

**UNITED MALACCA BERHAD (1319 - V)**

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018****CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018**

|  | Individual Quarter<br>3 Months Ended<br>31 October |                      | Cumulative Quarter<br>6 Months Ended<br>31 October |                      |
|--|--|----------------------|--|----------------------|
|  | 2018   | 2017                 | 2018   | 2017                 |
|  | RM'000   | RM'000<br>(Restated) | RM'000   | RM'000<br>(Restated) |
| <b>Revenue</b>   | 53,823   | 81,158               | 93,828   | 151,487              |
| Cost of sales  | (56,281)   | (64,508)             | (107,220)  | (128,529)            |
| <b>Gross (loss)/profit</b>   | (2,458)  | 16,650               | (13,392)   | 22,958               |
| Other income   | 1,647  | 4,130                | 3,292  | 5,514                |
| Administrative expenses  | (4,703)  | (3,872)              | (8,588)  | (8,259)              |
| Other expenses   | (6,054)  | (770)                | (12,305)   | (1,393)              |
| <b>Operating (loss)/profit</b>   | (11,568)   | 16,138               | (30,993)   | 18,820               |
| Finance costs  | (1,753)  | (1,318)              | (3,277)  | (2,565)              |
| <b>(Loss)/profit before tax</b>  | (13,321)   | 14,820               | (34,270)   | 16,255               |
| Income tax expense   | 130  | (3,575)              | 1,944  | (5,985)              |
| <b>(Loss)/profit for the period</b>                                      | (13,191)   | 11,245               | (32,326)   | 10,270               |
| <b>Other comprehensive (loss)/income:</b>                                |  |                      |  |                      |
| <b>Item that will be subsequently reclassified to profit or loss:</b>    |  |                      |  |                      |
| Exchange differences on translation of foreign operations                | (4,141)  | (4,239)              | (4,106)  | (5,717)              |
| <b>Total comprehensive (loss)/income for the period</b>                  | (17,332)   | 7,006                | (36,432)   | 4,553                |
| <b>(Loss)/profit for the period attributable to:</b>                     |  |                      |  |                      |
| Owners of the Company  | (12,077)   | 11,813               | (30,563)   | 11,497               |
| Non-controlling interests  | (1,114)  | (568)                | (1,763)  | (1,227)              |
|  | (13,191)   | 11,245               | (32,326)   | 10,270               |
| <b>Total comprehensive (loss)/income for the period attributable to:</b> |  |                      |  |                      |
| Owners of the Company  | (15,553)   | 8,262                | (34,009)   | 6,750                |
| Non-controlling interests  | (1,779)  | (1,256)              | (2,423)  | (2,197)              |
|  | (17,332)   | 7,006                | (36,432)   | 4,553                |
| <b>(Loss)/earnings per share attributable to owners of the Company:</b>  |  |                      |  |                      |
| Basic (sen)  | (5.76)   | 5.64                 | (14.58)  | 5.49                 |
| Diluted (sen)  | (5.76)   | 5.64                 | (14.58)  | 5.49                 |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 April 2018 and the accompanying explanatory notes attached to the interim financial statements.

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(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

|  | As at End of<br>Current Quarter<br>31 October 2018 | As at Preceding<br>Financial Year End<br>30 April 2018 | As at<br>1 May 2017  |
|--|--|--|----------------------|
|  | RM'000   | RM'000<br>(Restated)                                   | RM'000<br>(Restated) |
| <b>ASSETS</b>  |  |  |                      |
| <b>Non-Current Assets</b>  |  |  |                      |
| Property, plant and equipment                                      | 1,037,222  | 1,027,288  | 1,034,634            |
| Bearer plants  | 380,112  | 383,821  | 406,571              |
| Prepaid land lease payments  | 172,089  | 120,973  | 132,527              |
| Goodwill on consolidation  | 82,474   | 82,474   | 82,474               |
|  | <u>1,671,897</u>                                   | <u>1,614,556</u>                                       | <u>1,656,206</u>     |
| <b>Current Assets</b>  |  |  |                      |
| Inventories  | 29,315   | 29,760   | 20,735               |
| Biological assets  | 4,183  | 4,857  | 8,258                |
| Trade receivables  | 17,034   | 14,728   | 17,800               |
| Other receivables  | 41,622   | 34,596   | 98,107               |
| Held-for-trading investments                                       | -  | -  | 22,803               |
| Held-to-maturity investments                                       | 18   | 43   | 301                  |
| Financial assets at fair value through profit or loss              | 15,401   | 25,016   | 48,375               |
| Cash and bank balances   | 45,668   | 99,557   | 30,299               |
|  | <u>153,241</u>                                     | <u>208,557</u>   | <u>246,678</u>       |
| <b>TOTAL ASSETS</b>  | <u>1,825,138</u>                                   | <u>1,823,113</u>                                       | <u>1,902,884</u>     |
| <b>EQUITY AND LIABILITIES</b>                                      |  |  |                      |
| <b>Equity</b>  |  |  |                      |
| Share capital  | 212,084  | 212,084  | 209,494              |
| Share premium  | 42,795   | 42,795   | 42,795               |
| Other reserves   | (19,939)   | (15,798)   | 11,107               |
| Retained earnings  | 1,272,064  | 1,314,336  | 1,334,758            |
| <b>Equity attributable to owners of the Company</b>                | <u>1,507,004</u>                                   | <u>1,553,417</u>                                       | <u>1,598,154</u>     |
| Non-controlling interests  | 56,379   | 38,105   | 46,101               |
| <b>Total equity</b>  | <u>1,563,383</u>                                   | <u>1,591,522</u>                                       | <u>1,644,255</u>     |
| <b>Non-Current Liabilities</b>                                     |  |  |                      |
| Bank borrowings  | 83,680   | 78,410   | 151,900              |
| Retirement benefit obligation                                      | 678  | 469  | 365                  |
| Deferred tax liabilities   | 55,178   | 57,970   | 66,414               |
|  | <u>139,536</u>                                     | <u>136,849</u>   | <u>218,679</u>       |
| <b>Current Liabilities</b>   |  |  |                      |
| Trade payables   | 15,036   | 10,141   | 13,381               |
| Other payables   | 26,372   | 23,661   | 22,065               |
| Income tax payable   | -  | 2,132  | 4,504                |
| Bank borrowings  | 80,811   | 58,808   | -                    |
|  | <u>122,219</u>                                     | <u>94,742</u>  | <u>39,950</u>        |
| <b>Total liabilities</b>   | <u>261,755</u>                                     | <u>231,591</u>   | <u>258,629</u>       |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                | <u>1,825,138</u>                                   | <u>1,823,113</u>                                       | <u>1,902,884</u>     |
| Net assets per share attributable to owners<br>of the Company (RM) | <u>7.19</u>  | <u>7.41</u>  | <u>7.64</u>          |

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 April 2018 and the accompanying explanatory notes attached to the interim financial statements.*

