior Independent Non-Executive Director to whom concerns may be conveyed.



Tan Sri Dato' Abdul Aziz, trained and qualified as a Chartered Accountant in Australia in 1964, is a member of the Malaysian Institute of Accountants. He was the Governor of Bank Negara from 1980 - 1985.

He has wide experience in banking and financial consultancy in his previous appointments in public service and with an international firm of Accountants. He has served as Chairman of the Capital Issues Committee, member of the Foreign Investment Committee, the National Development Planning Council, the Investment Panel of the Armed Forces Fund, the Investment Panel of the Pilgrims Corporation, the Board of Malaysian Industrial Development Finance Berhad, the Board of the National Equity Corporation and was a partner with Kassim Chan/Deloitte Haskins & Sells, Malaysia and currently the Chairman of Perbadanan Insurance Deposit Malaysia.

He is not related to any Director/major stockholder of United Malacca Berhad and has attended three out of four Board Meetings held in the financial year ended 30 April 2006. He has never been convicted of any offence.

MS. TAN SIOK CHOO*Non-Executive Director*

A Malaysian, Ms Tan Siok Choo, aged 54, is a Non-Executive Director who was appointed to the Board on 8 December 1988. She is a member of the Audit Committee and the Remuneration Committee.



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

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

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

She is a substantial stockholder by virtue of her interest as Director and family interest in Sinneo Sdn Bhd, a major stockholder of United Malacca Berhad. She is not related to any other Director of the Company and has attended all the four Board Meetings held in the financial year ended 30 April 2006. She has never been convicted of any offence.

PROFILE OF DIRECTORS *(cont'd)*



DATUK FONG WENG PHAK *PJN, DMPN, KMN*

Independent Non-Executive Director

Datuk Fong Weng Phak, aged 65, a Malaysian, is an Independent Non-Executive Director who joined the Board since 1 October 1998. He is the Chairman of Remuneration Committee and a member of the Audit Committee, the Board Tender Committee, the Nomination Committee and also sits on the Boards of several subsidiaries of the Group, one of which is South-East Pahang Oil Palm Berhad.

He holds a Bachelor of Arts (Honours) degree in Economics from University of Malaya and obtained his Master in Public Administration from Harvard University.

He served Bank Negara Malaysia from 1964 to 1982, rising in ranks to his last position as Head of Economics Department. In 1983, he joined Oversea-Chinese Banking Corporation Ltd as Deputy General Manager and subsequently as General Manager of its Malaysian operations. On the incorporation of OCBC Bank (M) Berhad in 1994, he was appointed Director and Chief Executive Officer. In 1995, he left OCBC to serve as Deputy Governor of Bank Negara Malaysia on a 3 year contract until 1998. He is currently a Director of Fraser & Neave Holdings Berhad and Emas Kiara Industries Berhad which are public listed companies in Malaysia and Genesis Malaysia Maju Fund Ltd, which are public companies listed overseas. He is also a Director of Pacific Mutual Fund Berhad, Great Eastern Life Assurance (Malaysia) Berhad, Great Eastern Capital (Malaysia) Berhad, Overseas Assurance Corporation (Malaysia) Berhad, Overseas Assurance Corporation (Holdings) Berhad.

He is not related to any Director/major stockholder of United Malacca Berhad and has attended all the four Board Meetings held in the financial year ended 30 April 2006. He has never been convicted of any offence.



MR. BOON WENG SIEW *SMJ, PIS*

Independent Non-Executive Director

Mr. Boon Weng Siew, aged 82 and a Malaysian, is an Independent Non-Executive Director who joined the Board since 26 September 1989. He is also a member of the Board Tender Committee.

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

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

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

He is not related to any Director/major stockholder of United Malacca Berhad and has attended all the four Board Meetings held in the financial year ended 30 April 2006. He has never been convicted of any offence.

PROFILE OF DIRECTORS *(cont'd)***MR. CHUA NGOH CHUAN***Independent Non-Executive Director*

Mr. Chua Ngoh Chuan, aged 73 and a Malaysian, is an Independent Non-Executive Director. He joined the Board as an Alternate Director on 1 May 1980 and subsequently appointed as Director on 4 April 1991. He is a member of the Audit Committee, the Board Tender Committee, the Nomination Committee and also sits on the Boards of several subsidiaries of the Group, one of which is South-East Pahang Oil Palm Berhad.



He is a Fellow member of the Institution of Engineers (Malaysia) and a Registered Professional Engineer and was nominated as a member on the Board of Engineers (Malaysia) in 1972 to represent the Commercial Sector. He is also a graduate from the Imperial College, London.

He began his working career in 1957 as an Assistant Engineer and was promoted as Water Engineer in the Malacca Municipality until 1962. He has wide experience in water engineering and consultancy in the private sector and has served as Regional Chairman of Portals Water Treatment Limited Group of companies in Asia from 1981-1984. He was a Director of The Pacific Bank Berhad (now known as PacificMas Berhad), a public listed company from 18 August 1993 to 31 May 2001 and also sits on the Board of Directors of Malaysia Trustee Berhad and the Atlas Ice Bhd Group of companies.

He is not related to any Director/major stockholder of United Malacca Berhad. He has attended three out of four Board Meetings held in the financial year ended 30 April 2006 and during his leave of absence at the other Board Meeting, he was represented by his Alternate, Mr. Tan Jiew Hoe. He has never been convicted of any offence.

MR. TAN JIEW HOE*Alternate Director*

Mr. Tan Jiew Hoe, aged 59 and a Singaporean, was appointed as Alternate Director to Mr. Chua Ngoh Chuan (an Independent Non-Executive Director) on 9 June 1997.

He is currently a Director of several private companies in Malaysia and Singapore. He is a keen plantsman. Apart from his family relationship with Mr. Chua Ngoh Chuan, a Director of the Company, Mr. Tan Jiew Hoe is not related to any major stockholder of United Malacca Berhad.



He has attended all the four Board Meetings held in the financial year ended 30 April 2006. He has never been convicted of any offence.

MANAGEMENT TEAM



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



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



Ms. Susan Lai Swee Kee
Group Financial Controller

MANAGEMENT TEAM *(cont'd)*

Mr. Chong Seong Hoe
Plantation Controller (Sabah)



Mr. Tay Chuan Chan
Plantation Controller (Peninsular)



Mr. Toh Tau Book
Mill Controller

CHAIRMAN'S STATEMENT



On behalf of the Board of Directors of **United Malacca Berhad**, it is my pleasure to present the Annual Report and Audited Accounts of the Company and the Group for the Financial Year ended 30 April 2006.

FINANCIAL PERFORMANCE

At the Group level, total revenue for the current financial year ended 30 April 2006 increased by 14% to RM114.01 million from RM100.01 million in the preceding year mainly due to increase in volume of crude palm oil and palm kernels production.

However, mainly due to the decline of 5% or RM74 per tonne in the average CPO price from RM1,485 per tonne in the preceding year to RM1,411 as well as higher replanting cost incurred in larger areas under replanting, the Group's pretax profit fell by 2% to RM32.63 million as compared with RM33.42 million in the preceding year. The sustained ffb production recorded by the Group and the contribution from the two crude palm oil mills have managed to cushion the adverse impact of the low average price of CPO in the financial year under review.

The Group's after tax profit of RM24.45 million in the current financial year was 27% lower than the RM33.57 million in the preceding year which had been distorted by the inclusion of an amount of RM8.59 million deferred tax assets arising from unabsorbed capital allowance and unutilized tax losses of a subsidiary.

Without this distortion, the Group's after tax profit for the current financial year was 2% lower as compared with that of the preceding year.

Earnings per stock unit for the current financial year were 27% lower at 18.25 sen when compared with the 25.06 sen in the preceding year. Excluding the deferred tax assets, the earnings per stock were 2% lower than those of the preceding year.

DIVIDENDS

The Board is recommending a final dividend of 8 sen less 28% tax per stock unit for approval by the stockholders at the forthcoming Annual General Meeting. Together with the interim dividend of 5 sen per stock unit less 28% tax paid on 15 February 2006, the total dividend for the FY ended 30 April 2006 will amount to 13 sen gross or 9.36 sen net per stock unit totalling RM12,542,868 compared with 11 sen gross or 9.6 sen net totalling RM12,864,480 in the preceding financial year. The proposed dividend is payable on 13 October 2006.

PLANTATION OPERATIONS

As at end of financial year 2005/06, the Group has a land bank of 34,251 acres (13,861 hectares) comprising 20,263 acres (8,200 hectares) of matured oil palm and 13,988 acres (5,661 hectares) of immatured palms.

The Group's ffb production for financial year 2005/06 at 172,707 tonnes ffb increased marginally by 2% from 169,395 tonnes ffb harvested in the previous financial year. The Sabah Estates with young and prime yielding palms contributed 71,346 tonnes ffb or 41% for the Group. As against the 51,168 tonnes ffb produced in the previous year, there had been a substantial increase of 20,178 tonnes ffb or 39%,



Chairman and Chief Executive Officer viewing new plantings in Sabah estate.



Training by supplier on tractors' maintenance and upkeep.

CHAIRMAN'S STATEMENT *(cont'd)*

which has cushioned the decline in ffb production from Peninsular Estates caused by the lagged effect of severe drought in early 2005 as well as replanting of old palms.

Overall, our 2 palm oil mills were performing better with higher volume of ffb processed and achieved better results in the current financial year ended 30 April 2006 as compared with those of the preceding year.

Total ffbs processed by the two mills amounted to 316,534 tonnes, recording a 22% increase over the 260,254 tonnes ffb processed in the preceding financial year.

The two mills recorded a total production of 65,628 tonnes of Crude Palm Oil and 17,434 tonnes of palm kernels which were 25.2% and 17.0% more than the 52,414 tonnes of Crude Palm Oil and 14,899 tonnes of palm kernels produced respectively in the preceding financial year.

Own group estates supplied 55.4% of the ffb to the oil mills while the remaining 44.6% were from other estates, ffb dealers and smallholders. With more ffb harvested from own estates as more immature oil palm areas come into maturity, especially from the Sabah estates, the two mills will be operating at higher capacity, resulting in reduction in the unit cost of operation.

The upgrading project for the Pahang mill was completed. The new boiler had been successfully commissioned and with higher steaming capacity, the mill would be more efficient with less diesel power cost.

CURRENT YEAR PROSPECTS

We remain optimistic about the future outlook of palm oil primarily due to the strong demand of this commodity in the global market. Palm oil is a cheap source of vegetable oil and has superior health qualities as it contains a significant proportion of heart-healthy mono-unsaturated fats, Vitamin E and other antioxidant compounds.

The new food labeling laws to reduce or eliminate trans-fatty acids in food products are expected to have a positive effect on the demand for palm oil in the United States.

The demand for palm oil by China is expected to be high because the quota for importation of palm oil has been removed.

Legislation introduced in developed countries for the progressive switch from the fast depleting fossil fuel to the clean and environmental friendly sustainable bio-diesel and other biofuels has further increased the demand for palm oil which is competitively cheaper than most of the vegetable oils. Hence, the outlook for oil palm plantations is excellent in year 2006 and beyond. From these positive factors, palm oil price is expected to remain favourable and is expected to maintain between RM1,500/tonne to RM1,700/tonne in FY 2006/07.



Raw water pond adjacent to palm oil mill.



Staff houses in Sabah estate.

CHAIRMAN'S STATEMENT *(cont'd)*

The Group's ffb production will continue to increase significantly, especially with contribution from the Sabah Estates where most of the young matured palms are in the prime yield profile. In addition, substantial young plantings are coming into maturity in one to two years' time both from estates in Sabah and Peninsular Malaysia.

The Group continues to improve the existing good agricultural practices and agronomic inputs so that the yield/ha. and OER will be higher than the average of 21.06 tonne/ha. and 20.73% OER achieved in FY 2005/06. With an efficient management team in place, the Group is confident of better results in the coming year.

EXPANSION PROGRAMME

As at 30 April 2006, a total of 16,800 acres (6,799 hectares) of land have been acquired and subleased in Sabah, out of which 16,415 acres (6,643 hectares) have been developed and cultivated with elite high yielding planting materials. Acquiring and developing neighbouring land is in progress. With another 2,711 acres (1,097 hectares) being declared matured and 2,185 acres (884 hectares) of young palms coming into bearing to supply additional amounts of ffb to our palm oil mill in the FY 2006/07, we are confident that the Sabah Estates and the palm oil mill will continue to contribute significantly to the Group's profitability.

With prospects for oil palm business remaining strong, the Group is always on the alert to explore investment opportunities to expand its core oil palm cultivation and milling business either by acquisition of established estates or suitable agriculture land for oil palm cultivation including investment into other agro-based businesses.

APPRECIATION

Tan Sri Dato' Abdul Aziz Bin Haji Taha who retires as Director of the Company pursuant to Section 129(2) of the Companies Act, 1965 at the conclusion of the forthcoming Annual General Meeting to be held on 22 September 2006, does not offer himself for re-appointment.

On behalf of the Board of Directors, I would like to express the Board's appreciation and gratitude to Tan Sri Dato' Abdul Aziz Bin Haji Taha for his invaluable guidance, support and contribution during his 14 years of service with the Group. We wish him good health, happiness and success in all his current and future endeavours.

ACKNOWLEDGEMENT

Our satisfactory performance for the year under review is due to a very large measure to the management staff at all levels. On behalf of the Board of Directors, I wish to record our appreciation for their contribution and commitment to the efficient operation and success of the Group throughout the year. We also wish to thank our business associates and the regulatory authorities for their support and assistance and to the stockholders for their continued confidence in and support to the Group.

Finally, I wish to extend my sincere gratitude and thanks to my fellow directors for their wise counsel and guidance at our Board deliberations.

CHOI SIEW HONG, JMN
Chairman

PENYATA PENERUSI

Bagi pihak Lembaga Pengarah United Malacca Berhad, saya dengan sukacitanya membentangkan Laporan Tahunan dan Akaun Syarikat dan Kumpulan yang diaudit bagi tahun kewangan berakhir 30 April 2006.