**UNITED MALACCA BERHAD** (1319 - V)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 31 OCTOBER 2018**

|   | Attributable to Owners of the Company |               |                |                   | Total     | Non-Controlling Interests | Total Equity |
|---|---------------------------------------|---------------|----------------|-------------------|-----------|---------------------------|--------------|
|   | Share Capital                         | Share Premium | Other Reserves | Retained Earnings |           |                           |              |
|   | RM'000                                | RM'000        | RM'000         | RM'000            | RM'000    | RM'000                    | RM'000       |
| <b>Current 6 Months Ended 31 October 2018</b>             |                                       |               |                |                   |           |                           |              |
| <b>Balance at 1 May 2018</b>                              |                                       |               |                |                   |           |                           |              |
| As previously stated                                      | 212,084                               | 42,795        | 747,041        | 669,672           | 1,671,592 | 39,100                    | 1,710,692    |
| Effect on adoption of MFRS Framework                      | -                                     | -             | (762,839)      | 644,664           | (118,175) | (995)                     | (119,170)    |
| As restated   | 212,084                               | 42,795        | (15,798)       | 1,314,336         | 1,553,417 | 38,105                    | 1,591,522    |
| <b>Total comprehensive loss for the period</b>            | -                                     | -             | (3,446)        | (30,563)          | (34,009)  | (2,423)                   | (36,432)     |
| <b>Transactions with owners:</b>                          |                                       |               |                |                   |           |                           |              |
| Acquisition of subsidiaries                               | -                                     | -             | -              | -                 | -         | 20,697                    | 20,697       |
| Fair value of share options granted to eligible employees | -                                     | -             | 177            | -                 | 177       | -                         | 177          |
| Employee share options forfeited                          | -                                     | -             | (94)           | 94                | -         | -                         | -            |
| Employee share options expired                            | -                                     | -             | (778)          | 778               | -         | -                         | -            |
| Dividend  | -                                     | -             | -              | (12,581)          | (12,581)  | -                         | (12,581)     |
|   | -                                     | -             | (695)          | (11,709)          | (12,404)  | 20,697                    | 8,293        |
| <b>Balance at 31 October 2018</b>                         | 212,084                               | 42,795        | (19,939)       | 1,272,064         | 1,507,004 | 56,379                    | 1,563,383    |

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**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 31 OCTOBER 2018 - CONT'D**

|  | Attributable to Owners of the Company |                   |                |                                 | Total     | Non-Controlling Interests | Total Equity |
|--|---------------------------------------|-------------------|----------------|---------------------------------|-----------|---------------------------|--------------|
|  | Share Capital                         | Non-distributable |                | Distributable Retained Earnings |           |                           |              |
|  |                                       | Share Premium     | Other Reserves |                                 |           |                           |              |
| RM'000   | RM'000                                | RM'000            | RM'000         | RM'000                          | RM'000    | RM'000                    |              |
| <b>6 Months Ended 31 October 2017</b>                              |                                       |                   |                |                                 |           |                           |              |
| <b>Balance at 1 May 2017</b>                                       |                                       |                   |                |                                 |           |                           |              |
| As previously stated   | 209,494                               | 42,795            | 840,168        | 660,958                         | 1,753,415 | 46,414                    | 1,799,829    |
| Effect on adoption of MFRS framework                               | -                                     | -                 | (829,061)      | 673,800                         | (155,261) | (313)                     | (155,574)    |
| As restated  | 209,494                               | 42,795            | 11,107         | 1,334,758                       | 1,598,154 | 46,101                    | 1,644,255    |
| <b>Total comprehensive (loss)/income for the period (restated)</b> | -                                     | -                 | (4,747)        | 11,497                          | 6,750     | (2,197)                   | 4,553        |
| <b>Transactions with owners:</b>                                   |                                       |                   |                |                                 |           |                           |              |
| Fair value of share options granted to eligible employees          | -                                     | -                 | 240            | -                               | 240       | -                         | 240          |
| Shares issued pursuant to Employee Share Option Scheme ("ESOS")    | 638                                   | -                 | (79)           | -                               | 559       | -                         | 559          |
| Employee share options forfeited                                   | -                                     | -                 | (18)           | 18                              | -         | -                         | -            |
| Executive Share Incentive Plan ("ESIP") expense                    | -                                     | -                 | 713            | -                               | 713       | -                         | 713          |
| Shares issued pursuant to ESIP                                     | 713                                   | -                 | (713)          | -                               | -         | -                         | -            |
| Dividends  | -                                     | -                 | -              | (31,398)                        | (31,398)  | -                         | (31,398)     |
|  | 1,351                                 | -                 | 143            | (31,380)                        | (29,886)  | -                         | (29,886)     |
| <b>Balance at 31 October 2017 (restated)</b>                       | 210,845                               | 42,795            | 6,503          | 1,314,875                       | 1,575,018 | 43,904                    | 1,618,922    |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 April 2018 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 31 OCTOBER 2018**

|   | <u>2018/2019</u><br><b>6 Months</b><br><b>Ended</b><br><b>31 October 2018</b><br><b>RM'000</b> | <u>2017/2018</u><br><b>6 Months</b><br><b>Ended</b><br><b>31 October 2017</b><br><b>RM'000</b><br><b>(Restated)</b> |
|---|--|---|
| <b>Operating Activities</b>   |  |   |
| (Loss)/profit before tax  | (34,270)   | 16,255  |
| Adjustments for:  |  |   |
| Amortisation of bearer plants   | 11,809   | 11,707  |
| Amortisation of prepaid land lease payments   | 1,537  | 1,597   |
| Depreciation of property, plant and equipment   | 14,421   | 16,693  |
| Dividend income   | -  | (308)   |
| Fair value loss/(gain) on biological assets   | 674  | (1,989)   |
| Fair value of share options expensed off  | 177  | 240   |
| Gain on disposal of property, plant and equipment                                       | (87)   | (19)  |
| Interest expenses   | 3,277  | 2,565   |
| Interest income   | (1,516)  | (400)   |
| Net fair value (gains)/losses on financial assets at fair value through profit or loss: |  |   |
| - realised  | (385)  | (961)   |
| - unrealised  | -  | 344   |
| Net fair value (gains)/losses on held-for-trading investments:                          |  |   |
| - realised  | -  | (1,888)   |
| - unrealised  | -  | 826   |
| Property, plant and equipment written off   | 25   | 97  |
| Unrealised foreign exchange loss  | 11,357   | 978   |
| <b>Operating cash flows before changes in working capital</b>                           | <b>7,019</b>   | <b>45,737</b>   |
| Decrease/(increase) in inventories  | 178  | (8,746)   |
| Increase in trade and other receivables   | (6,517)  | (11,923)  |
| Increase/(decrease) in trade and other payables   | 1,182  | (1,149)   |
| <b>Cash flows from operations</b>   | <b>1,862</b>   | <b>23,919</b>   |
| Interest received   | 1,498  | 401   |
| Interest paid   | (3,051)  | (2,487)   |
| Income taxes refunded   | -  | 1,716   |
| Income taxes paid   | (6,809)  | (9,233)   |
| <b>Net cash flows (used in)/from operating activities</b>                               | <b>(6,500)</b>   | <b>14,316</b>   |

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**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 31 OCTOBER 2018 - CONT'D**

|   | <u>2018/2019</u><br><b>6 Months</b><br><b>Ended</b><br><b>31 October 2018</b><br><b>RM'000</b> | <u>2017/2018</u><br><b>6 Months</b><br><b>Ended</b><br><b>31 October 2017</b><br><b>RM'000</b><br><b>(Restated)</b> |
|---|--|---|
| <b>Investing Activities</b>                               |  |   |
| Dividend received   | -  | 301   |
| Purchase of:  |  |   |
| - held-for-trading investments                            | -  | (12,053)  |
| - property, plant and equipment                           | (27,567)   | (16,466)  |
| Proceeds from disposal of:                                |  |   |
| - financial assets at fair value through profit or loss   | 10,000   | 44,355  |
| - held-for-trading investments                            | -  | 22,918  |
| - property, plant and equipment                           | 191  | 53  |
| Additions of:   |  |   |
| - bearer plants   | (6,444)  | (6,826)   |
| - prepaid land lease payments                             | (4,608)  | (1,319)   |
| Net withdrawal of held-to-maturity investments            | 25   | 241   |
| Net cash outflow on acquisition of subsidiaries           | (23,339)   | -   |
| <b>Net cash flows (used in)/from investing activities</b> | <b>(51,742)</b>  | <b>31,204</b>   |
| <b>Financing Activities</b>                               |  |   |
| Dividends paid  | (12,581)   | (31,398)  |
| Proceeds from exercise of:                                |  |   |
| - employee share options under ESOS                       | -  | 559   |
| - ESIP shares   | -  | 713   |
| Drawdown of revolving credit                              | 17,669   | -   |
| <b>Net cash flows from/(used in) financing activities</b> | <b>5,088</b>   | <b>(30,126)</b>   |
| <b>Net change in cash and bank balances</b>               | <b>(53,154)</b>  | <b>15,394</b>   |
| <b>Effect of foreign exchange rate changes</b>            | <b>(735)</b>   | <b>(279)</b>  |
| <b>Cash and bank balances at beginning of period</b>      | <b>99,557</b>  | <b>30,299</b>   |
| <b>Cash and bank balances at end of period</b>            | <b>45,668</b>  | <b>45,414</b>   |
| <b>Cash and bank balances comprise:</b>                   |  |   |
| Cash on hand and at banks                                 | 2,420  | 15,130  |
| Short-term deposits with licensed financial institutions  | 43,248   | 30,284  |
|   | <b>45,668</b>  | <b>45,414</b>   |

*The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 April 2018 and the accompanying explanatory notes attached to the interim financial statements.*

# UNITED MALACCA BERHAD (1319 - V)

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## UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS

#### A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134: *INTERIM FINANCIAL REPORTING* AND BURSA LISTING REQUIREMENTS

##### A1. Basis of Preparation

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

The interim financial statements should be read in conjunction with the annual audited financial statements of the Group for the year ended 30 April 2018. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 April 2018.

##### A2. Changes in Accounting Policies

The interim financial statements for the current quarter ended 31 October 2018 are the second set of financial statements prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS Framework"). The date of transition to the MFRS Framework was on 1 May 2017.

The Group has consistently applied the same accounting policies in its opening MFRS consolidated statement of financial position as at 1 May 2017 and throughout all comparable interim periods presented, as if these policies had always been in effect. The effect of the transition from Financial Reporting Standards ("FRS") to MFRS Framework and the adoption of new MFRSs, amendments to standards and IC Interpretations are as disclosed as below:

###### (a) Optional Exemption to Use Fair Value or Revaluation as Deemed Cost

As provided in MFRS 1, first-time adopter can elect optional exemptions from full retrospective application of MFRSs. The Group has elected to apply the optional exemption to use the revaluation of property, plant and equipment as at 1 May 2017 (date of transition to the MFRS Framework) as deemed cost. Any surplus arising from revaluation and the deferred tax provided for revaluation surplus at the date of transition are transferred to retained earnings.

###### (b) Bearer Plants

Amendments to MFRS 116 *Property, Plant and Equipment* and MFRS 141 *Agriculture: Bearer Plants* introduce a new category of biological assets, i.e. bearer plants. A bearer plant is a living plant that is used in the production and supply of agricultural produce, is expected to bear produce for more than one period, and has remote likelihood of being sold as agricultural produce, except for incidental scrap sales. Bearer plants are accounted for under the amendments to MFRS 116 as an item of property, plant and equipment.

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## UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

#### A2. Changes in Accounting Policies - Cont'd

##### (b) Bearer Plants - Cont'd

Prior to the change in accounting policy, the Group adopted the capital maintenance model on its bearer plants (i.e. oil palm trees) where all new planting expenditure (also termed as biological assets) incurred from the stage of land clearing up to the stage of maturity was capitalised and not depreciated. Valuations were performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the bearer plants at the reporting date.

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

Upon adoption of the amendments to MFRS 116 and MFRS 141, bearer plants are classified as an item of property, plant and equipment and are accounted for in the same way as self-constructed items of property, plant and equipment. New planting and replanting expenditure is capitalised at cost and amortised/depreciated on a straight-line basis over its useful lives from the date of maturity. The bearer plants are subsequently measured at cost less accumulated depreciation and accumulated impairment loss, if any.

The change in accounting policy has been applied retrospectively and comparatives were restated. These changes have resulted in additional amortisation/depreciation charged to profit or loss in the current and previous financial years. The replanting expenditure that was charged to profit or loss in the previous financial years is reversed and capitalised under property, plant and equipment. Any surplus arising from revaluation and the deferred tax provided for revaluation surplus at the date of transition are reversed accordingly. The corresponding tax impacts have been accounted for.

##### (c) Biological Assets

Prior to the adoption of the Amendments to MFRS 116 *Property Plant and Equipment* and MFRS 141 *Agriculture: Bearer Plants*, biological assets growing on bearer plants (i.e. Fresh Fruit Bunches prior to harvest) were not recognised. With the adoption of the Amendments to MFRS 116 and MFRS 141, the biological assets within the scope of MFRS 141 are measured at fair value less costs to sell, with fair value changes recognised in profit or loss.

##### (d) Classification of Costs Relating to the Fulfilment of the Delivery Goods

Adoption of MFRS 15 *Revenue from Contracts with Customers* is not expected to have any impact on the Group's revenue and profit or loss. However, the costs relating to the fulfilment of the delivery goods previously classified as selling and distribution expenses will be reclassified as cost of sales under MFRS 15.



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**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018****NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D****A2. Changes in Accounting Policies - Cont'd****Effect on Condensed Consolidated Statement of Comprehensive Income**

|  | As<br>previously<br>stated<br>RM'000 | Effect on<br>adoption of<br>MFRS<br>Framework<br>RM'000 | As<br>restated<br>RM'000 |
|--|--------------------------------------|---|--------------------------|
| <b><u>For the 3 months ended 31 October 2017</u></b>                     |                                      |   |                          |
| Revenue  | 80,990                               | 168   | 81,158                   |
| Cost of sales  | (55,674)                             | (8,834)   | (64,508)                 |
| <b>Gross profit</b>  | <b>25,316</b>                        | <b>(8,666)</b>  | <b>16,650</b>            |
| Other income   | 1,367                                | 2,763   | 4,130                    |
| Selling and distribution expenses  | (1,966)                              | 1,966   | -                        |
| Administrative expenses  | (3,854)                              | (18)  | (3,872)                  |
| Other expenses   | (770)                                | -   | (770)                    |
| Replanting expenses  | (770)                                | 770   | -                        |
| <b>Operating profit</b>  | <b>19,323</b>                        | <b>(3,185)</b>  | <b>16,138</b>            |
| Finance costs  | (1,318)                              | -   | (1,318)                  |
| <b>Profit before tax</b>   | <b>18,005</b>                        | <b>(3,185)</b>  | <b>14,820</b>            |
| Income tax expense   | (5,548)                              | 1,973   | (3,575)                  |
| <b>Profit for the period</b>   | <b>12,457</b>                        | <b>(1,212)</b>  | <b>11,245</b>            |
| <b>Other comprehensive income/(loss):</b>                                |                                      |   |                          |
| <b>Item that will be subsequently reclassified to profit or loss:</b>    |                                      |   |                          |
| Exchange differences on translation of foreign operations                | (4,239)                              | -   | (4,239)                  |
| <b>Total comprehensive income for the period</b>                         | <b>8,218</b>                         | <b>(1,212)</b>  | <b>7,006</b>             |
| <b>Profit/(loss) for the period attributable to:</b>                     |                                      |   |                          |
| Owners of the Company  | 12,862                               | (1,049)   | 11,813                   |
| Non-controlling interests  | (405)                                | (163)   | (568)                    |
|  | <b>12,457</b>                        | <b>(1,212)</b>  | <b>11,245</b>            |
| <b>Total comprehensive income/(loss) for the period attributable to:</b> |                                      |   |                          |
| Owners of the Company  | 9,311                                | (1,049)   | 8,262                    |
| Non-controlling interests  | (1,093)                              | (163)   | (1,256)                  |
|  | <b>8,218</b>                         | <b>(1,212)</b>  | <b>7,006</b>             |
| <b>Earnings per share attributable to owners of the Company:</b>         |                                      |   |                          |
| Basic (sen)  | 6.14                                 | (0.50)  | 5.64                     |
| Diluted (sen)  | 6.14                                 | (0.50)  | 5.64                     |