Prestasi Kewangan

Pada peringkat Kumpulan, jumlah hasil meningkat 14% kepada RM 114.01 juta bagi tahun kewangan berakhir 30 April 2006 berbanding RM 100.01 juta tahun sebelumnya. Peningkatan ini didorong oleh pertambahan pengeluaran minyak sawit mentah (MSM) dan isirong sawit.

Walaupun bagaimanapun, penurunan sebanyak 5% atau RM 74 setan pada harga purata MSM dari RM 1,485 setan tahun sebelumnya kepada RM 1,411 serta kos penanaman semula yang lebih tinggi di kebanyakan kawasan penanaman semula telah menyebabkan keuntungan sebelum cukai Kumpulan menurun sebanyak 2% kepada RM 32.63 juta berbanding RM 33.42 juta tahun sebelumnya. Pengeluaran buah tandan segar (BTS) yang berterusan oleh Kumpulan dan sumbangan dari 2 buah kilang kelapa sawit telah berupaya untuk mengurangkan kesan kejatuhan harga purata MSM pada tahun kewangan semasa.

Keuntungan selepas cukai Kumpulan sebanyak RM 24.45 juta pada tahun kewangan semasa adalah 27% lebih rendah berbanding RM 33.57 juta tahun sebelumnya dan ia disebabkan oleh cukai aset tertunda sebanyak RM 8.59 juta yang terhasil melalui elaun modal yang tidak di ambilkira serta cukai kerugian yang tidak digunakan oleh salah sebuah syarikat subsidiari.

Tanpa mengambilkira cukai aset tertunda tersebut, keuntungan selepas cukai Kumpulan untuk tahun kewangan semasa adalah 2% lebih rendah berbanding tahun sebelumnya.

Pendapatan sesaham untuk tahun kewangan semasa adalah 27% lebih rendah iaitu 18.25 sen berbanding 25.06 sen tahun sebelumnya. Dengan pengecualian cukai aset tertunda, pendapatan sesaham adalah 2% lebih rendah berbanding tahun sebelumnya.



Pemerhatian Pengerusi pada kemajuan penanaman baru di estet Sabah.



Taklimat oleh Ketua Pegawai Operasi semasa lawatan ladang.

Dividen

Lembaga Pengarah mencadangkan dividen akhir sebanyak 8 sen sesaham selepas ditolak 28% cukai sesaham untuk kelulusan para pemegang saham pada Mesyuarat Agung Tahunan yang akan datang. Dengan mengambilkira dividen interim sebanyak 5 sen sesaham selepas ditolak 28% cukai sesaham yang dibayar pada 15 Februari 2006, jumlah dividen bagi tahun kewangan berakhir 30 April 2006 ialah sebanyak 13 sen kasar atau 9.36 sen bersih sesaham berjumlah RM 12,542,868 berbanding 11 sen kasar atau 9.60 sen bersih sesaham berjumlah RM 12,864,480 tahun sebelumnya. Dividen yang dicadangkan akan dibayar pada 13 Oktober 2006.

Operasi Perladangan

Bagi tahun kewangan 2005 / 2006, Kumpulan mempunyai ladang kelapa sawit seluas 34,251 ekar (13,861 hektar) merangkumi 20,263 ekar (8,200 hektar) kawasan kelapa sawit yang telah matang dan 13,988 ekar (5,661 hektar) kawasan yang belum matang.

Untuk tahun kewangan 2005 / 2006 juga, jumlah pengeluaran BTS Kumpulan adalah 172,707 tan iaitu 2% lebih tinggi berbanding tahun sebelumnya sebanyak 169,395 tan. Daripada jumlah pengeluaran BTS Kumpulan, estet - estet Sabah telah menyumbang sebanyak 71,346 tan atau 41% dengan kesuburan tanaman dan buah berkualiti dari tanaman muda dan matang. Peningkatan pengeluaran BTS dari estet - estet Sabah sebanyak 20,178 tan atau 39% berbanding pengeluaran 51,168 tan tahun sebelumnya telah berjaya menampung kemerosotan pengeluaran BTS dari estet - estet Semenanjung yang disebabkan kemarau pada awal tahun 2005 serta aktiviti penanaman semula kelapa sawit.

Secara keseluruhannya, kedua - dua kilang kelapa sawit Kumpulan juga berjaya meningkatkan prestasi Kumpulan untuk tahun kewangan semasa dengan memproses BTS sebanyak 316,534 tan iaitu peningkatan ketara 22% berbanding tahun sebelumnya sebanyak 260,254 tan. Kedua - dua kilang kelapa sawit di Sabah dan Pahang telah berjaya menghasilkan 65,628 tan minyak sawit mentah dan 17,434 tan isirong sawit yakni peningkatan prestasi sebanyak 25.2% dan 17% berbanding pengeluaran tahun sebelumnya iaitu 52,414 tan minyak sawit mentah dan 14,899 tan isirong sawit.



Penanaman semula sedang berjalan.



Pemerhatian Pengerusi pada kualiti buah kelapa sawit di pusat pengumpulan buah.

PENYATA Pengerusi *(samb.)*

Daripada jumlah keseluruhan BTS yang diproses oleh kilang - kilang sawit tersebut, estet - estet Kumpulan telah menyumbang 55.4% sementara baki 44.6% adalah diperolehi daripada sumber luaran seperti lain - lain estet dan peniaga - peniaga BTS. Dengan kematangan kawasan penanaman muda terutamanya di estet - estet Sabah, peningkatan pengeluaran BTS akan membolehkan kilang kelapa sawit beroperasi pada tahap kapasiti yang tinggi dan seterusnya membantu mengurangkan unit kos operasi kilang kelapa sawit. Projek penambahbaikan kilang kelapa sawit yang terletak di Pahang telah selesai. Kadar kapasiti operasi kilang kelapa sawit di Pahang juga telah berjaya dipertingkatkan dengan pemasangan dandang stim yang baru yang diharap dapat menjimatkan kos penggunaan diesel.

Prospek Tahun Semasa

Kumpulan tetap yakin dengan prospek komoditi kelapa sawit dengan adanya permintaan yang tinggi daripada pasaran global. Minyak kelapa sawit telah dirumuskan sebagai sumber minyak sayuran yang murah dan mengandungi kualiti kesihatan yang unggul kerana ia mengandungi Vitamin E dan komponen anti oksidan.

Undang - undang perlabelan makanan baru mengkehendaki semua produk makanan mengurangkan atau menghapuskan asid berlemak dan langkah ini akan memberi kesan positif pada permintaan minyak kelapa sawit di Amerika Syarikat.

Permintaan untuk minyak kelapa sawit oleh Negara China dijangka akan terus meningkat di masa hadapan disebabkan pemansuhan kuota impot untuk minyak kelapa sawit.

Undang - undang yang diluluskan di beberapa negara maju untuk memastikan penukaran secara progresif sumber bahan minyak daripada bahan fosil yang kian kehabisan kepada bahan bio - diesel yang lebih bersih dan menjimatkan turut memainkan peranan penting dalam meningkat permintaan minyak kelapa sawit secara global memandangkan ia lebih murah berbanding minyak sayuran lain. Dengan ini, prospek industri kelapa sawit nampak lebih cerah untuk tahun 2006 dan seterusnya.

Atas semua faktor tersebut, harga minyak kelapa sawit dijangka akan kekal pada paras RM 1,500 hingga RM 1,700 setan dalam tahun kewangan 2006 / 2007.

Pengeluaran BTS bagi Kumpulan meningkat dengan ketara terutamanya dari estet - estet Sabah yang mana kebanyakan pokok yang baru matang berada pada tahap pulangan hasil yang tinggi. Tambahan pula, peningkatan kawasan pokok - pokok muda yang akan matang dalam tempoh satu hingga dua tahun akan datang di estet - estet Sabah dan Semenanjung.

Kumpulan akan terus memperbaiki kaedah pertanian terbaik yang sedia ada serta input - input agronomi bagi meningkatkan pulangan hasil sehektar dan kadar perahan minyak berbanding purata pulangan hasil 21.06 tan sehektar dan kadar perahan minyak 20.73% yang dicapai pada tahun kewangan 2005 / 2006. Dengan adanya pihak pengurusan yang cekap, Kumpulan yakin keputusan yang lebih baik untuk tahun seterusnya.

Program Pengembangan

Sehingga 30 April 2006, sejumlah 16,800 ekar (6,799 hektar) tanah telah diperolehi dan dipajak di Sabah. Daripada jumlah tersebut, 16,415 ekar (6,643 hektar) telah dibangunkan dan ditanam dengan benih yang berhasil tinggi. Pengambilalihan dan pembangunan tanah bersebelahan masih diteruskan. Sementara itu, 2,711 ekar (1,097 hektar) telah dikategorikan sebagai kawasan matang dan 2,185 ekar (384 hektar) adalah terdiri daripada pokok kelapa sawit muda yang akan menambah jumlah BTS untuk kilang kelapa sawit bagi tahun kewangan 2006 / 2007. Kita berkeyakinan tinggi bahawa estet - estet di Sabah dan kilang kelapa sawitnya akan memberi sumbangan yang ketara kepada keuntungan Kumpulan. Dengan prospek dalam perniagaan kelapa sawit yang kukuh, Kumpulan sedang mengiatkan usaha bagi mendapatkan peluang pelaburan baru terutamanya dalam bidang penanaman kelapa sawit dan pengilangan BTS melalui pembelian estet - estet sedia ada ataupun tanah pertanian yang sesuai untuk penanaman kelapa sawit termasuk pelaburan dalam perniagaan yang berasaskan pertanian.

Penghargaan

Tan Sri Dato' Abdul Aziz bin Haji Taha akan bersara daripada jawatan sebagai Pengarah di bawah Seksyen 129 (2) Akta Syarikat 1965. Beliau tidak ingin dilantik semula sebagai Pengarah dan keputusan akan diumumkan pada Mesyuarat Agung Tahunan yang akan diadakan pada 22 September 2006.

Saya bagi pihak Lembaga Pengarah mengucapkan penghargaan dan terhutang budi kepada Tan Sri Dato' Abdul Aziz bin Haji Taha yang telah memberikan sumbangan, sokongan dan dorongan selama 14 tahun berkhidmat dengan Syarikat ini. Kami berharap agar beliau sentiasa sihat dan gembira serta berjaya dalam semua usaha semasa dan masa depan.

Penghargaan

Prestasi yang membanggakan pada tahun kewangan semasa adalah ukuran prestasi pihak pengurusan pada semua peringkat. Bagi pihak Lembaga Pengarah, saya ingin merakamkan penghargaan kepada pihak pengurusan dan semua kakitangan di atas komitmen yang diberikan bagi meningkatkan operasi dan kejayaan kepada Kumpulan dalam tahun kewangan semasa.

Kami juga berterima kasih kepada rakan - rakan sekutu perniagaan dan pihak - pihak berkuasa di atas sokongan dan bantuan yang diberikan. Tidak ketinggalan, kami juga berterima kasih kepada para pemegang saham di atas sokongan dan keyakinan kepada Kumpulan.

Akhir kata, saya juga ingin merakamkan penghargaan dan berterima kasih kepada rakan - rakan Pengarah atas nasihat dan sumbangan bernas mereka semasa perbincangan Lembaga Pengarah.

Choi Siew Hong, JMN
Pengerusi

FIVE YEARS' FINANCIAL STATISTICS

	2006 RM'000	2005 RM'000	2004 RM'000	2003 RM'000	2002 RM'000
REVENUE					
Oil palm produce	110,337	96,155	30,953	15,305	9,194
Rubber	-	-	473	3,215	2,031
Fruits orchard	1	2	5	6	1
Plantation	110,338	96,157	31,431	18,526	11,226
Investment holding	3,669	3,856	6,055	7,109	6,031
	114,007	100,013	37,486	25,635	17,257
GROUP PROFIT					
Oil palm produce	26,204	26,603	10,887	6,231	1,152
Rubber	-	-	53	918	(161)
Other activities	-	-	1,983	2,320	1,758
	26,204	26,603	12,923	9,469	2,749
Amortisation of goodwill on consolidation	(1,049)	(1,049)	(262)	-	-
Replanting expenditure	(6,785)	(5,324)	(4,204)	(2,350)	(889)
Profit from plantation activities	18,370	20,230	8,457	7,119	1,860
Investment income	2,163	1,190	2,848	(821)	4,350
Interest income	2,251	2,426	4,851	5,975	5,073
	22,784	23,846	16,156	12,273	11,283
Compensation arising from land acquired	-	-	-	3,863	-
Operating profit	22,784	23,846	16,156	16,136	11,283
Share of profit of associates	9,846	9,572	10,879	7,514	5,367
Profit before taxation	32,630	33,418	27,035	23,650	16,650
Taxation	(8,179)	159 [#]	(7,659)	(5,712)	(5,767)
Profit after taxation	24,451	33,577	19,376	17,938	10,883

[#] Inclusive of RM8,595,000 being deferred tax assets recognised by the Group in financial year 2005, arising from unabsorbed capital allowances and unutilised tax losses carried forward of a subsidiary.

FIVE YEARS' FINANCIAL STATISTICS (cont'd)

	2006 RM'000	2005 RM'000	2004 RM'000	2003 RM'000	2002 RM'000
CAPITAL EMPLOYED					
Property, plant and equipment	258,162	244,868	231,363	111,157	99,304
Development expenditure	1,264	1,264	1,264	1,264	1,752
Investments in associates	200,840	198,198	196,010	190,989	187,527
Other investments	5,902	7,500	7,500	7,972	8,092
Goodwill on consolidation	18,628	19,677	20,726	-	-
Deferred tax assets	5,710	8,595	-	-	-
Net current assets	90,471	90,470	93,213	202,604	207,731
	580,977	570,572	550,076	513,986	504,406

FINANCED BY

Issued and paid-up capital	134,005	134,005	134,005	131,793	87,781
Capital reserves	48,346	48,501	48,715	44,255	50,543
Revenue reserves	375,508	363,766	342,839	333,785	364,039
Total shareholders' funds	557,859	546,272	525,559	509,833	502,363
Deferred tax liabilities	23,118	23,352	23,717	2,745	605
Retirement benefit obligations	-	948	800	1,408	1,438
	580,977	570,572	550,076	513,986	504,406

PER STOCK UNIT STATISTICS

Earnings - net (sen)	18.2	25.1 [#]	14.6	13.6	8.3
Dividend - gross (sen)	13.0	11.0	10.0	10.0	12.0
Dividend - net of tax (sen)	9.4	9.6	8.9	8.0	8.6
Dividend cover (number of times)	1.9	2.6	1.6	1.7	1.0
Net tangible assets (RM)	4.0	3.9	3.8	3.9	5.7

GROUP TITLED AREA STATEMENT

AS AT 30 APRIL 2006

	HECTARAGE	%
OIL PALM		
Mature	8,200.31	60
Immature	5,485.67	40
TOTAL OIL PALM PLANTED AREA	13,685.98	100
Reserve Land, building sites, etc	175.57	
TOTAL GROUP TITLED AREA	13,861.55	

FIVE YEARS' PLANTATION STATISTICS

	2006	2005	2004	2003	2002
OIL PALM					
FFB production (tonne)					
- West Malaysia estates #	50,753	59,845	52,274	53,393	51,638
- East Malaysia estates	71,346	51,168	17,339	2,751	-
- Pahang estates	50,608	58,382	10,241*	-	-
Total	172,707	169,395	79,854	56,144	51,638
Yield per mature hectare (tonne)					
- West Malaysia estates #	21.63	23.78	21.00	21.44	19.10
- East Malaysia estates	23.02	17.61	9.21	2.54**	-
- Pahang estates	18.37	22.09	3.88*	-	-
Average FFB selling prices (RM/tonne)					
- Gross	255	274	315	273	178
- Net	248	265	303	262	166
# exclude Pahang estates					
* 3 months production only					
** 4 months production only					
RUBBER					
Production (tonne)	-	-	129	1,186	1,163
Yield per mature hectare (kg)	-	-	827	2,001	1,599
Average RSS/Latex selling prices (sen/kg)					
- Gross	-	-	311	283	224
- Net	-	-	297	269	210

AUDIT COMMITTEE REPORT

1. Composition

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

Chairman: Tan Sri Dato' Abdul Aziz bin Haji Taha
(Independent Non - Executive Director)

Members: Ms Tan Siok Choo
(Non - Executive Director)

Datuk Fong Weng Phak
(Independent Non - Executive Director)

Mr Chua Ngoh Chuan
(Independent Non - Executive Director)

- (i) The Audit Committee shall be appointed by the Board from amongst the Directors and comprise not less than three (3) members. The majority of the Audit Committee members must be Independent Directors of the Company.
- (ii) The members of the Audit Committee shall elect the Chairman from among its members who is an Independent Non - Executive Director.
- (iii) If the number of members for any reason falls below three (3), the Board 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 the MIA, he or she must have at least 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 by the Bursa Malaysia Securities Berhad.

2. Objectives

- (i) The Audit Committee is to serve as a focal point for communication between Directors, the External Auditors, Internal Auditors and the Management on matters in connection with financial accounting, reporting and controls.
- (ii) The Audit Committee is to assist the Board in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and all subsidiaries and the sufficiency of auditing of the Group.
- (iii) It is to be the Board's principal agent in ensuring the independence of the Company's External Auditors and the adequacy of disclosures to shareholders.

3. Authority

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

- (i) To investigate any activity within its objectives and functions.
- (ii) Unrestricted access to both the Internal and External Auditors as well as to all employees of the Group.
- (iii) To obtain external legal or other independent professional advice as necessary.

4. Functions

The functions of the Audit Committee shall be:

- (i) To keep under review the quality and effectiveness of the accounting and internal control systems as well as the efficiency of the Group's operations.
- (ii) To review the audit plan, scope of examination and audit observations of the External and Internal Auditors and ensure that appropriate action is taken by Management in respect of the audit observations and the Audit Committee's recommendations.
- (iii) To review the quarterly and annual consolidated financial statement of the Group prior to submission to the Board for approval. The review should focus primarily on the compliance with accounting standards as well as other regulatory requirements and the adequacy of information disclosure for a fair and full presentation of the financial affairs of the Group.
- (iv) To recommend for approval of the Board the appointment and dismissal of the External Auditors and the audit fees.
- (v) To approve the appointment of the Group Internal Auditor and ensure that the Group Internal Audit function is adequately supported by audit resources and has an independent status within the Group.
- (vi) To review financial information and press releases relating to financial matters of importance.
- (vii) To review any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of Management integrity.
- (viii) To perform any other related duties as directed by the Board.

AUDIT COMMITTEE REPORT *(cont'd)*

5. Meetings

The Audit Committee met on four (4) occasions during the financial year 2005 / 2006 and the attendance of each member of the Audit Committee is as follows:

Directors	Total number of meetings held in the financial year during director's tenure in office	Meetings attended by directors
Tan Sri Dato' Abdul Aziz bin Haji Taha	4	3
Ms Tan Siok Choo	4	4
Datuk Fong Weng Phak	4	4
Mr Chua Ngoh Chuan	4	3

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

(i) Quorum

The quorum of the Audit Committee is two (2) members and the majority of members present must be Independent Directors.

(ii) Attendance At Meeting

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

6. Summary of Activities

Activities undertaken by the Audit Committee during the financial year 2005 / 2006 were:

- (i) Reviewing and recommending for Board approval the quarterly financial statements for announcement to the Bursa Malaysia Securities Berhad in compliance with the Revamped Quarterly Reports pursuant to Bursa Malaysia Listing Requirements.
- (ii) Reviewing the audit report and observations made by the External Auditors on the audited financial statements that require appropriate actions and the Management's response thereon and reporting them to the Board.
- (iii) Reviewing and recommending for Board approval the overall presentation of the annual audited accounts in line with the spirit of the new framework for corporate governance to promote greater transparency and disclosure to enable the interested public and especially the stockholders to have a better insight into the operations of the Group.
- (iv) Reviewing and approving the Annual Internal Audit Plan for the financial year 2005 / 2006 and appraising the audit scope, audit reports and recommended actions to be taken by the Management.
- (v) Reviewing the scope of work and audit plan of the External Auditors for the financial year 2005 / 2006.

6. Summary of Activities *(cont'd)*

- (vi) Reviewing the impact of new or proposed changes in accounting standards and regulatory requirements to the Company.
- (vii) Reviewing any related party transactions and conflict of interest situation that may arise within the Company or Group.
- (viii) Reviewing and recommending for Board approval the draft Audit Committee Report for disclosure in the Group's Annual Report.
- (ix) Reviewing and recommending for Board adoption the Group Risk Management Committee quarterly report on the risk profiles and Management action plans.

7. Internal Audit

The main role of the internal audit function is to review the effectiveness of the Group's system of internal controls and this is performed with impartiality, proficiency and due professional care. Internal Audit adopts a risk based auditing approach by focusing on reviewing identified high risk areas for compliance with control policies and procedures, identifying business risk which have not been inappropriately addressed and evaluating the adequacy and integrity of controls. Submission of the audit results to the Management and Audit Committee would ensure that the recommendations for continuous improvement are being implemented by the Management.

The Group has established an Internal Audit Department, which is presently headed by a Manager and supported by an Assistant Manager and one (1) Executive. The Department is responsible for the overall internal audit function of the Group. The Internal Audit Department reports directly to the Audit Committee to ensure its independent status within the Group.

Internal Audit Department assists the Audit Committee in discharging its duties and responsibilities with respect to the adequacy and integrity of the system of internal controls within the Group. For the financial year 2005 / 2006, Internal Audit Department had undertaken the following activities in accordance with the approved Annual Internal Audit Plan.

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

This report is made in accordance with a resolution of the Board of Directors dated 27 June 2006.

CORPORATE GOVERNANCE

INTRODUCTION

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

The Board of Directors is pleased to report to the Stockholders the manner in which the Company has applied the Principles of the Code and complied with the Best Practices of the Code throughout the financial year ended 30 April 2006.

1. BOARD OF DIRECTORS

1.1 Board Responsibilities

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

1.2 Board Balance

The Board composition is annually reviewed by the Nomination Committee. The Board continued to be well balanced in which the substantial stockholders are adequately represented and the interests of minority stockholders are represented by the independent Directors.

The Board currently has six substantive Directors and one alternate Director. The Board comprises the Chairman who is the Executive Director and five Non-Executive Directors of whom four are Independent. The Board composition complies with the requirements of the Code and paragraph 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad. The Directors of the Company are professionals from diverse backgrounds with experience in plantation business, financial, corporate, economics, legal and accounting which collectively, enable them to bring broader perspectives and depth in the Board's decision making.

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

The presence of Independent Non-Executive Directors who form a majority of the Board provide a broader view and independent judgement to the decision making of the Board and Board Committees. The Board is thus ensured of a balanced and independent view at all Board deliberations. Tan Sri Dato' Abdul Aziz Bin Haji Taha, who is also the Chairman of the Audit Committee, is the Senior Independent Non-Executive Director to whom concerns may be conveyed.

The profiles of the Directors are set out in this Annual Report on pages 8 to 11.

1. BOARD OF DIRECTORS (cont'd)

1.3 Board Meetings

All Board meetings for the year are scheduled in advance at the beginning of each calendar year to enable Directors to fit the year's meetings into their own schedule. The Board meets at least quarterly with additional meetings convened as and when necessary. For the financial year ended 30 April 2006, the Board held four Meetings and all Directors have complied with the minimum 50% attendance as required by Paragraph 15.05 of the Listing Requirements of Bursa Malaysia Securities Berhad. The Directors' attendance to these meetings are disclosed in page 5 of this Annual Report.

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

1.4 Supply of Information

Board meetings are structured with a pre-set Agenda. Prior to the meetings, all Directors will receive a set of Board papers which include reports and information relevant to the issues in the Agenda to give Directors sufficient time to consider and deliberate on the issues to be discussed at the meetings. At each Board meeting, the Chief Executive Officer also briefed the Board on progress of the Group's operations and updates on developments in the plantation industry. In addition, monthly reports on financial performance of the Company and Group, updates on new statutory and regulatory requirements are circulated to the Directors.

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

It is the Company's practice that Directors, whether as a full board or in their individual capacity, who wish to seek independent professional advice, where necessary and in appropriate circumstances, in furtherance of their duties may do so at the Company's expense.

1.5 Board Committees

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

1.6 Appointments to the Board

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

CORPORATE GOVERNANCE *(cont'd)*

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

1.6 Appointments to the Board *(cont'd)*

The Nomination Committee comprises three Independent Non-Executive Directors. The Committee meets annually to review the Board structure, size and composition and the mix of skills and core competencies required for the Board to discharge its duties effectively. An assessment of the effectiveness of the Board as a whole is also carried out annually by the Committee. For the financial year ended 30 April 2006, no nomination for new appointment to the Board was made.

The members of the Nomination Committee are as follows:-

- Tan Sri Dato Abdul Aziz Bin Haji Taha (*Chairman*) - Independent Non-Executive Director
- Datuk Fong Weng Phak - Independent Non-Executive Director
- Mr. Chua Ngoh Chuan - Independent Non-Executive Director

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

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

Article 118 of the Articles of Association provides that at least one - third of the Directors or the number nearest to but not exceeding one third, are subject to retirement by rotation at each Annual General Meeting and that all Directors shall retire once in every three years. Article 124 also provides that a Director who is appointed by the Board during the year shall be subject to re-election at the next Annual General Meeting to be held following his appointment. At the forthcoming Annual General Meeting, there is no director retiring by rotation.

Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129 (6) of the Companies Act 1965. Currently there are three Directors who are subject to such re-appointment.

Tan Sri Dato' Abdul Aziz Bin Haji Taha who retires as Director of the Company pursuant to Section 129(2) of the Companies Act, 1965 at the conclusion of the forthcoming Annual General Meeting to be held on 22 September 2006, does not offer himself for re-appointment.

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

1.8 Directors' Training

Board members have attended training courses and seminars under the Continuous Education Programmes (CEP) as required by Bursa Malaysia. During the year, the Board have receive regular briefings by Ernst & Young on updates in financial reporting and new accounting standards affecting the Group. The Board is kept informed on new developments affecting the plantation industry by one of its Board members who also sits on the Council of the Malaysian Palm Oil Association.

The Company has a small Board comprising of experience and qualified members who have served the Group for at least 8 years. Hence, a formal training programme is not necessary at this time. However, the Board will continue to evaluate and determine the training needs of the Directors from time to time.

2. DIRECTOR'S REMUNERATION

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

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

The Company pays its Directors annual fees, which are approved annually by stockholders at the Annual General Meeting. In addition, members of Board Committee are paid a fee and attendance allowance for each meeting.

The members of the Remuneration Committee are as follows: -

- | | |
|--|--------------------------------------|
| • Datuk Fong Weng Phak (<i>Chairman</i>) | - Independent Non-Executive Director |
| • Mr. Choi Siew Hong | - Executive Director |
| • Ms. Tan Siok Choo | - Non-Executive Director |

As recommended by the Remuneration Committee, the Board had decided that the current Remuneration Structure and quantum of fees for Directors be retained for the financial year ended 30 April 2006.

The remuneration of Directors for the financial year ended 30 April 2006 (based on quantum of fees approved by stockholders at last year's Annual General Meeting) categorised into appropriate components and the number of Directors whose remuneration falls into each band of RM50,000 are set out on page 61 of this Annual Report.

3. SHAREHOLDERS

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

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

CORPORATE GOVERNANCE *(cont'd)*

4. ACCOUNTABILITY AND AUDIT

Financial Reporting

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

Statement of Director's responsibility in respect of audited financial statements

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

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

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

Internal Control

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

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

The Statement on Internal Control as set out in pages 35 to 37 in this Annual Report provides an overview of the state of internal controls within the Group.

Relationship with Auditors

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

A summary of the activities of the Audit Committee during the year, including evaluation of the independent audit process, is set out in the Audit Committee Report on pages 26 to 29 of this Annual Report.