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**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018****NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D****A2. Changes in Accounting Policies - Cont'd****Effect on Condensed Consolidated Statement of Comprehensive Income - Cont'd**

|  | As<br>previously<br>stated<br>RM'000 | Effect on<br>adoption of<br>MFRS<br>Framework<br>RM'000 | As<br>restated<br>RM'000 |
|--|--------------------------------------|---|--------------------------|
| <b><u>For the 6 months ended 31 October 2017</u></b>                     |                                      |   |                          |
| Revenue  | 151,280                              | 207   | 151,487                  |
| Cost of sales  | (111,096)                            | (17,433)  | (128,529)                |
| <b>Gross profit</b>  | 40,184                               | (17,226)  | 22,958                   |
| Other income   | 3,525                                | 1,989   | 5,514                    |
| Selling and distribution expenses  | (3,660)                              | 3,660   | -                        |
| Administrative expenses  | (8,222)                              | (37)  | (8,259)                  |
| Other expenses   | (1,393)                              | -   | (1,393)                  |
| Replanting expenses  | (1,123)                              | 1,123   | -                        |
| <b>Operating profit</b>  | 29,311                               | (10,491)  | 18,820                   |
| Finance costs  | (2,565)                              | -   | (2,565)                  |
| <b>Profit before tax</b>   | 26,746                               | (10,491)  | 16,255                   |
| Income tax expense   | (8,442)                              | 2,457   | (5,985)                  |
| <b>Profit for the period</b>   | 18,304                               | (8,034)   | 10,270                   |
| <b>Other comprehensive income/(loss):</b>                                |                                      |   |                          |
| <b>Item that will be subsequently reclassified to profit or loss:</b>    |                                      |   |                          |
| Exchange differences on translation of foreign operations                | (5,717)                              | -   | (5,717)                  |
| <b>Total comprehensive income for the period</b>                         | 12,587                               | (8,034)   | 4,553                    |
| <b>Profit/(loss) for the period attributable to:</b>                     |                                      |   |                          |
| Owners of the Company  | 19,188                               | (7,691)   | 11,497                   |
| Non-controlling interests  | (884)                                | (343)   | (1,227)                  |
|  | 18,304                               | (8,034)   | 10,270                   |
| <b>Total comprehensive income/(loss) for the period attributable to:</b> |                                      |   |                          |
| Owners of the Company  | 14,441                               | (7,691)   | 6,750                    |
| Non-controlling interests  | (1,854)                              | (343)   | (2,197)                  |
|  | 12,587                               | (8,034)   | 4,553                    |
| <b>Earnings per share attributable to owners of the Company:</b>         |                                      |   |                          |
| Basic (sen)  | 9.17                                 | (3.68)  | 5.49                     |
| Diluted (sen)  | 9.16                                 | (3.67)  | 5.49                     |

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## UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018

### NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

#### A2. Changes in Accounting Policies - Cont'd

##### Effect on Condensed Consolidated Statement of Financial Position

|  | As<br>previously<br>stated<br>RM'000 | Effect on<br>adoption of<br>MFRS<br>Framework<br>RM'000 | As<br>restated<br>RM'000 |
|--|--------------------------------------|---|--------------------------|
| <b><u>As at 30 April 2018</u></b>                                  |                                      |   |                          |
| <b>Non-Current Assets</b>  |                                      |   |                          |
| Property, plant and equipment                                      | 1,039,013                            | (11,725)  | 1,027,288                |
| Bearer plants (previously known as biological assets)              | 654,721                              | (270,900)   | 383,821                  |
| <b>Current Assets</b>  |                                      |   |                          |
| Biological assets  | -                                    | 4,857   | 4,857                    |
| <b>Equity</b>  |                                      |   |                          |
| Other reserves   | 747,041                              | (762,839)   | (15,798)                 |
| Retained earnings  | 669,672                              | 644,664   | 1,314,336                |
| Non-controlling interests  | 39,100                               | (995)   | 38,105                   |
| <b>Non-Current Liabilities</b>                                     |                                      |   |                          |
| Deferred tax liabilities   | 216,568                              | (158,598)   | 57,970                   |
| Net assets per share attributable to owners<br>of the Company (RM) | <u>7.97</u>                          | <u>(0.56)</u>   | <u>7.41</u>              |
| <b><u>As at 1 May 2017</u></b>                                     |                                      |   |                          |
| <b>Non-Current Assets</b>  |                                      |   |                          |
| Property, plant and equipment                                      | 693,912                              | 340,722   | 1,034,634                |
| Bearer plants (previously known as biological assets)              | 991,901                              | (585,330)   | 406,571                  |
| <b>Current Assets</b>  |                                      |   |                          |
| Biological assets  | -                                    | 8,258   | 8,258                    |
| <b>Equity</b>  |                                      |   |                          |
| Other reserves   | 840,168                              | (829,061)   | 11,107                   |
| Retained earnings  | 660,958                              | 673,800   | 1,334,758                |
| Non-controlling interests  | 46,414                               | (313)   | 46,101                   |
| <b>Non-Current Liabilities</b>                                     |                                      |   |                          |
| Deferred tax liabilities   | 147,190                              | (80,776)  | 66,414                   |
| Net assets per share attributable to owners<br>of the Company (RM) | <u>8.38</u>                          | <u>(0.74)</u>   | <u>7.64</u>              |

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## UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018

### NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

#### A2. Changes in Accounting Policies - Cont'd

##### Effect on Condensed Consolidated Statement of Cash Flows

|   | As<br>previously<br>stated<br>RM'000 | Effect on<br>adoption of<br>MFRS<br>Framework<br>RM'000 | As<br>restated<br>RM'000 |
|---|--------------------------------------|---|--------------------------|
| <b><u>For the 6 months ended 31 October 2017</u></b>    |                                      |   |                          |
| <b>Operating Activities</b>                             |                                      |   |                          |
| Profit before tax                                       | 26,746                               | (10,491)  | 16,255                   |
| Adjustments for:  |                                      |   |                          |
| Amortisation of bearer plants                           | -                                    | 11,707  | 11,707                   |
| Depreciation of property, plant and equipment           | 14,532                               | 2,161   | 16,693                   |
| Fair value gain on biological assets                    | -                                    | (1,989)   | (1,989)                  |
| <b>Investing Activities</b>                             |                                      |   |                          |
| Additions of:   |                                      |   |                          |
| - bearer plants (previously known as biological assets) | (5,438)                              | (1,388)   | (6,826)                  |

#### A3. Seasonal or Cyclical of Operations

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

Even though the FFB production of Indonesian operations has increased by 22%, the FFB production of the Group for the six months ended 31 October 2018 was 18% or 32,530 tonnes lower than that of the corresponding period in the preceding year mainly due to lower FFB production contributed by Malaysian operations.