STATEMENT ON INTERNAL CONTROL

1.0 Introduction

The Board of Directors of United Malacca Berhad is pleased to present the Statement on Internal Control of the Group comprising United Malacca Berhad and its subsidiary companies, which outline the key elements of internal control system for the financial year ended 30 April 2006. This statement has been drawn up in accordance with the Practice Note No. 9/2001 issued under Paragraph 15.27 (b) of the Bursa Malaysia Securities Berhad's Listing Requirements.

2.0 Board Responsibility

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

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

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

3.0 Key Elements of Internal Control Systems

3.1 Risk Management Framework

The Board recognises risk management as an integral part of the business operations in order to identify, evaluate and manage significant risks faced by the Group. As the business risk profile changes, new areas of operations are being introduced for assessment. The risk assessment process involved risk identification, prioritisation and formulation of action plans with the objectives to enhance the internal control system and better manage the critical risks.

Since 2002 the Group has adopted a formal risk management framework with the objective to facilitate the management of high impact risks at various levels within the organisation. With the formulation and adoption of Risk Management Policies and Procedures Manual, the framework ensures that significant risks are continuously identified and that instituted controls are appropriate and effectively applied by the Management to achieve exposures consistent with risk profiles acceptable to the Group.

As part of the risk management framework, a Group Risk Management Committee has been established and is headed by the Chief Executive Officer with the responsibility to continuously identify and communicate regularly to the Board the critical risks the Group faces, their changes and the Management action plans to manage these risks.

STATEMENT ON INTERNAL CONTROL *(cont'd)*

3.0 Key Elements of Internal Control Systems *(cont'd)*

3.1 Risk Management Framework *(cont'd)*

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

- (i) Maintaining and updating the risk register which captures all the business risks and risk action plans.
- (ii) Reviewing and assessing all business risks identified and prepared quarterly reports on the Group's risk profiles and Management actions plans to the Audit Committee for review prior to submission to the Board for approval.
- (iii) Identifying and assessing the risks faced by the Group's business in palm oil milling operations. Mitigating plan and controls measures have been formulated and implemented to address these new risks.

3.2 Internal Audit

The Internal Audit Department provides support to the Audit Committee in discharging its duties with respect to the adequacy and integrity of the system of internal controls within the Group. During the financial year under review, the Internal Audit conducts independent reviews of the key activities within the Group's operating units based on internal audit plan approved by the Audit Committee.

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

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

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

4.0 Other Key Elements of Internal Control Systems

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

(i) Organisational Structure

The Group has a well defined organisational structure with clear reporting lines, lines of responsibilities and accountabilities, which have a documented delegation of authority.

(ii) Control procedures

Policy and Procedures Operating Manual that set out the policies, procedures and practices have been adopted by all companies in the Group, to ensure clear accountabilities and control procedures are in place for all operating units. These policy and procedures are reviewed regularly and updated when necessary. The control procedures cover the following key activities:

STATEMENT ON INTERNAL CONTROL *(cont'd)***4.0 Other Key Elements of Internal Control Systems** *(cont'd)***(ii) Control procedures** *(cont'd)*

- **Authorisation Level and Approval Limits**

The Group has established authorisation level and approval limits for the Management to follow and those requiring the Board's approval.

- **Budgeting**

Each operating unit prepares its own annual budget for the coming year based on guidelines issued by head office. The budgets are then reviewed by the Chief Executive Officer and thereafter presented to the Board for final review and approval.

- **Tender Committee**

Major purchases of goods and / or services and contract works are required to be tendered out and submitted to the Board Tender Committee for review and approval.

(iii) Performance Review

The Group's management team carry out monthly monitoring and review of financial results and forecasts for all businesses within the Group, including monitoring and reporting thereon, of performance against the operating plans and annual budgets. The Group's management team also monitors operational and financial performance as well as formulates action plans to focus on areas of concern.

Monthly financial and performance reports are submitted to the Board which include the monitoring of results against budget, with major variances being explained and management action taken for improvement of results. Reports on treasury and fund management are presented to the Board on a quarterly basis.

(iv) Investment Appraisal

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

5.0 Conclusion

The Board believes that the Group's system of internal controls provides a reasonable but not absolute assurance that weaknesses or deficiencies are identified on a timely basis and dealt with appropriately. The Board remains committed towards maintaining a sound system of internal controls and therefore recognise that the system is to be enhanced continuously to support the Group's operations.

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

This statement is made in accordance with the resolution of the Board of Directors dated 27 June 2006.

OTHER INFORMATION

PURSUANT TO THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD

1. Utilisation of Proceeds

There were no issuance of new stock units, rights issue or issuance of bonds carried out during the year ended 30 April 2006 to raise any cash proceeds.

2. Share Buy-Backs

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

3. Options, Warrants, or Convertible Securities Exercised

There were no other options, warrants, or convertible securities exercised in respect of the financial year ended 30 April 2006.

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

The Company has not sponsored any ADR or GDR programme for the year ended 30 April 2006.

5. Sanctions and/or Penalties

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

6. Non-Audit Fees

During the financial period under review, the Group's non-audit fees paid or payable to the external auditors amounted to RM31,400 (please refer to page 60 of the audited financial statements).

7. Variation in Results

There is no material variance between the results for the financial year ended 30 April 2006 and the unaudited results previously announced by the Company.

8. Profit Guarantee

The Company did not issue any profit forecast or profit guarantee for the year ended 30 April 2006.

9. Revaluation Policy

The Company has not adopted a policy on regular revaluations on landed properties. This is disclosed in the financial statements under page 54.

10. Material Contracts Involving Directors and Major Stockholders

There is no material contract involving the Company and its subsidiaries with directors and major stockholders of the Company either still subsisting at the end of the financial year ended 30 April 2006 or entered into since the end of that financial year.

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DIRECTORS' REPORT

30 APRIL 2006

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 2006.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are described in Note 13 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
Net profit for the year	24,451	14,040

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

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 or declared by the Company since 30 April 2005 were as follows:

	RM'000
In respect of the financial year ended 30 April 2005 as reported in the directors' report of that year:	
Final tax exempt dividend of 6%, on 134,005,001 ordinary shares, declared on 29 September 2005 and paid on 20 October 2005	8,040
In respect of the financial year ended 30 April 2006:	
Interim dividend of 5% less 28% taxation, on 134,005,001 ordinary shares, declared on 21 December 2005 and paid on 15 February 2006	4,824

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 April 2006, of 8% less 28% taxation on 134,005,001 ordinary shares, amounting to a dividend payable of RM7,718,688 (5.76 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 30 April 2007.

DIRECTORS

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

Choi Siew Hong
 Tan Sri Dato' Abdul Aziz bin Hj. Taha
 Tan Siok Choo
 Boon Weng Siew
 Chua Ngoh Chuan
 Fong Weng Phak
 Tan Jiew Hoe (alternate to Chua Ngoh Chuan)

In accordance with the Company's Article of Association, none of the directors are required to retire at the forthcoming Annual General Meeting.

Choi Siew Hong, Boon Weng Siew and Chua Ngoh Chuan retire pursuant to Section 129(2) of the Companies Act, 1965 and a resolution is being proposed for their re-appointment as directors under the provision of Section 129(6) of the said Act to hold office until the next Annual General Meeting of the Company.

Tan Sri Dato' Abdul Aziz bin Hj. Taha retires pursuant to Section 129(2) of the Companies Act, 1965 and does not offer himself for re-appointment as director under the provision of Section 129(6) of the said Act at the forthcoming Annual General Meeting.

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.

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 as shown in Note 7 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM1 Each			
	1 May 2005	Acquired	Sold	30 April 2006
Company				
Direct Interest:				
Choi Siew Hong	225,937	-	-	225,937
Tan Siok Choo	378,354	-	-	378,354
Boon Weng Siew	11,250	-	-	11,250
Chua Ngoh Chuan	106,515	-	-	106,515
Tan Jiew Hoe	114,750	-	-	114,750

DIRECTORS' REPORT *(cont'd)*

30 APRIL 2006

DIRECTORS' INTERESTS *(cont'd)*

	Number of Ordinary Shares of RM1 Each			30 April 2006
	1 May 2005	Acquired	Sold	
Indirect Interest:				
Tan Sri Dato' Abdul Aziz bin Hj. Taha	15,000	-	-	15,000
Tan Siok Choo	6,990,133	-	-	6,990,133
Chua Ngoh Chuan	61,875	-	-	61,875
Tan Jiew Hoe	1,662,348	-	-	1,662,348

The other director in office at the end of the financial year had no interest in shares in the Company or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

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

OTHER STATUTORY INFORMATION *(cont'd)*

(f) In the opinion of the directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

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.

Choi Siew Hong

Melaka, Malaysia
27 June 2006

Fong Weng Phak

STATEMENT BY DIRECTORS

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

We, Choi Siew Hong and Fong Weng Phak, being two of the directors of United Malacca Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 46 to 85 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 30 April 2006 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors.

Choi Siew Hong

Melaka, Malaysia
27 June 2006

Fong Weng Phak

STATUTORY DECLARATION

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

I, Lai Swee Kee, being the Group Financial Controller primarily responsible for the financial management of United Malacca Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 46 to 85 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Lai Swee Kee
at Melaka in the State of Melaka
on 27 June 2006.

Lai Swee Kee

Before me,
LIM HOW CHEONG
Commissioner for Oaths
Melaka, Malaysia

REPORT OF THE AUDITORS

TO THE MEMBERS OF UNITED MALACCA BERHAD (Incorporated in Malaysia)

We have audited the financial statements set out on pages 46 to 85. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 30 April 2006 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries have been properly kept in accordance with the provisions of the Act.

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.

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.

Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
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INCOME STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

	Note	Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Revenue	3	114,007	100,013	25,248	31,256
Cost of sales	4	(78,599)	(64,693)	(5,004)	(5,409)
Gross profit		35,408	35,320	20,244	25,847
Other operating income		1,876	173	1,679	140
Selling and distribution expenses		(2,406)	(1,874)	(474)	(743)
Administrative expenses		(3,595)	(2,987)	(773)	(820)
Other operating expenses		(1,714)	(1,462)	(580)	(312)
Replanting expenses		(6,785)	(5,324)	(3,701)	(2,528)
Profit from operations	5	22,784	23,846	16,395	21,584
Share of results of associates		9,846	9,572	-	-
Profit before taxation		32,630	33,418	16,395	21,584
Taxation *	8	(8,179)	159	(2,355)	(5,917)
Net profit for the year		24,451	33,577	14,040	15,667
Basic earnings per share (sen)	9(a)	18.2	25.1		

* Included in the taxation of the Group in 2005 is an amount of RM8,595,159 being deferred tax assets recognised by a subsidiary company, arising from unabsorbed capital allowances and unutilised tax losses carried forward.

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 30 APRIL 2006

	Note	Group 2006 RM'000	2005 RM'000	Company 2006 RM'000	2005 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	11	258,162	244,868	40,952	39,157
Development expenditure	12	1,264	1,264	-	-
Investments in subsidiaries	13	-	-	158,911	158,334
Investments in associates	14	200,840	198,198	71,199	70,199
Other investments	15	5,902	7,500	5,902	7,500
Goodwill on consolidation	16	18,628	19,677	-	-
Deferred tax assets	27	5,710	8,595	-	-
		490,506	480,102	276,964	275,190
CURRENT ASSETS					
Inventories	17	4,384	4,847	341	330
Trade receivables	18	4,884	4,699	806	644
Other receivables	19	7,491	6,582	55,004	60,936
Marketable securities	20	7,367	6,966	7,367	6,966
Cash and bank balances	21	79,861	82,036	65,549	61,922
		103,987	105,130	129,067	130,798
CURRENT LIABILITIES					
Retirement benefit obligations	22	-	98	-	98
Trade payables	23	3,016	5,040	277	302
Other payables	24	10,420	8,478	3,158	3,248
Tax payable		80	1,044	-	288
		13,516	14,660	3,435	3,936
NET CURRENT ASSETS		90,471	90,470	125,632	126,862
		580,977	570,572	402,596	402,052
FINANCED BY:					
Share capital	25	134,005	134,005	134,005	134,005
Share premium		6,346	6,346	6,346	6,346
Revaluation reserve		41,129	41,284	46,349	46,477
Reserve on consolidation		871	871	-	-
Retained profits	26	375,508	363,766	213,886	212,582
Shareholders' equity		557,859	546,272	400,586	399,410
Retirement benefit obligations	22	-	948	-	632
Deferred tax liabilities	27	23,118	23,352	2,010	2,010
Non-current liabilities		23,118	24,300	2,010	2,642
		580,977	570,572	402,596	402,052

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2006

		Non-distributable			Distributable Retained profits	
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Reserve on consolidation RM'000	(Note 26) RM'000	Total RM'000
At 1 May 2004	134,005	6,346	41,498	871	342,839	525,559
Realisation of revaluation reserve upon depreciation	-	-	(155)	-	155	-
Realisation of revaluation reserve upon assets disposal	-	-	(59)	-	59	-
Net profit for the year	-	-	-	-	33,577	33,577
Dividends (Note 10)	-	-	-	-	(12,864)	(12,864)
At 30 April 2005	134,005	6,346	41,284	871	363,766	546,272
At 1 May 2005	134,005	6,346	41,284	871	363,766	546,272
Realisation of revaluation reserve upon depreciation	-	-	(155)	-	155	-
Net profit for the year	-	-	-	-	24,451	24,451
Dividends (Note 10)	-	-	-	-	(12,864)	(12,864)
At 30 April 2006	134,005	6,346	41,129	871	375,508	557,859

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2006

	— Non-distributable —			Distributable	
	Share capital	Share premium	Revaluation reserve	Retained profits	Total
	RM'000	RM'000	RM'000	(Note 26)	RM'000
				RM'000	
At 1 May 2004	134,005	6,346	46,625	209,631	396,607
Realisation of revaluation reserve upon depreciation	-	-	(128)	128	-
Realisation of revaluation reserve upon assets disposal	-	-	(20)	20	-
Net profit for the year	-	-	-	15,667	15,667
Dividends (Note 10)	-	-	-	(12,864)	(12,864)
At 30 April 2005	134,005	6,346	46,477	212,582	399,410
At 1 May 2005	134,005	6,346	46,477	212,582	399,410
Realisation of revaluation reserve upon depreciation	-	-	(128)	128	-
Net profit for the year	-	-	-	14,040	14,040
Dividends (Note 10)	-	-	-	(12,864)	(12,864)
At 30 April 2006	134,005	6,346	46,349	213,886	400,586