For Malaysian operations, the FFB production for the six months ended 31 October 2018 was 21% or 35,589 tonnes lower than that of the corresponding period in the preceding year mainly due to low FFB yield from Peninsular Malaysia as well as Meridian Estates in Sabah which was affected by the delayed impact of extended wet weather from January 2017 to March 2018.

For Indonesian operations, the FFB production for the six months ended 31 October 2018 was 22% or 3,059 tonnes higher than that of the corresponding period in the preceding year mainly due to improved yield in the mature area as well as the additional of 424 hectares coming into maturity.

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## UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018

### NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the six months ended 31 October 2018.

#### A5. Material Changes in Estimates

There were no material changes in estimates that have a material effect against results in the current quarter and current financial year-to-date ended 31 October 2018.

#### A6. Changes in Debt and Equity Securities

There were no issuance, repurchase and repayment of debt and equity securities during the six months ended 31 October 2018.

#### A7. Dividends Paid

The amount of dividend paid during the six months ended 31 October 2018 was as follow:

**RM'000**

#### In respect of financial year ended 30 April 2018

Second interim single-tier dividend of 6 sen per share, on 209,681,201 ordinary shares, paid on 20 August 2018

12,581

#### A8. Segmental Information

##### (a) Business Segments

|                                       | Current Quarter<br>Ended<br>31 October 2018<br>RM'000 | Cumulative<br>Six Months<br>Ended<br>31 October 2018<br>RM'000 |
|---------------------------------------|---|--|
| <b>Segment Revenue</b>                |   |  |
| Plantation revenue                    | 62,561  | 109,632  |
| Elimination of inter-companies' sales | (8,738)   | (15,804)   |
| External sales                        | <u>53,823</u>   | <u>93,828</u>  |

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**UNAUDITED INTERIM FINANCIAL STATEMENTS  
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|                                | <b>Current Quarter<br/>Ended<br/>31 October 2018<br/>RM'000</b> | <b>Cumulative<br/>Six Months<br/>Ended<br/>31 October 2018<br/>RM'000</b> |
|--------------------------------|---|---|
| <b>Segment Profit/(Loss)</b>   |   |   |
| Plantation:                    |   |   |
| - Malaysian operations         | (1,607)   | (12,828)  |
| - Indonesian operations        | (4,288)   | (8,431)   |
| Investment holding             | (7,426)   | (13,011)  |
| Loss before tax                | (13,321)  | (34,270)  |
| Income tax expense             | 130   | 1,944   |
| Loss for the period            | (13,191)  | (32,326)  |
|                                |   | <b>As at End of<br/>Current Quarter<br/>31 October 2018<br/>RM'000</b>    |
| <b>Segment Assets</b>          |   |   |
| Plantation                     |   | 1,764,040   |
| Investment holding             |   | 61,098  |
| Consolidated total assets      |   | 1,825,138   |
| <b>Segment Liabilities</b>     |   |   |
| Plantation                     |   | 96,545  |
| Investment holding             |   | 165,210   |
| Consolidated total liabilities |   | 261,755   |

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FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018****NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D****A8. Segmental Information - Cont'd****(b) Geographical Segments**

|                                | <b>Current Quarter<br/>Ended<br/>31 October 2018<br/>RM'000</b> | <b>Cumulative<br/>Six Months<br/>Ended<br/>31 October 2018<br/>RM'000</b> |
|--------------------------------|---|---|
| <b>Segment Revenue</b>         |   |   |
| Malaysia                       | 45,299  | 79,972  |
| Indonesia                      | 8,524   | 13,856  |
| Consolidated total revenue     | <u>53,823</u>   | <u>93,828</u>   |
| <b>Segment Profit/(Loss)</b>   |   |   |
| Malaysia                       | (6,765)   | (23,144)  |
| Indonesia                      | (6,684)   | (11,326)  |
| Singapore                      | 128   | 200   |
| Loss before tax                | <u>(13,321)</u>   | <u>(34,270)</u>   |
| Income tax expense             | 130   | 1,944   |
| Loss for the period            | <u>(13,191)</u>   | <u>(32,326)</u>   |
|                                |   | <b>As at End of<br/>Current Quarter<br/>31 October 2018<br/>RM'000</b>    |
| <b>Segment Assets</b>          |   |   |
| Malaysia                       |   | 1,408,436   |
| Indonesia                      |   | 416,658   |
| Singapore                      |   | 44  |
| Consolidated total assets      |   | <u>1,825,138</u>  |
| <b>Segment Liabilities</b>     |   |   |
| Malaysia                       |   | 223,594   |
| Indonesia                      |   | 38,139  |
| Singapore                      |   | 22  |
| Consolidated total liabilities |   | <u>261,755</u>  |

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

There were no material events from the current quarter ended 31 October 2018 to the date of this announcement that had not been reflected in this interim financial statements.

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## UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018

### NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

#### A10. Changes in the Composition of the Group

There were no changes in the composition of the Group during the six months ended 31 October 2018 except for the completion of Acquisition by the Company of 100%, 65% and 60% equity interest in Clifton Cove Pte Ltd ("Clifton"), PT Bintang Gemilang Permai ("BGP") and PT Wana Rindang Lestari ("WRL") respectively on 27 August 2018. For the details of the Acquisition, kindly refer to Note B7.

#### Purchase Price Allocation ("PPA") of Clifton, BGP and WRL

The accounting of business combinations of Clifton, BGP and WRL were based on the provisional fair values of their identifiable assets, liabilities and contingent liabilities. In accordance with MFRS 3: *Business Combinations*, the Group will be carrying out the PPA exercise within 12 months from the date of acquisition.

#### A11. Changes in Contingent Liabilities and Contingent Assets

At the date of this report, no contingent liabilities and contingent assets had arisen since the end of preceding financial year 30 April 2018.

#### A12. Capital Commitments

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

|   | <b>RM'000</b>  |
|---|----------------|
| <b>Capital expenditure approved and contracted for:</b>     |                |
| Construction of new palm oil mill - Indonesia               | 48,029         |
| Purchase of property, plant and equipment                   | 13,559         |
|   | <u>61,588</u>  |
| <b>Capital expenditure approved but not contracted for:</b> |                |
| Additions of biological assets                              | 12,498         |
| Construction of new palm oil mill - Indonesia               | 600            |
| Construction of new palm oil mill - Malaysia                | 56,402         |
| Purchase of property, plant and equipment                   | 33,305         |
|   | <u>102,805</u> |
|   | <u>164,393</u> |

#### A13. Related Party Disclosures

There were no transactions and balances with related party during the current quarter and current financial year-to-date ended 31 October 2018 except for the inter-companies' sales as disclosed in Note A8(a).



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## UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018

### NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

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

##### B1. Review of Performance

##### (a) Current Quarter vs. Preceding Year Corresponding Quarter

|  | Individual Quarter                          |   |          |
|--|---|---|----------|
|  | Current<br>Quarter Ended<br>31 October 2018 | Preceding Year<br>Corresponding<br>Quarter Ended<br>31 October 2017 | Variance |
|  | RM'000                                      | (Restated)<br>RM'000  | %        |
| Revenue  | 53,823                                      | 81,158  | -34%     |
| Operating (loss)/profit                                | (11,568)                                    | 16,138  | -172%    |
| (Loss)/profit before tax                               | (13,321)                                    | 14,820  | -190%    |
| (Loss)/profit after tax                                | (13,191)                                    | 11,245  | -217%    |
| (Loss)/profit attributable to owners<br>of the Company | (12,077)                                    | 11,813  | -202%    |
| <b>Additional information:</b>                         |   |   |          |
| <u>Breakdown of (loss)/profit before tax (RM'000)</u>  |   |   |          |
| Plantation:  |   |   |          |
| - Malaysian operations                                 | (1,607)                                     | 18,374  | -109%    |
| - Indonesian operations                                | (4,288)                                     | (2,288)   | -87%     |
| Investment holding                                     | (7,426)                                     | (1,266)   | -487%    |
| Total (loss)/profit before tax                         | (13,321)                                    | 14,820  | -190%    |
| <u>Planted area (hectare)</u>                          |   |   |          |
| Mature area:   |   |   |          |
| - Malaysia   | 20,758                                      | 20,277  | 2%       |
| - Indonesia  | 5,176                                       | 4,752   | 9%       |
| Total mature area                                      | 25,934                                      | 25,029  | 4%       |
| Immature area:   |   |   |          |
| - Malaysia   | 1,006                                       | 1,520   | -34%     |
| - Indonesia  | 1,252                                       | 1,309   | -4%      |
| Total immature area                                    | 2,258                                       | 2,829   | -20%     |
| Total planted area                                     | 28,192                                      | 27,858  | 1%       |
| <u>FFB production (tonne)</u>                          |   |   |          |
| - Malaysia   | 74,162                                      | 91,256  | -19%     |
| - Indonesia  | 11,721                                      | 7,340   | 60%      |
| Total FFB production                                   | 85,883                                      | 98,596  | -13%     |
| <u>FFB yield (tonne/hectare)</u>                       |   |   |          |
| - Malaysia   | 3.55  | 4.48  | -21%     |
| - Indonesia  | 2.26  | 1.54  | 47%      |
| Group FFB yield  | 3.29  | 3.92  | -16%     |
| <u>Average price for Malaysian operations (RM)</u>     |   |   |          |
| Average CPO price/tonne                                | 2,156                                       | 2,707   | -20%     |
| Average PK price/tonne                                 | 1,699                                       | 2,522   | -33%     |

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**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018****NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D****B1. Review of Performance - Cont'd****(a) Current Quarter vs. Preceding Year Corresponding Quarter - Cont'd**

During the current quarter ended 31 October 2018, the Group recorded a pretax loss of RM13.32 million compared with a pretax profit of RM14.82 million in the corresponding quarter of the preceding year. Excluding the impact on adoption of MFRS Framework, the pretax loss in the current quarter would be RM9.11 million compared with a profit of RM18.01 million in the corresponding quarter of the preceding year as shown below:

|   | Individual Quarter                          |   |          |
|---|---|---|----------|
|   | Current<br>Quarter Ended<br>31 October 2018 | Preceding Year<br>Corresponding<br>Quarter Ended<br>31 October 2017 | Variance |
|   | RM'000                                      | RM'000  | %        |
| <u>Breakdown of (loss)/profit before tax (RM'000)</u>                           |   |   |          |
| Plantation:   |   |   |          |
| - Malaysian operations  | (1,607)                                     | 18,374  | -109%    |
| - Indonesian operations   | (4,288)                                     | (2,288)   | -87%     |
| Investment holding  | (7,426)                                     | (1,266)   | -487%    |
| Total (loss)/profit before tax  | (13,321)                                    | 14,820  | -190%    |
| <u>MFRS impact:</u>   |   |   |          |
| Plantation:   |   |   |          |
| - Malaysian operations  | 2,975                                       | 1,905   | 56%      |
| - Indonesian operations   | 1,235                                       | 1,280   | -4%      |
| Investment holding  | -   | -   | 0%       |
| Total MFRS impact   | 4,210                                       | 3,185   | 32%      |
| <u>Breakdown of profit/(loss) before tax<br/>excluding MFRS impact (RM'000)</u> |   |   |          |
| Plantation:   |   |   |          |
| - Malaysian operations  | 1,368                                       | 20,279  | -93%     |
| - Indonesian operations   | (3,053)                                     | (1,008)   | -203%    |
| Investment holding  | (7,426)                                     | (1,266)   | -487%    |
| Total (loss)/profit before tax  | (9,111)                                     | 18,005  | -151%    |

Pretax loss in the current quarter was mainly due to lower average prices of crude palm oil ("CPO") and palm kernel ("PK") by 20% and 33% respectively, low FFB yield from both Malaysian and Indonesian operations as well as the impact of young matured palms (Malaysia - 2,184 hectares and Indonesia - 3,384 hectares) with high unit cost of production.

In addition, pretax loss in the current quarter was also due to net foreign exchange loss of RM6.25 million.

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## UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

#### B1. Review of Performance - Cont'd

##### (a) Current Quarter vs. Preceding Year Corresponding Quarter - Cont'd

Comments on the business segments are as follows:

#### **Plantation**

##### Malaysian operations

Plantation loss of RM1.61 million was recorded in the current quarter compared with a profit of RM18.37 million in the corresponding quarter of the preceding year. Excluding the impact on adoption of MFRS Framework, Malaysian operations would have shown a profit of RM1.37 million in the current quarter which was 93% lower than RM20.28 million in the corresponding quarter of the preceding year.

Lower plantation profit in the current quarter was mainly due to lower average prices of CPO of RM2,156/tonne (preceding year: RM2,707/tonne) and PK of RM1,699/tonne (preceding year: RM2,522/tonne) as well as the impact of 2,184 hectares of young matured palms in Sabah with high unit cost of production.

In addition, lower plantation profit also due to low FFB yield of 3.55 tonne/ha (preceding year: 4.48 tonne/ha), arising from low FFB yield from Peninsular Malaysia as well as Meridian Estates in Sabah which was affected by the delayed impact of extended wet weather from January 2017 to March 2018. As a result, the FFB production was lower by 19% or 17,094 tonnes.

##### Indonesian operations

Plantation losses of RM4.29 million and RM2.29 million were recorded for both current quarter and corresponding quarter of the preceding year. Excluding the impact on adoption of MFRS Framework, the plantation losses would be RM3.05 million and RM1.01 million respectively.

Even though the FFB production for the current quarter was higher by 60% or 4,381 tonnes, plantation loss was recorded for the current quarter mainly due to high unit cost of production for the young matured area of 3,384 hectares (consist of 65% of total matured area) as well as low FFB selling price (29% lower compared with that in the corresponding quarter of the preceding year).

Plantation loss in the corresponding quarter of the preceding year was mainly due to high unit cost of production for the young matured area of 2,961 hectares (consist of 62% of total matured area).

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## UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018

### NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

#### B1. Review of Performance - Cont'd

##### (a) Current Quarter vs. Preceding Year Corresponding Quarter - Cont'd

###### Investment Holding

Investment loss of RM7.43 million in the current quarter was mainly due to net foreign exchange loss of RM6.25 million as well as interest expenses of RM1.75 million despite higher interest income.

Investment loss of RM1.27 million in the corresponding quarter of the preceding year was mainly due to interest expenses of RM1.32 million.