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2006

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	32,630	33,418	16,395	21,584
Adjustments for:				
Amortisation of goodwill on consolidation	1,049	1,049	-	-
Depreciation	6,025	6,160	754	740
Gain on disposal of other investments	(98)	-	(98)	-
Gain on disposal of property, plant and equipment	(128)	-	(57)	-
Loss/(gain) on disposal of marketable securities	384	(48)	384	(48)
Property, plant and equipment written off	89	116	13	23
Provision of retirement benefit obligations	651	144	382	92
Provision for diminution in value of other investments	113	-	113	-
Reversal of provision for diminution in value of investment in an associate	(1,000)	-	(1,000)	-
(Reversal)/provision for diminution in value of marketable securities	(223)	223	(223)	223
Dividend income	(1,418)	(1,430)	(11,913)	(14,374)
Interest income	(2,251)	(2,426)	(1,748)	(1,926)
Share of results of associates	(9,846)	(9,572)	-	-
Operating profit before working capital changes	25,977	27,634	3,002	6,314
Decrease/(increase) in inventories	463	(296)	(11)	(25)
(Increase)/decrease in receivables	(205)	1,169	(364)	266
Increase/(decrease) in payables	(82)	(133)	1,073	602
Decrease in retirement benefit obligations	(1,667)	-	(1,112)	-
Cash generated from operations	24,486	28,374	2,588	7,157
Dividend received from subsidiaries	-	-	8,581	1,179
Dividend received from associates	5,427	3,850	5,427	3,850
Dividend received from other investments	1,156	1,171	1,156	1,171
Interest received	2,329	2,185	1,820	1,770
Taxes paid	(4,420)	(4,803)	(1,746)	(2,219)
Net cash generated from operating activities	28,978	30,777	17,826	12,908

CASH FLOW STATEMENTS *(cont'd)*
FOR THE YEAR ENDED 30 APRIL 2006

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of marketable securities	8,273	6,337	8,273	6,337
Proceeds from disposal of other investments	1,583	-	1,583	-
Proceeds from disposal of property, plant and equipment	204	7	74	7
Purchase of marketable securities	(8,835)	(7,282)	(8,835)	(7,282)
Purchase of property, plant and equipment	(19,514)	(19,844)	(2,579)	(1,114)
Net cash used in investing activities	(18,289)	(20,782)	(1,484)	(2,052)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of advances/(advances to) subsidiaries	-	-	149	(8,797)
Dividends paid	(12,864)	(12,864)	(12,864)	(12,864)
Net cash used in financing activities	(12,864)	(12,864)	(12,715)	(21,661)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,175)	(2,869)	3,627	(10,805)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	81,629	84,498	61,922	72,727
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 21)	79,454	81,629	65,549	61,922

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2006

1. CORPORATE INFORMATION

The principal activities of the Company consist of the cultivation of oil palm and investment holding. The principal activities of the subsidiaries are described in Note 13. There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 8-H, Jalan Laksamana Cheng Ho, 75000 Melaka.

The number of employees in the Group and in the Company at the end of the financial year were 1,732 (2005: 1,463) and 324 (2005: 220) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 June 2006.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention except for the revaluation of freehold and leasehold estates and buildings included within property, plant and equipment.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

(b) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless cost cannot be recovered.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)***(b) Basis of Consolidation** *(cont'd)***(ii) Associates**

Associates are those entities in which the Group exercises significant influence but not control, through participation in the financial and operating policy decisions of the entities.

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits less losses of associates during the year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless cost cannot be recovered.

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition.

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associates is included within the respective carrying amounts of these investments.

Goodwill is amortised on a straight-line basis over its estimated useful life of 20 years.

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition over the cost of acquisition.

Negative goodwill arising on the acquisition of subsidiaries is credited to equity as reserve on consolidation.

(d) Investments in Subsidiaries and Associates

The Company's investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 APRIL 2006

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(e) Property, Plant and Equipment and Depreciation (cont'd)**

The freehold and leasehold estates and buildings of the Group have not been revalued since the last revaluation in 1991. The directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of IAS 16 (Revised):Property, Plant and Equipment, these assets continue to be stated at their 1991 valuation less accumulated depreciation.

Any revaluation increase is credited to equity as a revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is recognised in the income statement to the extent of the decrease previously recognised. A revaluation decrease is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised as an expense. Upon the disposal of revalued assets, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained profits.

Subsequent to revaluation, any addition is stated at cost whilst disposal is at cost or valuation, as appropriate.

Freehold estates and capital work-in-progress are not depreciated. Leasehold estates are depreciated on a straight-line basis over the period of the respective leases which range from 30 years to 99 years.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	5%
Plant and machinery	10%
Office equipment, furniture and fittings	12.5% - 25%
Motor vehicles, tractors, trailers and boats	12.5% - 33.3%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

(f) New Planting Expenditure

New planting expenditure consisting of cost of land clearing, upkeep of trees to maturity and attributable depreciation charge is capitalised and is not amortised. The normal period to maturity after the month of planting is 48 months. Net income from scout harvesting in immature areas are credited against new planting expenditure.

(g) Replanting Expenditure

Replanting expenditure consists of expenses incurred from land clearing to the point of harvesting and is charged to the income statement in the year that it is incurred.

(h) Land Held for Property Development and Property Development Costs**(i) Land held for property development**

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o).

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)***(h) Land Held for Property Development and Property Development Costs** *(cont'd)***(i) Land held for property development** *(cont'd)*

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Development expenditure comprises principally professional fees incurred in connection with the submission of development plans to the local land authorities in respect of the proposed development projects on freehold, long term and short term leasehold estates owned by the Company.

Development expenditure are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o).

(ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

(i) Inventories

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

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

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.

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.

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

30 APRIL 2006

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)***(j) Cash and Cash Equivalents**

For the purpose of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value.

(k) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(l) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

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

Proceeds from sale of produce crops, crude palm oil and palm kernel are recognised upon delivery.

(ii) Dividend income

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

(iii) Interest income

Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)***(m) Employee Benefits****(i) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group. 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.

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(iii) Defined benefit plan

The Group operated an unfunded defined benefit scheme (the "Scheme") for those executives and staff eligible under the Scheme. The benefits payable were determined based on the length of service at a rate of one month's salary for each year of service upon retirement.

The liability in respect of the Scheme was calculated using the projected unit credit valuation method determined by an actuarial valuation carried out every two years by a professional actuarial firm. The most recent valuation was performed based on benefit entitlement of the executives and staff as at 30 April 2004.

Current service costs, past service costs and experience adjustments in respect of the Scheme are dealt with through the income statement.

During the financial year, the Group had discontinued the retirement benefit scheme by transferring all the outstanding benefits payable to entitled executives and staff, to their respective Employees Provident Fund accounts before the balance sheet date.

(n) Foreign Currencies

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. All exchange rate differences are taken to the income statement.

The principal exchange rates used for each respective unit of foreign currency ruling at the balance sheet date are as follows:

	2006 RM	2005 RM
Singapore Dollar	2.29	2.31
United States Dollar	3.62	3.80

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

30 APRIL 2006

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)***(o) Impairment of Assets**

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset.

(p) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Other non-current investments

Non-current investments other than investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o).

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(ii) Marketable securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in the income statement.

On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

(iii) Receivables

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iv) Payables

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(p) Financial Instruments (cont'd)****(v) Equity instruments**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including any attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statement on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

3. REVENUE

Revenue of the Group and of the Company consist of the following:

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Oil palm produce	110,337	96,155	11,586	14,954
Other crops	1	2	1	2
	110,338	96,157	11,587	14,956
Dividend income	1,418	1,430	11,913	14,374
Interest income	2,251	2,426	1,748	1,926
	114,007	100,013	25,248	31,256

Included in dividend income of the Company are dividends from subsidiaries and associates of RM5,147,100 (2005: RM7,486,200) and RM5,347,779 (2005: RM5,457,779) respectively.

4. COST OF SALES

Cost of sales consists of cost of cultivation, raw materials, labour costs and production overheads.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 APRIL 2006

5. PROFIT FROM OPERATIONS

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Profit from operations is stated after charging:				
Auditors' remuneration:				
- Statutory audit	84	84	33	33
- Other services	31	27	16	13
Amortisation of goodwill on consolidation (Note 16)	1,049	1,049	-	-
Depreciation	6,025	6,160	754	740
Directors' remuneration (Note 7)	336	297	328	289
Loss on disposal of marketable securities	384	-	384	-
Property, plant and equipment written off	89	116	13	23
Provision for diminution in value of marketable securities	-	223	-	223
Provision for diminution in value of other investments	113	-	113	-
Unrealised loss on foreign exchange	5	-	5	-
Staff costs (Note 6)	16,135	14,512	3,003	2,870

And crediting:

Gain on disposal of marketable securities	-	48	-	48
Gain on disposal of other investments	98	-	98	-
Gain on disposal of property, plant and equipment	128	-	57	-
Rental income	47	22	27	-
Reversal of provision for diminution in value of marketable securities	223	-	223	-
Reversal of provision for diminution in value of investment in an associate	1,000	-	1,000	-

6. STAFF COSTS

Wages and salaries	13,927	12,967	2,258	2,508
Employees Provident Fund	1,051	876	247	172
Social security costs	98	89	22	21
Retirement costs - defined benefit plan (Note 22)	651	144	382	92
Other staff related expenses	408	436	94	77
	16,135	14,512	3,003	2,870

7. DIRECTORS' REMUNERATION

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive:				
Fees	42	42	40	40
Other emoluments	143	102	143	102
Benefits-in-kind	17	17	17	17
	202	161	200	159
Non-executive:				
Fees	105	105	100	100
Other emoluments	45	47	45	47
	150	152	145	147
Director of subsidiaries				
Executive:				
Fees	1	1	-	-
Total	353	314	345	306
Total excluding benefits-in-kind (Note 5)	336	297	328	289

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	
	2006	2005
Executive director:		
RM150,000 - RM200,000	1	1
Non-executive directors:		
Below RM50,000	5	5

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 APRIL 2006

8. TAXATION

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
Current year	2,702	5,560	2,355	6,182
Over provision in prior year	(30)	(214)	-	(214)
	2,672	5,346	2,355	5,968
Deferred tax expense (Note 27):				
Recognition of deferred tax assets	-	(9,284)	-	(14)
Utilisation of deferred tax assets	1,983	-	147	-
Recognition of deferred tax liabilities	668	324	-	-
Reversal of deferred tax liabilities	-	-	(147)	(37)
	2,651	(8,960)	-	(51)
Share of taxation of associates	2,856	3,455	-	-
	8,179	(159)	2,355	5,917

Income tax is calculated at the Malaysian statutory tax rate of 28% (2005: 28%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	32,630	33,418	16,395	21,584
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	9,136	9,357	4,591	6,044
Effect of income subject to tax rate of 20%	(80)	(80)	-	-
Effect of expenditure capitalised allowable for tax deduction	(905)	(1,159)	-	-
Effect of income not subject to tax	(420)	(60)	(2,549)	(61)
Effect of expenses not deductible for tax purpose	961	1,287	313	88
Effect of utilisation of current year reinvestment allowance	(477)	-	-	-
Effect of utilisation of previously unrecognised unabsorbed capital allowance	-	(1,020)	-	-
Deferred tax assets recognised during the year	-	(8,595)	-	-
Over provision of tax expense in prior year	(30)	(214)	-	(214)
(Over)/under provision of deferred tax in prior year	(6)	325	-	60
	8,179	(159)	2,355	5,917

Subject to the agreement of Inland Revenue Board, the Group has unutilised reinvestment allowance of approximately RM630,000 (2005: Nil) available for offsetting against future taxable profits.

9. EARNINGS PER SHARE**(a) Basic earnings per share**

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2006	2005
Net profit for the year (RM'000)	24,451	33,577
Weighted average number of ordinary shares in issue ('000)	134,005	134,005
Basic earnings per share (sen)	18.2	25.1

(b) Diluted earnings per share

There is no diluted earnings per share as the Company does not have any dilutive potential ordinary shares as at the end of the financial year.