Detailed breakdown of investment holding segment is as follows:

|  | Individual Quarter                          |   |          |
|--|---|---|----------|
|  | Current<br>Quarter Ended<br>31 October 2018 | Preceding Year<br>Corresponding<br>Quarter Ended<br>31 October 2017 | Variance |
|  | RM'000                                      | RM'000  | %        |
| Dividend income  | -   | 129   | -100%    |
| Interest income  | 564   | 197   | 186%     |
| Net fair value gains on:                                   |   |   |          |
| - financial assets at fair value<br>through profit or loss | 155   | 179   | -13%     |
| - held-for-trading investments                             | -   | 404   | -100%    |
| Interest expenses  | (1,753)                                     | (1,318)   | -33%     |
| Net foreign exchange loss                                  | (6,250)                                     | (666)   | -838%    |
| Other investment charges                                   | (142)                                       | (191)   | 26%      |
|  | (7,426)                                     | (1,266)   | -487%    |

# UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

## UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018

### NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

#### B1. Review of Performance - Cont'd

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

|  | Cumulative Quarter                                  |   |          |
|--|---|---|----------|
|  | Current<br>Year-to-date<br>Ended<br>31 October 2018 | Preceding<br>Year-to-date<br>Ended<br>31 October 2017 | Variance |
|  | RM'000  | (Restated)<br>RM'000                                  | %        |
| Revenue  | 93,828  | 151,487   | -38%     |
| Operating (loss)/profit                                | (30,993)  | 18,820  | -265%    |
| (Loss)/profit before tax                               | (34,270)  | 16,255  | -311%    |
| (Loss)/profit after tax                                | (32,326)  | 10,270  | -415%    |
| (Loss)/profit attributable to owners<br>of the Company | (30,563)  | 11,497  | -366%    |
| <b>Additional information:</b>                         |   |   |          |
| Breakdown of (loss)/profit before tax (RM'000)         |   |   |          |
| Plantation:  |   |   |          |
| - Malaysian operations                                 | (12,828)  | 22,458  | -157%    |
| - Indonesian operations                                | (8,431)   | (4,719)   | -79%     |
| Investment holding                                     | (13,011)  | (1,484)   | -777%    |
| Total (loss)/profit before tax                         | (34,270)  | 16,255  | -311%    |
| <u>Planted area (hectare)</u>                          |   |   |          |
| Mature area:   |   |   |          |
| - Malaysia   | 20,758  | 20,277  | 2%       |
| - Indonesia  | 5,176   | 4,752   | 9%       |
| Total mature area                                      | 25,934  | 25,029  | 4%       |
| Immature area:   |   |   |          |
| - Malaysia   | 1,006   | 1,520   | -34%     |
| - Indonesia  | 1,252   | 1,309   | -4%      |
| Total immature area                                    | 2,258   | 2,829   | -20%     |
| Total planted area                                     | 28,192  | 27,858  | 1%       |
| <u>FFB production (tonne)</u>                          |   |   |          |
| - Malaysia   | 132,639   | 168,228   | -21%     |
| - Indonesia  | 17,072  | 14,013  | 22%      |
| Total FFB production                                   | 149,711   | 182,241   | -18%     |
| <u>FFB yield (tonne/hectare)</u>                       |   |   |          |
| - Malaysia   | 6.34  | 8.26  | -23%     |
| - Indonesia  | 3.30  | 2.95  | 12%      |
| Group FFB yield  | 5.73  | 7.25  | -21%     |
| <u>Average price for Malaysian operations (RM)</u>     |   |   |          |
| Average CPO price/tonne                                | 2,242   | 2,714   | -17%     |
| Average PK price/tonne                                 | 1,722   | 2,308   | -25%     |

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## UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018

### NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

#### B1. Review of Performance - Cont'd

##### (b) Current Year-to-date vs. Preceding Year-to-date - Cont'd

During the current six months ended 31 October 2018, the Group recorded a pretax loss of RM34.27 million compared with a profit of RM16.26 million in the corresponding period of the preceding year. Excluding the impact on adoption of MFRS Framework, the pretax loss in the current six months would be RM23.25 million compared with a profit of RM26.75 million in the corresponding period of the preceding year as shown below:

|   | Cumulative Quarter                                  |   |          |
|---|---|---|----------|
|   | Current<br>Year-to-date<br>Ended<br>31 October 2018 | Preceding<br>Year-to-date<br>Ended<br>31 October 2017 | Variance |
|   | RM'000  | RM'000  | %        |
| <u>Breakdown of (loss)/profit before tax (RM'000)</u>                           |   |   |          |
| Plantation:   |   |   |          |
| - Malaysian operations  | (12,828)  | 22,458  | -157%    |
| - Indonesian operations   | (8,431)   | (4,719)   | -79%     |
| Investment holding  | (13,011)  | (1,484)   | -777%    |
| Total (loss)/profit before tax  | (34,270)  | 16,255  | -311%    |
| <u>MFRS impact:</u>   |   |   |          |
| Plantation:   |   |   |          |
| - Malaysian operations  | 8,287   | 7,802   | 6%       |
| - Indonesian operations   | 2,733   | 2,689   | 2%       |
| Investment holding  | -   | -   | 0%       |
| Total MFRS impact   | 11,020  | 10,491  | 5%       |
| <u>Breakdown of (loss)/profit before tax<br/>excluding MFRS impact (RM'000)</u> |   |   |          |
| Plantation:   |   |   |          |
| - Malaysian operations  | (4,541)   | 30,260  | -115%    |
| - Indonesian operations   | (5,698)   | (2,030)   | -181%    |
| Investment holding  | (13,011)  | (1,484)   | -777%    |
| Total (loss)/profit before tax  | (23,250)  | 26,746  | -187%    |

Pretax loss in the current six months was mainly due to low FFB yield from both Malaysian and Indonesian operations, lower average prices of CPO and PK by 17% and 25% respectively as well as the impact of young matured palms (Malaysia - 2,184 hectares and Indonesia - 3,384 hectares) with high unit cost of production.

In addition, pretax loss in the current six months was also due to net foreign exchange loss of RM11.36 million.

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## UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

#### B1. Review of Performance - Cont'd

##### **(b) Current Year-to-date vs. Preceding Year-to-date - Cont'd**

Comments on the business segments are as follows:

#### **Plantation**

##### Malaysian operations

Plantation loss of RM12.83 million was recorded in the current six months compared with a profit of RM22.46 million in the corresponding period of the preceding year. Excluding the impact on adoption of MFRS Framework, the pretax loss in the current six months would be RM4.54 million compared with a profit of RM30.26 million in the corresponding period of the preceding year.

Plantation loss in the current six months was mainly due to low FFB yield of 6.34 tonne/ha (preceding year: 8.26 tonne/ha), arising from low FFB yield from Peninsular Malaysia as well as Meridian Estates in Sabah which was affected by the delayed impact of extended wet weather from January 2017 to March 2018. As a result, the FFB production was lower by 21% or 35,589 tonnes.

In addition, the lower average prices of CPO of RM2,242/tonne (preceding year: RM2,714/tonne) and PK of RM1,722/tonne (preceding year: RM2,308/tonne) as well as the impact of 2,184 hectares of young matured palms in Sabah with high unit cost of production have contributed to the plantation loss.

##### Indonesian operations

Plantation losses of RM8.43 million and RM4.72 million were recorded for both current six months and corresponding period of the preceding year. Excluding the impact on adoption of MFRS Framework, the plantation losses would be RM5.70 million and RM2.03 million respectively.

Even though the FFB production for the current six months was higher by 22% or 3,059 tonnes, plantation loss was recorded for the current six months mainly due to high unit cost of production for the young matured area of 3,384 hectares (consist of 65% of total matured area) as well as low FFB selling price (22% lower compared with that in the corresponding period of the preceding year).

Plantation loss in the corresponding period of the preceding year was mainly due to high unit cost of production for the young matured area of 2,961 hectares (consist of 62% of total matured area).