10. DIVIDENDS

	Group and Company			
	Amount		Net Dividend Per Ordinary Share	
	2006	2005	2006	2005
	RM'000	RM'000	Sen	Sen
Final:				
- 6% tax exempt, on 134,005,001 ordinary shares, declared on 22 September 2004 and paid on 12 October 2004	-	8,040	-	6.0
- 6% tax exempt, on 134,005,001 ordinary shares, declared on 29 September 2005 and paid on 20 October 2005	8,040	-	6.0	-
Interim:				
- 5% less 28% taxation, on 134,005,001 ordinary shares, declared on 22 December 2004 and paid on 17 February 2005	-	4,824	-	3.6
- 5% less 28% taxation, on 134,005,001 ordinary shares, declared on 21 December 2005 and paid on 15 February 2006	4,824	-	3.6	-
	12,864	12,864	9.6	9.6

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 April 2006, of 8% less 28% taxation on 134,005,001 ordinary shares, amounting to a dividend payable of RM7,718,688 (5.76 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 30 April 2007.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 APRIL 2006

11. PROPERTY, PLANT AND EQUIPMENT

Group	*Land and Buildings RM'000	New Planting Expenditure 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
Cost/Valuation							
At 1 May 2005	165,338	64,044	23,304	1,763	9,726	1,633	265,808
Additions	1,882	8,679	407	70	2,219	7,032	20,289
Disposals	-	-	-	(6)	(927)	-	(933)
Written off	(68)	-	(782)	(128)	(151)	-	(1,129)
Reclassifications	2,008	-	3,571	34	-	(5,613)	-
At 30 April 2006	169,160	72,723	26,500	1,733	10,867	3,052	284,035
Representing:							
At cost	115,696	72,723	26,500	1,733	10,867	3,052	230,571
At valuation (Note 11(a))	53,464	-	-	-	-	-	53,464
	169,160	72,723	26,500	1,733	10,867	3,052	284,035
Accumulated Depreciation							
At 1 May 2005	10,622	-	4,250	966	5,102	-	20,940
Depreciation charge for the year	2,798	-	2,557	212	1,263	-	6,830
Disposals	-	-	-	(3)	(854)	-	(857)
Written off	(50)	-	(741)	(108)	(141)	-	(1,040)
At 30 April 2006	13,370	-	6,066	1,067	5,370	-	25,873
Net Book Value							
At 30 April 2006:							
At cost	108,123	72,723	20,434	666	5,497	3,052	210,495
At valuation	47,667	-	-	-	-	-	47,667
	155,790	72,723	20,434	666	5,497	3,052	258,162
At 30 April 2005:							
At cost	106,680	64,044	19,054	793	4,624	1,633	196,828
At valuation	48,040	-	-	-	-	-	48,040
	154,720	64,044	19,054	793	4,624	1,633	244,868
Details at 1 May 2004							
Cost	104,855	53,946	22,725	1,346	8,649	951	192,472
Valuation	53,610	-	-	-	-	-	53,610
Accumulated depreciation	8,208	-	1,668	782	4,061	-	14,719
Depreciation charge for 2005							
	2,531	-	2,673	216	1,380	-	6,800

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 APRIL 2006

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

* LAND AND BUILDINGS

	Freehold Estate RM'000	Long Term Leasehold Estate RM'000	Short Term Leasehold Land and Estate RM'000	Buildings RM'000	Total RM'000
Group (cont'd)					
Cost/Valuation					
At 1 May 2005	42,709	86,052	12,555	24,022	165,338
Additions	-	20	586	1,276	1,882
Written off	-	-	-	(68)	(68)
Reclassifications	-	-	-	2,008	2,008
At 30 April 2006	42,709	86,072	13,141	27,238	169,160
Representing:					
At cost	1,491	84,765	5,079	24,361	115,696
At valuation	41,218	1,307	8,062	2,877	53,464
	42,709	86,072	13,141	27,238	169,160
Accumulated Depreciation					
At 1 May 2005	-	2,225	3,357	5,040	10,622
Depreciation charge for the year	-	1,140	371	1,287	2,798
Written off	-	-	-	(50)	(50)
At 30 April 2006	-	3,365	3,728	6,277	13,370
Net Book Value					
At 30 April 2006:					
At cost	1,491	81,681	4,551	20,400	108,123
At valuation	41,218	1,026	4,862	561	47,667
	42,709	82,707	9,413	20,961	155,790
At 30 April 2005:					
At cost	1,491	82,780	4,136	18,273	106,680
At valuation	41,218	1,047	5,062	713	48,040
	42,709	83,827	9,198	18,986	154,720
Details at 1 May 2004					
Cost	1,491	84,738	3,223	15,403	104,855
Valuation	41,218	1,307	8,062	3,023	53,610
Accumulated depreciation	-	1,084	3,004	4,120	8,208
Depreciation charge for 2005	-	1,141	353	1,037	2,531

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 APRIL 2006

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	*Land and 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						
Cost/Valuation						
At 1 May 2005	43,248	1,303	633	2,163	792	48,139
Additions	192	-	31	96	2,260	2,579
Disposals	-	-	(6)	(267)	-	(273)
Written off	(30)	(117)	(28)	(17)	-	(192)
At 30 April 2006	43,410	1,186	630	1,975	3,052	50,253
Representing:						
At cost	5,102	1,186	630	1,975	3,052	11,945
At valuation	38,308	-	-	-	-	38,308
	43,410	1,186	630	1,975	3,052	50,253
Accumulated Depreciation						
At 1 May 2005	5,925	1,003	506	1,548	-	8,982
Depreciation charge for the year	451	82	46	175	-	754
Disposals	-	-	(3)	(253)	-	(256)
Written off	(23)	(115)	(27)	(14)	-	(179)
At 30 April 2006	6,353	970	522	1,456	-	9,301
Net Book Value						
At 30 April 2006:						
At cost	3,761	216	108	519	3,052	7,656
At valuation	33,296	-	-	-	-	33,296
	37,057	216	108	519	3,052	40,952
At 30 April 2005:						
At cost	3,705	300	123	615	792	5,535
At valuation	33,622	-	-	-	-	33,622
	37,327	300	123	615	792	39,157
Details at 1 May 2004						
Cost	4,820	1,362	578	2,151	-	8,911
Valuation	38,397	-	-	-	-	38,397
Accumulated depreciation	5,545	976	472	1,502	-	8,495
Depreciation charge for 2005						
	443	87	49	161	-	740

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 APRIL 2006

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

* LAND AND BUILDINGS

	Freehold Estate RM'000	Long Term Leasehold Estate RM'000	Short Term Leasehold Land and Estate RM'000	Buildings RM'000	Total RM'000
Company (cont'd)					
Cost/Valuation					
At 1 May 2005	28,526	2,412	8,062	4,248	43,248
Additions	-	-	-	192	192
Written off	-	-	-	(30)	(30)
At 30 April 2006	28,526	2,412	8,062	4,410	43,410
Representing:					
At cost	1,491	1,106	-	2,505	5,102
At valuation	27,035	1,306	8,062	1,905	38,308
	28,526	2,412	8,062	4,410	43,410
Accumulated Depreciation					
At 1 May 2005	-	266	3,000	2,659	5,925
Depreciation charge for the year	-	44	200	207	451
Written off	-	-	-	(23)	(23)
At 30 April 2006	-	310	3,200	2,843	6,353
Net Book Value					
At 30 April 2006:					
At cost	1,491	1,076	-	1,194	3,761
At valuation	27,035	1,026	4,862	373	33,296
	28,526	2,102	4,862	1,567	37,057
At 30 April 2005:					
At cost	1,491	1,098	-	1,116	3,705
At valuation	27,035	1,048	5,062	477	33,622
	28,526	2,146	5,062	1,593	37,327
Details at 1 May 2004					
Cost	1,491	1,106	-	2,223	4,820
Valuation	27,035	1,306	8,062	1,994	38,397
Accumulated depreciation	-	241	2,799	2,505	5,545
Depreciation charge for 2005	-	25	201	217	443

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 APRIL 2006

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

- (a) In 1991, the properties were revalued by a firm of professional valuers based on the open market value on existing use bases and the details of independent professional valuation of properties owned by the Group as at 30 April 2006 are as follows:

Description of Property	Valuation Amount RM'000
Awana Condominium at Genting Highlands	267
Plantation land and buildings at Batu Anam	11,002
Plantation land and buildings at Machap	9,381
Plantation land and buildings at Malaka Pinda	3,397
Plantation land and buildings at Masjid Tanah	4,726
Plantation land and buildings at Pelin	2,700
Plantation land and buildings at Rantau	15,156
Plantation land and buildings at Selandar	3,013
Plantation land and buildings at Tampin	3,822
	53,464

Had the revalued properties been carried at historical cost less accumulated depreciation, the net book values that would have been included in the financial statements of the Group and of the Company would be as follows:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Freehold estates	11,252	11,252	9,130	9,130
Long term leasehold estates	418	494	418	494
Short term leasehold estates	1,854	1,866	1,854	1,866
Buildings	47	80	34	58
	13,571	13,692	11,436	11,548

- (b) Included in additions of new planting expenditure of the Group is an amount of RM805,000 (2005: RM640,000) being depreciation of assets which has been capitalised during the financial year.
- (c) Included in the property, plant and equipment of the Group and of the Company are fully depreciated assets which are still in use with the following cost:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Plant and machinery	5,970	6,331	375	513
Office equipment, furniture and fittings	602	517	377	379
Motor vehicles, tractors, trailers and boats	4,376	3,878	836	1,055
	10,948	10,726	1,588	1,947
Buildings	110	55	54	27
	11,058	10,781	1,642	1,974

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(d) Government land acquisitions

Year	Location	Hectarage	Quantum	
			Awarded RM'000	Received as at 30 April 2006 RM'000
1995 *	Malaka Pinda Division	64.8915	4,925	4,180
1996 *	Malaka Pinda Division	338	30,692	29,883
2001 *	Pelin Division	21.106	2,013	2,013

* The Company has filed appeals against the quantum of the compensation awarded on the above acquisitions and the cases are pending adjudication by the High/Federal Courts.

(e) Included in the land and building of the Company are freehold, long term and short term leasehold estates with carrying value amounting to RM13,395,000 (2005: RM13,610,000) which will be sold to the subsidiaries upon approval of the development and layout plan by the local land authorities as set out in the sale and purchase agreements as referred to in Note 12.

12. DEVELOPMENT EXPENDITURE

	Group	
	2006 RM'000	2005 RM'000
Development expenditure, at cost	1,752	1,752
Compensation received from government land acquisition	(488)	(488)
	1,264	1,264

Development expenditure comprises principally professional fees incurred by two subsidiaries in connection with the submission of development plans to the local land authorities in respect of the proposed development projects on freehold, long term and short term leasehold estates owned by the Company.

Upon approval of the development and layout plan by the local land authorities, as set-out in the sale and purchase agreements, the Company will sell the freehold, long term and short term leasehold estates to the subsidiaries concerned at a purchase consideration to be determined based on an independent valuation to be done on those freehold, long term and short term leasehold estates as referred to in Note 11(e).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 APRIL 2006

13. INVESTMENTS IN SUBSIDIARIES

	Company	
	2006	2005
	RM'000	RM'000
Unquoted shares:		
At cost	141,780	141,203
At 1991 valuation	17,131	17,131
	158,911	158,334

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Equity Interest Held (%)		Principal Activities
		2006	2005	
Leong Hin San Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Meridian Plantations Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm and palm oil milling
Syarikat Penanaman Bukit Senorang Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm and palm oil milling
South East Pahang Oil Palm Berhad	Malaysia	100	100	Cultivation of oil palm
Masjid Tanah Properties Sdn. Bhd.	Malaysia	100	100	Property development
Melaka Pindah Properties Sdn. Bhd.	Malaysia	100	100	Property development
Vintage Plantations Sdn. Bhd.	Malaysia	100	100	Dormant

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 APRIL 2006

14. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Quoted shares:				
At cost	43,058	43,058	43,058	43,058
At 1991 valuation	18,853	18,853	18,853	18,853
	61,911	61,911	61,911	61,911
Unquoted shares:				
At cost	19,841	19,841	19,841	19,841
	81,752	81,752	81,752	81,752
Share of post acquisition reserves	119,088	116,446	-	-
Total investments in associates	200,840	198,198	81,752	81,752
Less: Accumulated impairment losses	-	-	(10,553)	(11,553)
	200,840	198,198	71,199	70,199
Market value of quoted shares	208,563	222,824	208,563	222,824

(a) The share of results of the associates for the current financial year are for the twelve months period ended 31 March 2006, incorporating the nine months period ended 31 December 2005 based on the latest audited financial statements for the financial year ended 31 December 2005 and the management financial statements for the three months period ended 31 March 2006.

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

Name of Associates	Country of Incorporation	Equity Interest Held (%)		Principal Activities	Financial Year End
		2006	2005		
PacificMas Berhad	Malaysia	20.85	20.85	Investment holding	31 December
Niro Ceramic (M) Sdn. Bhd. *	Malaysia	25	25	Manufacturing and trading of ceramic tiles	31 December
Malaysian Trustees Berhad	Malaysia	20	20	Engaged in the business of trustee agent, executor and administrator	31 December

* Associate not audited by Ernst & Young.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 APRIL 2006

15. OTHER INVESTMENTS

	Group and Company 2006 RM'000	2005 RM'000
Quoted investments, at cost:		
In Malaysia		
- shares	1,410	1,410
- unit trusts	4,000	4,000
Outside Malaysia		
- unit trusts	312	1,736
	5,722	7,146
Unquoted investments, at cost:		
Outside Malaysia		
- shares	293	354
Total other investments	6,015	7,500
Less: Accumulated impairment losses	(113)	-
	5,902	7,500
Market value of quoted investments:		
In Malaysia		
- shares	18,753	18,288
- unit trusts	4,367	4,247
Outside Malaysia		
- unit trusts	700	2,315
	23,820	24,850

16. GOODWILL ON CONSOLIDATION

	Group 2006 RM'000	2005 RM'000
At 1 May 2005/2004	19,677	20,726
Less: Amounts recognised in income statement (Note 5)	(1,049)	(1,049)
At 30 April	18,628	19,677

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 APRIL 2006

17. INVENTORIES

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
At cost:				
Estate and palm oil mill stores	2,250	2,785	219	167
Nursery stocks	585	436	122	163
Produce stocks	1,549	1,626	-	-
	4,384	4,847	341	330

18. TRADE RECEIVABLES

Amount due from a subsidiary	-	-	642	504
Other trade receivables	4,884	4,699	164	140
	4,884	4,699	806	644

The Group's and the Company's normal trade credit terms range from 15 days to 30 days (2005: 15 days to 30 days).

The Group and the Company have no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

19. OTHER RECEIVABLES

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Amounts due from subsidiaries				
- current account	-	-	924	4,269
- loan	-	-	52,120	54,728
Amount due from an associate	-	79	-	79
Advances for acquisition of land *	3,919	4,132	-	-
Tax recoverable	1,239	2	128	-
Deposits, prepayments and other receivables	2,333	2,369	1,832	1,860
	7,491	6,582	55,004	60,936

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

The amounts due from subsidiaries and an associate are unsecured, interest-free and have no fixed terms of repayment.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 APRIL 2006

20. MARKETABLE SECURITIES

	Group and Company 2006 RM'000	2005 RM'000
Shares quoted in Malaysia, at cost	7,367	7,189
Less: Provision for diminution in value	-	(223)
	7,367	6,966
Market value	7,507	6,966

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Cash on hand and at banks	673	1,829	188	502
Deposits with:				
Licensed banks	44,876	56,327	31,049	37,540
Licensed discount house	3,746	3,778	3,746	3,778
Money market funds placed with fund managers	30,566	20,102	30,566	20,102
Cash and bank balances	79,861	82,036	65,549	61,922
Less: Deposits pledged to banks for bank guarantee facilities	(407)	(407)	-	-
Cash and cash equivalents	79,454	81,629	65,549	61,922

The deposits with licensed banks amounting to RM407,400 (2005: RM407,400) of certain subsidiaries were pledged to banks for bank guarantee facilities granted to those subsidiaries.

The weighted average effective interest rates of deposits at the balance sheet date were as follows:

	Group		Company	
	2006 %	2005 %	2006 %	2005 %
Licensed banks	3.12	3.12	3.09	3.06
Licensed discount house	3.24	2.66	3.24	2.66

The average maturities of deposits at the balance sheet date were as follows:

	Group		Company	
	2006 days	2005 days	2006 days	2005 days
Licensed banks	124	173	87	110
Licensed discount house	19	11	19	11

22. RETIREMENT BENEFIT OBLIGATIONS

The Group operated an unfunded defined benefit scheme ("the Scheme") for those executives and staff eligible under the Scheme. The benefits payable were determined based on the length of service at a rate of one month's salary for each year of service upon retirement.

During the financial year, the Group had discontinued the Scheme by transferring all the outstanding benefits payable to entitled executives and staff, to their respective Employees Provident Fund accounts before the balance sheet date.

The amounts recognised in the balance sheet were determined as follows:

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Present value of unfunded defined benefit obligations				
- net liability	-	1,046	-	730
Analysed as:				
Current	-	98	-	98
Non-current:				
Later than 1 year but not later than 2 years	-	4	-	-
Later than 2 years but not later than 5 years	-	536	-	354
Later than 5 years	-	408	-	278
	-	948	-	632
Total	-	1,046	-	730

The amounts recognised in the income statement are as follows:

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Current service cost	438	88	237	52
Interest cost	213	56	145	40
Total, included in staff costs (Note 6)	651	144	382	92

Movements in the net liability in the current and previous financial years were as follows:

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
At 1 May 2005/2004	1,046	890	730	638
Recognised in the income statement (Reversed from)/capitalised in New Planting Expenditure	651	144	382	92
Retirement benefits paid	(30)	12	-	-
	(1,667)	-	(1,112)	-
At 30 April	-	1,046	-	730

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 APRIL 2006

23. TRADE PAYABLES

The normal trade credit terms granted to the Group and the Company range from 30 days to 60 days (2005: 30 days to 60 days).

24. OTHER PAYABLES

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Directors' fees and other emoluments	200	201	192	193
Amounts due to subsidiaries	-	-	448	1,464
Balance payments of acquisition of land	1,478	1,387	-	-
Accruals and sundry payables	8,742	6,890	2,518	1,591
	10,420	8,478	3,158	3,248

The amounts due to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

25. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2006	2005	2006	2005
	'000	'000	RM'000	RM'000
Authorised	500,000	500,000	500,000	500,000
Issued and fully paid	134,005	134,005	134,005	134,005

26. RETAINED PROFITS

As at 30 April 2006, the Company has tax exempt profits available for distribution of approximately RM907,000 (2005: RM6,576,000), subject to the agreement of the Inland Revenue Board.

As at 30 April 2006, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax-exempt income account to frank the payment of dividends up to approximately RM78,573,000 (2005: RM83,360,000) out of its retained profits. If the balance of the retained profits of approximately RM135,313,000 (2005: RM129,222,000) were to be distributed as gross dividends prior to there being sufficient tax credit, the Company would have a Section 108 shortfall of approximately RM37,888,000 (2005: RM36,182,000).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 APRIL 2006

27. DEFERRED TAXATION

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
At 1 May 2005/2004	14,757	23,717	2,010	2,061
Recognised in income statement (Note 8)	2,651	(8,960)	-	(51)
At 30 April	17,408	14,757	2,010	2,010
Presented after appropriate offsetting as follows:				
Deferred tax assets	(5,710)	(8,595)	-	-
Deferred tax liabilities	23,118	23,352	2,010	2,010
	17,408	14,757	2,010	2,010

The components and movements of deferred tax assets and liabilities during the current and previous financial years prior to offsetting are as follows:

Deferred Tax Assets of the Group:

	Retirement Benefit Obligations RM'000	Replanting Expenditure and Other Payables RM'000	Unabsorbed Capital Allowances and Unutilised Tax Losses RM'000	Total RM'000
At 1 May 2005	(293)	(265)	(11,695)	(12,253)
Recognised in income statement	293	(182)	1,872	1,983
At 30 April 2006	-	(447)	(9,823)	(10,270)
At 1 May 2004	(250)	(251)	(2,468)	(2,969)
Recognised in income statement	(43)	(14)	(9,227)	(9,284)
At 30 April 2005	(293)	(265)	(11,695)	(12,253)

Deferred Tax Liabilities of the Group:

	Property, Plant and Equipment RM'000	Revaluation of Freehold and Leasehold Estates and Buildings RM'000	Total RM'000
At 1 May 2005	4,442	22,568	27,010
Recognised in income statement	1,027	(359)	668
At 30 April 2006	5,469	22,209	27,678
At 1 May 2004	3,756	22,930	26,686
Recognised in income statement	686	(362)	324
At 30 April 2005	4,442	22,568	27,010

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 APRIL 2006

27. DEFERRED TAXATION (cont'd)

Deferred Tax Assets of the Company:

	Retirement Benefit Obligations RM'000	Replanting Expenditure and Other Payables RM'000	Total RM'000
At 1 May 2005	(204)	(144)	(348)
Recognised in income statement	204	(57)	147
At 30 April 2006	-	(201)	(201)
At 1 May 2004	(178)	(156)	(334)
Recognised in income statement	(26)	12	(14)
At 30 April 2005	(204)	(144)	(348)

Deferred Tax Liabilities of the Company:

	Property, Plant and Equipment RM'000	Revaluation of Freehold and Leasehold Estates and Buildings RM'000	Total RM'000
At 1 May 2005	338	2,020	2,358
Recognised in income statement	(99)	(48)	(147)
At 30 April 2006	239	1,972	2,211
At 1 May 2004	326	2,069	2,395
Recognised in income statement	12	(49)	(37)
At 30 April 2005	338	2,020	2,358

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 APRIL 2006

28. CAPITAL COMMITMENTS

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Capital expenditure approved and contracted for:				
Construction of building	6,497	-	6,497	-
Expenditure for palm oil mill	-	2,587	-	-
New planting expenditure	308	509	-	-
Purchase of:				
- other property, plant and equipment	-	792	-	792
- additional shares in subsidiaries	-	-	-	700
	6,805	3,888	6,497	1,492
Capital expenditure approved but not contracted for:				
Acquisition of land	2,423	1,541	-	-
Expenditure for palm oil mill	1,965	1,874	-	-
New planting expenditure	9,819	9,086	-	-
Purchase of other property, plant and equipment	5,724	18,208	216	11,617
	19,931	30,709	216	11,617

29. CONTINGENT LIABILITY

The Company had on 16 January 2004, been served a writ of summons by Brilliant Team Management Sdn. Bhd., filed in the Malacca High Court, claiming RM1,760,000 being finder's fee. On 20 February 2004, the Company filed a Defence and Counterclaim. On the advice of the solicitors, the Company will contest the claim vigorously. The case was fixed for mention on 18 January 2006, which was since been postponed to 21 September 2006.

30. SIGNIFICANT TRANSACTIONS AND BALANCES WITH RELATED PARTIES

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Sales of oil palm fresh fruit bunches to a subsidiary:				
- Syarikat Penanaman Bukit Senorang Sdn. Bhd.	-	-	9,586	11,857
Administrative expenses charged to subsidiaries:				
- Leong Hin San Sdn. Bhd.	-	-	276	201
- Meridian Plantations Sdn. Bhd.	-	-	1,027	708
- Syarikat Penanaman Bukit Senorang Sdn. Bhd.	-	-	661	493
- South East Pahang Oil Palm Berhad	-	-	441	346

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 APRIL 2006

30. SIGNIFICANT TRANSACTIONS AND BALANCES WITH RELATED PARTIES (cont'd)

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Gross dividends income from subsidiaries:				
- Leong Hin San Sdn. Bhd.	-	-	1,404	2,457
- Syarikat Penanaman Bukit Senorang Sdn. Bhd.	-	-	1,800	-
- South East Pahang Oil Palm Berhad	-	-	1,943	5,029
Gross dividends income from associates:				
- PacificMas Berhad	-	-	5,348	5,348
- Malaysian Trustees Berhad	-	-	-	110
Trade amount due from a subsidiary:				
- Syarikat Penanaman Bukit Senorang Sdn. Bhd.	-	-	642	504
Loan due from a subsidiary:				
- Meridian Plantations Sdn. Bhd.	-	-	52,120	54,728
Current accounts with:				
- Leong Hin San Sdn. Bhd.	-	-	198	613
- Syarikat Penanaman Bukit Senorang Sdn. Bhd.	-	-	611	(1,011)
- South East Pahang Oil Palm Berhad	-	-	108	3,651
- Masjid Tanah Properties Sdn. Bhd.	-	-	(448)	(453)
- Melaka Pindah Properties Sdn. Bhd.	-	-	7	5
Balance with a subsidiary of an associate:				
- Pacific Mutual Fund Berhad: Investment in unit trusts	4,000	4,000	4,000	4,000
Marketable securities managed by a subsidiary of an associate:				
- PacificMas Asset Management Sdn. Bhd.	7,367	6,966	7,367	6,966

The directors are of the opinion that all the transactions above 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.

31. SEGMENT INFORMATION

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

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

31. SEGMENT INFORMATION (cont'd)

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

(c) Business segments

The Group is organised into three business segments:

Plantation	-	Cultivation of oil palm and palm oil milling
Investment holding	-	Investment holding
Property development	-	Development of residential and commercial properties

30 April 2006

	Plantation RM'000	Investment Holding RM'000	Property Development RM'000	Consolidated RM'000
Revenue				
Total Revenue	129,441	3,669	-	133,110
Inter-segment sales	(19,103)	-	-	(19,103)
External Sales	110,338	3,669	-	114,007
Results				
Segment results	18,365	4,426	(7)	22,784
Share of results of associates				9,846
Taxation				(8,179)
Net profit for the year				24,451
Assets				
Segment assets	299,623	92,729	1,301	393,653
Investments in associates				200,840
Consolidated total assets				594,493
Liabilities				
Segment liabilities	36,419	-	4	36,423
Unallocated corporate liabilities				211
Consolidated total liabilities				36,634
Other information				
Capital expenditure	19,484	-	-	19,484
Amortisation of goodwill on consolidation	1,049	-	-	1,049
Depreciation	6,025	-	-	6,025

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 APRIL 2006

31. SEGMENT INFORMATION (cont'd)

(c) Business segments (cont'd)

30 April 2005	Plantation RM'000	Investment Holding RM'000	Property Development RM'000	Consolidated RM'000
Revenue				
Total Revenue	118,419	3,856	-	122,275
Inter-segment sales	(22,262)	-	-	(22,262)
External Sales	96,157	3,856	-	100,013
Results				
Segment results	20,237	3,616	(7)	23,846
Share of results of associates				9,572
Taxation				159
Net profit for the year				33,577
Assets				
Segment assets	290,681	95,089	1,264	387,034
Investments in associates				198,198
Consolidated total assets				585,232
Liabilities				
Segment liabilities	38,522	210	-	38,732
Unallocated corporate liabilities				228
Consolidated total liabilities				38,960
Other information				
Capital expenditure	19,857	-	-	19,857
Amortisation of goodwill				
on consolidation	1,049	-	-	1,049
Depreciation	6,160	-	-	6,160

32. FINANCIAL INSTRUMENTS**(a) Financial Risk Management Objectives and Policies**

The Group's financial risk management policy seek to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its credit, price fluctuation, interest rate and liquidity risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(b) Interest Rate Risk

The Group has no interest-bearing debt. However, the Group has short term interest bearing financial assets as at 30 April 2006. The investment in financial assets are mainly short term in nature and are not held for speculative purposes but have been mostly placed in fixed deposits.

(c) Credit Risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risk are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

(d) Price Fluctuation Risk

The Group is exposed to price fluctuation risk on palm oil. The Group mitigates its risk to the price volatility by taking necessary steps to contain production cost and to increase crop production so that the Group is more resilient and will be able to withstand unfavourable crude palm oil price level.

(e) Liquidity Risk

The Group has no external borrowings and has adequate cash or cash convertible assets to meet all its working capital requirements.

(f) Fair Values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the followings:

	Note	2006		2005	
		Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Group					
Financial Assets					
Other investments:					
Quoted:					
- shares	15	1,410	18,753	1,410	18,288
- unit trusts	15	4,312	5,067	5,736	6,562
Unquoted shares	15	180	*	354	*
Marketable securities	20	7,367	7,507	6,966	6,966

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 APRIL 2006

32. FINANCIAL INSTRUMENTS (cont'd)**(f) Fair Values** (cont'd)

	Note	2006		2005	
		Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Company					
Financial Assets					
Other investments:					
Quoted:					
- shares	15	1,410	18,753	1,410	18,288
- unit trusts	15	4,312	5,067	5,736	6,562
Unquoted shares	15	180	*	354	*
Marketable securities	20	7,367	7,507	6,966	6,966

* It is not practical to estimate the fair value of the unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. However, the Group believes that the carrying amount of the unquoted shares represents the recoverable amount.

It is not practical to estimate the fair values of the amounts due from/(to) related companies due principally to a lack of fixed repayment term entered into by the parties involved and without incurring excessive costs. However, the Group does not anticipate the carrying amounts recorded at balance sheet date to be significantly different from the values that would eventually be received or settled.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and cash equivalents, trade and other receivables/payables

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Marketable securities

The fair value of quoted shares are determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

33. COMPARATIVES

The following amounts as at 30 April 2005 have been reclassified to conform with current year's presentation:

	As Restated RM'000	Reclassifications RM'000	As Previously Stated RM'000
GROUP			
Income Statement			
Cost of sales	(64,693)	(4,213)	(60,480)
Selling and distribution expenses	(1,874)	4,213	(6,087)
<hr/>			
Balance Sheet			
Marketable securities	6,966	(20,102)	27,068
Cash and bank balances	82,036	20,102	61,934
<hr/>			
COMPANY			
Balance Sheet			
Marketable securities	6,966	(20,102)	27,068
Cash and bank balances	61,922	20,102	41,820
<hr/>			

The above reclassifications have no effect on the profit for the previous financial year.

LIST OF PROPERTIES HELD

AS AT 30 APRIL 2006

Location	Tenure	Titled Hectarage	Description	Year of Acquisition/ Revaluation*	Net Book Value of Land and Buildings as at 30 April 2006 RM'000
Masjid Tanah Estate 78300 Masjid Tanah Melaka	Freehold Leasehold (expiring on: 31-12-2033 20-11-2065)	355.3 2.8 0.2	Oil palm estate	1991*	4,547
Machap Estate 76100 Durian Tunggal Melaka	Freehold Leasehold (expiring on: 20-12-2024 25-04-2025 21-03-2038)	244.5 221.9 156.4 240.2	Oil palm estate	1991*	6,557
Malaka Pindah Estate Alor Gajah P.O. 78000 Alor Gajah Melaka	Freehold Leasehold (expiring on: 21-03-2038 22-10-2048 25-10-2053)	70.2 112.1 20.3 126.2	Oil palm estate	1991*	2,815
Selandar Estate Selandar P.O. 77500 Jasin Melaka	Freehold Leasehold (expiring on: 31-07-2025)	194.5 22.1	Oil palm estate	1991*	2,752
Tampin Estate 73300 Batang Melaka Negeri Sembilan	Freehold	298.9	Oil palm estate	1991*	3,564
Pelin Estate 71300 Rembau Negeri Sembilan	Freehold	154.3	Oil palm estate	1991*	2,657
Batu Anam Estate Batu Anam P.O. 85100 Batu Anam Segamat, Johor	Freehold	864.9	Oil palm estate	1991*	12,923
Leong Hin San Estate 71200 Rantau Negeri Sembilan	Freehold	845.5	Oil palm estate	1991*	14,543
Mamahat Estate Labuk Sugut, Beluran District 90000 Sabah	Leased land (expiring between 2031 and 2032 2097 and 2099)	24.0 1,396.5	Oil palm estate	2001-2002 1997-2000	5,602
Paitan Estate Labuk Sugut, Beluran District 90000 Sabah	Leasehold (expiring between 2098 and 2102) Leased land (expiring between 2031 and 2035 2098 and 2100)	918.1 906.2 1,222.8	Oil palm estate and palm oil mill	1999-2003 2001-2006 1998-2001	18,963

LIST OF PROPERTIES HELD (cont'd)

AS AT 30 APRIL 2006

Location	Tenure	Titled Hectarage	Description	Year of Acquisition/ Revaluation*	Net Book Value of Land and Buildings as at 30 April 2006 RM'000
Tengkarasan Estate Labuk Sugut, Beluran District 90000 Sabah	Leasehold expiring on 2100 Leased land (expiring between 2031 and 2035 2098 and 2100)	48.6 875.5 1,291.9	Oil palm estate	2001 2001-2006 1999-2001	8,296
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	2004	39,225
South East Pahang Estate 28380 Kemayan Pahang	Leasehold (expiring on: 06-09-2066 18-09-2084)	202.3 1,416.4	Oil palm estate	2004	31,634
Regional Office Lot 10, Block 19 Lorong Bandar Indah 5 Bandar Indah Mile 4, North Road, 90000 Sandakan	Leasehold (expiring on 2882)	2,000 sq. ft.	Shophouse (Age of building: 5 years)	2001	274
Executive Bungalow MDLB 1849 Taman Khong Lok Jalan Airport Sandakan 90000 Sandakan	Leasehold (expiring on 09-07-2887)	7,880 sq. ft.	Company bungalow (Age of building: 6 years)	2000	196
Head Office 8H, Jalan Laksamana Cheng Ho 75000 Melaka	Freehold	3,460 sq. ft.	Office building (Age of building: 28 years)	1990	113
Lot 620-625 Jalan Melaka Raya 23 Taman Melaka Raya 75000 Melaka	Leasehold (expiring on 07-07-2093)	10,979 sq. ft.	Land for corporate head office	2003	1,076
Awana Condominium Unit 5542 Awana Condominium 8th Mile, Genting Highlands 89000 Genting Highlands Pahang	Freehold	1,258 sq. ft.	Holiday condominium (Age of building: 19 years)	1991*	53
TOTAL					155,790

STOCKHOLDING ANALYSIS

AS AT 31 JULY 2006

Authorised capital : RM500,000,000
 Issued & Paid-up capital : RM134,005,001
 Class of share : Ordinary stock unit of RM1.00 each

VOTING RIGHTS OF STOCKHOLDERS

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 stock unit of which he/she is the holder.

DISTRIBUTION SCHEDULE

Holdings	No. of Holders	Total Holdings	%
Less than 100	121	5,022	0.00
100 to 1000	995	815,330	0.61
1001 to 10000	5,995	22,167,149	16.54
10001 to 100000	1,092	28,263,431	21.09
100,001 to less than 5% of issued stocks	100	44,449,833	33.17
5% and above of issued stocks	4	38,304,236	28.59
	8,307	134,005,001	100

DIRECTORS' STOCKHOLDINGS

Name of Directors	Direct stockholdings	Percentage of issued stock	Indirect stockholdings	Percentage of issued stock
Choi Siew Hong	225,937	0.17	-	-
Tan Sri Dato'Abdul Aziz bin Taha	-	-	15,000	0.01
Tan Siok Choo	378,354	0.28	6,990,133	5.21
Boon Weng Siew	11,250	0.01	-	-
Chua Ngoh Chuan	106,515	0.08	61,875	0.05
Datuk Fong Weng Phak	-	-	-	-
Tan Jiew Hoe	114,750	0.09	1,662,348	1.24

STOCKHOLDING ANALYSIS (cont'd)

AS AT 31 JULY 2006

SUBSTANTIAL STOCKHOLDERS (5% and above)

Name	Stockholdings registered in the name of the substantial stockholders	Stockholdings in which the substantial stockholders are deemed to be interested		Total	Percentage of issued stock
Oversea-Chinese Banking Corporation Ltd	-	22,934,593	*1	22,934,593	17.11
Great Eastern Life Assurance (Malaysia) Bhd	18,790,468	3,208,500	*2	21,998,968	16.41
Lee Foundation	-	10,957,309	*3	10,957,309	8.17
Tan Kim Lwi	9,367,258	-	*4	9,367,258	6.99
Sinneo Sdn. Bhd.	6,990,133	-		6,990,133	5.21
Ms. Tan Siok Choo	378,354	6,990,133	*5	7,368,487	5.50
Selat (Pte) Limited	7,246,496	-	*6	7,246,496	5.41

*1. Oversea-Chinese Banking Corporation Ltd is deemed interested in the stockholdings registered in the following names:-

- Malaysia Nominees (Tempatan) Sendirian Berhad- for Great Eastern Life Assurance (Malaysia) Berhad - 18,790,468
- CitiCorp Nominees (Asing) Sdn. Bhd. for CB Singapore GW for Eastern Realty Company Limited - 928,125
- Baxterley Holdings Pte Limited - 67,500
- Sword Investment Pte Limited - 3,141,000
- Apex Pharmacy Holdings Sdn. Bhd. - 7,500

*2. Great Eastern Life Assurance (Malaysia) Berhad is deemed interested in the stockholdings registered in the following names:-

- Baxterley Holdings Pte Ltd - 67,500
- Sword Investment Pte Ltd - 3,141,000

*3. Lee Foundation is deemed interested in the following stockholdings held via nominees:-

- HSBC Nominees (Asing) Sdn Bhd for
 - Selat Pte Ltd - 7,246,496
 - Singapore Investments Pte Ltd - 2,303,438
 - Lee Pineapple Company Pte Ltd - 84,375
- TCL Nominees (Asing) Sdn Bhd
 - for Singapore Investment Pte Ltd - 1,323,000

*4. Held via HSBC Nominees (Asing) Sdn. Bhd.

*5. Deemed interested in these stockholdings registered in the name of Sinneo Sdn. Bhd.

*6. Held via HSBC Nominees (Asing) Sdn. Bhd.

STOCKHOLDING ANALYSIS *(cont'd)*

AS AT 31 JULY 2006

LIST OF TOP 30 STOCKHOLDERS AS AT 31/7/2006

	No. of stock unit	%
(1) Malaysia Nominees (Tempatan) Sdn. Bhd. - Great Eastern Life Assurance (Malaysia) Berhad	18,790,468	14.02
(2) HSBC Nominees (Asing) Sdn. Bhd. - HSBC SG for Tan Kim Lwi	9,367,258	6.99
(3) HSBC Nominees (Asing) Sdn. Bhd. HSBC SG for Selat Pte Ltd	7,246,496	5.41
(4) Sinneo Sdn. Bhd.	6,990,133	5.22
(5) Mayban Nominees (Asing) Sdn. Bhd. - Sword Investments Private Limited	3,141,000	2.34
(6) HSBC Nominees (Asing) Sdn. Bhd. - Exempt an for Credit Suisse (SG BR-TST-ASING)	3,001,000	2.24
(7) HSBC Nominees (Asing) Sdn. Bhd. - HSBC Trustee (s) Ltd for Tun Dato Sir Cheng Lock Tan Trust	2,458,399	1.83
(8) HSBC Nominees (Asing) Sdn Bhd - HSBC SG for Singapore Investments Pte Ltd	2,303,438	1.72
(9) DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - I Capital.Biz Berhad	1,698,500	1.27
(10) TCL Nominees (Asing) Sdn Bhd - OCBC Securities Private Limited for Singapore investments (Pte) Limited	1,323,000	0.99
(11) TCL Nominees (Asing) Sdn Bhd - OCBC Securities Private Limited for Tan Proprietary (Private) Ltd	1,319,532	0.98
(12) Klebang Investments Pte Ltd	1,270,064	0.95
(13) Mayban Securities Nominees (Asing) Sdn. Bhd. OCBC Securities Private Limited for - Raffles Investments (Singapore) Pte Limited	1,125,000	0.84
(14) Mayban Securities Nominees (Asing) Sdn. Bhd. - OCBC Securities Private Limited for Tecity Management Pte Ltd	1,087,440	0.81
(15) Tecity Management Pte Ltd	972,261	0.73
(16) Citigroup Nominees (Asing) Sdn. Bhd. CB Singapore GW for Eastern Realty Company Limited	928,125	0.69
(17) Dipang Mines Sdn Bhd	843,750	0.63

STOCKHOLDING ANALYSIS *(cont'd)*

AS AT 31 JULY 2006

LIST OF TOP 30 SHAREHOLDERS AS AT 31/7/2006 *(cont'd)*

	No. of stock unit	%
(18) Chee Bay Hoon & Co. Sdn. Bhd.	692,786	0.52
(19) The Federal Oil Mills Berhad	641,250	0.48
(20) Employees Provident Fund Board	577,800	0.43
(21) Alros Sendirian Berhad	528,000	0.39
(22) Tan Jin Tuan	503,307	0.38
(23) HSBC Nominees (Asing) Sdn. Bhd. - HSBC SG for Lee Rubber Company Pte Ltd	503,077	0.38
(24) Nora Ee Siong Chee	479,250	0.36
(25) Chee Swee Cheng & Co Sdn. Bhd.	476,028	0.36
(26) Chee Swee Cheng & Company Private Limited	442,969	0.33
(27) Tan Siok Choo	378,354	0.28
(28) Wong Ing Chung	375,900	0.28
(29) Citigroup Nominees (Asing) Sdn. Bhd. - CBNY for DFA Emerging Markets Fund	369,400	0.28
(30) HLB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Lim Hak Ho	348,150	0.26
	70,182,135	52.39

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I/We.....
(FULL NAME IN CAPITAL)

of.....
(FULL ADDRESS)

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

.....
(FULL NAME IN CAPITAL)

of.....
(FULL ADDRESS)

or failing him/her.....

.....
(FULL NAME IN CAPITAL)

of.....
(FULL ADDRESS)

or the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Ninety-Second Annual General Meeting of the Company to be held on Friday, 22 September 2006 at 3.00 p.m. and at any adjournment thereof.

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

Resolution	Relating to:	For	Against
No. 1	Adoption of Reports and Accounts	<input type="checkbox"/>	<input type="checkbox"/>
No. 2	Declaration of final dividend	<input type="checkbox"/>	<input type="checkbox"/>
No. 3	Approval of Directors' fees	<input type="checkbox"/>	<input type="checkbox"/>
	Re-appointment of a Director pursuant to Section 129(6) of the Companies Act, 1965		
No. 4	Mr. Choi Siew Hong	<input type="checkbox"/>	<input type="checkbox"/>
No. 5	Mr. Boon Weng Siew	<input type="checkbox"/>	<input type="checkbox"/>
No. 6	Mr. Chua Ngoh Chuan	<input type="checkbox"/>	<input type="checkbox"/>
No. 7	Re-appointment and remuneration of Auditors	<input type="checkbox"/>	<input type="checkbox"/>
	Special Business: -		
No. 8	Authorising Directors to allot and issue shares	<input type="checkbox"/>	<input type="checkbox"/>
No. 9	Proposed amendments to the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>

As Witness my hand thisday of2006

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

No. of Stock Units Held

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

Notes:

- 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 stocks 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.
- A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. No person, however, who is not a member of the Company shall be appointed a proxy unless that person complies with the provisions of Section 149(1)(b) of the Companies, Act 1965.
- 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.
- The instrument appointing a proxy must be deposited at the registered office of the company at 8H, Jalan Laksamana Cheng Ho, 75000 Melaka not later than 48 hours before the time set for the meeting.
- The proxy will vote or abstain at his discretion if no indication is given.

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Stamp

The Company Secretary
UNITED MALACCA BERHAD
(Company No. 1319-V)
8H, Jalan Laksamana Cheng Ho
75000 Melaka

please fold along this line (2)