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## UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018

### NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

#### B1. Review of Performance - Cont'd

##### (b) Current Year-to-date vs. Preceding Year-to-date - Cont'd

###### Investment Holding

Investment loss of RM13.01 million in the current six months was mainly due to net foreign exchange loss of RM11.36 million as well as interest expenses of RM3.28 million despite higher interest income.

Investment loss of RM1.48 million in the corresponding period of the preceding year was mainly due to interest expenses of RM2.57 million.

Detailed breakdown of investment holding segment is as follows:

|  | Cumulative Quarter                                  |   |          |
|--|---|---|----------|
|  | Current<br>Year-to-date<br>Ended<br>31 October 2018 | Preceding<br>Year-to-date<br>Ended<br>31 October 2017 | Variance |
|  | RM'000  | RM'000  | %        |
| Dividend income  | -   | 308   | -100%    |
| Interest income  | 1,516   | 400   | 279%     |
| Net fair value gains on:                                   |   |   |          |
| - financial assets at fair value<br>through profit or loss | 385   | 617   | -38%     |
| - held-for-trading investments                             | -   | 1,062   | -100%    |
| Interest expenses  | (3,277)   | (2,565)   | -28%     |
| Net foreign exchange loss                                  | (11,359)  | (945)   | -1102%   |
| Other investment charges                                   | (276)   | (361)   | 24%      |
|  | (13,011)  | (1,484)   | -777%    |



**UNITED MALACCA BERHAD (1319 - V)**

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**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018****NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D****B2. Comparison with Preceding Quarter's Results**

|  | Individual Quarter                          |  |          |
|--|---|--|----------|
|  | Current<br>Quarter Ended<br>31 October 2018 | Preceding<br>Quarter Ended<br>31 July 2018 | Variance |
|  | RM'000                                      | RM'000                                     | %        |
| Revenue  | 53,823                                      | 40,005                                     | 35%      |
| Operating loss                                     | (11,568)                                    | (19,425)                                   | 40%      |
| Loss before tax                                    | (13,321)                                    | (20,949)                                   | 36%      |
| Loss after tax                                     | (13,191)                                    | (19,135)                                   | 31%      |
| Loss attributable to owners of the<br>Company      | (12,077)                                    | (18,486)                                   | 35%      |
| <b>Additional information:</b>                     |   |  |          |
| <u>Breakdown of loss before tax (RM'000)</u>       |   |  |          |
| Plantation:  |   |  |          |
| - Malaysian operations                             | (1,607)                                     | (11,221)                                   | 86%      |
| - Indonesian operations                            | (4,288)                                     | (4,143)                                    | -3%      |
| Investment holding                                 | (7,426)                                     | (5,585)                                    | -33%     |
| Total loss before tax                              | (13,321)                                    | (20,949)                                   | 36%      |
| <u>Planted area (hectare)</u>                      |   |  |          |
| Mature area:                                       |   |  |          |
| - Malaysia   | 20,758                                      | 20,758                                     | 0%       |
| - Indonesia  | 5,176                                       | 5,176                                      | 0%       |
| Total mature area                                  | 25,934                                      | 25,934                                     | 0%       |
| Immature area:                                     |   |  |          |
| - Malaysia   | 1,006                                       | 1,006                                      | 0%       |
| - Indonesia  | 1,252                                       | 1,181                                      | 6%       |
| Total immature area                                | 2,258                                       | 2,187                                      | 3%       |
| Total planted area                                 | 28,192                                      | 28,121                                     | 0%       |
| <u>FFB production (tonne)</u>                      |   |  |          |
| - Malaysia   | 74,162                                      | 58,477                                     | 27%      |
| - Indonesia  | 11,721                                      | 5,351                                      | 119%     |
| Total FFB production                               | 85,883                                      | 63,828                                     | 35%      |
| <u>FFB yield (tonne/hectare)</u>                   |   |  |          |
| - Malaysia   | 3.55  | 2.79                                       | 27%      |
| - Indonesia  | 2.26  | 1.03                                       | 119%     |
| Group FFB yield                                    | 3.29  | 2.44                                       | 35%      |
| <u>Average price for Malaysian operations (RM)</u> |   |  |          |
| Average CPO price/tonne                            | 2,156                                       | 2,354                                      | -8%      |
| Average PK price/tonne                             | 1,699                                       | 1,757                                      | -3%      |

**UNITED MALACCA BERHAD (1319 - V)**

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018****NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D****B2. Comparison with Preceding Quarter's Results - Cont'd**

The Group's pretax loss in the current quarter ended 31 October 2018 of RM13.32 million was 36% lower compared with a loss of RM20.95 million in the preceding quarter. Excluding the impact on adoption of MFRS Framework, the pretax loss in the current quarter would be RM9.11 million compared with a loss of RM14.14 million in the preceding quarter as shown below:

|   | Individual Quarter                          |  |          |
|---|---|--|----------|
|   | Current<br>Quarter Ended<br>31 October 2018 | Preceding<br>Quarter Ended<br>31 July 2018 | Variance |
|   | RM'000                                      | RM'000                                     | %        |
| <u>Breakdown of loss before tax (RM'000)</u>                                    |   |  |          |
| Plantation:   |   |  |          |
| - Malaysian operations  | (1,607)                                     | (11,221)                                   | 86%      |
| - Indonesian operations   | (4,288)                                     | (4,143)                                    | -3%      |
| Investment holding  | (7,426)                                     | (5,585)                                    | -33%     |
| Total loss before tax   | (13,321)                                    | (20,949)                                   | 36%      |
| <u>MFRS impact:</u>   |   |  |          |
| Plantation:   |   |  |          |
| - Malaysian operations  | 2,975                                       | 5,312                                      | -44%     |
| - Indonesian operations   | 1,235                                       | 1,498                                      | -18%     |
| Investment holding  | -   | -  | 0%       |
| Total MFRS impact   | 4,210                                       | 6,810                                      | -38%     |
| <u>Breakdown of profit/(loss) before tax<br/>excluding MFRS impact (RM'000)</u> |   |  |          |
| Plantation:   |   |  |          |
| - Malaysian operations  | 1,368                                       | (5,909)                                    | 123%     |
| - Indonesian operations   | (3,053)                                     | (2,645)                                    | -15%     |
| Investment holding  | (7,426)                                     | (5,585)                                    | -33%     |
| Total loss before tax   | (9,111)                                     | (14,139)                                   | 36%      |

Pretax losses in both current and preceding quarters were mainly due to low FFB yield, low average prices of CPO and PK as well as the impact of young matured palms (Malaysia - 2,184 hectares and Indonesia - 3,384 hectares) with high unit cost of production.

In addition, pretax losses in both current and preceding quarters were also due to net foreign exchange loss of RM6.25 million and RM5.11 million respectively.

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## UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018

### NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

#### B2. Comparison with Preceding Quarter's Results - Cont'd

Comments on the business segments are as follows:

##### **Plantation**

###### Malaysian operations

Plantation losses of RM1.61 million and RM11.22 million were recorded in the current and preceding quarters. Excluding the impact on adoption of MFRS Framework, Malaysian operations would have shown a profit of RM1.37 million in the current quarter compared with a loss of RM5.91 million in the preceding quarter mainly due to higher FFB yield of 3.55 tonne/ha (preceding quarter: 2.79 tonne/ha) as well as lower unit cost of production incurred.

###### Indonesian operations

Plantation losses of RM4.29 million and RM4.14 million were recorded in the current and preceding quarters. Excluding the impact on adoption of MFRS Framework, the plantation losses would be RM3.05 million and RM2.65 million respectively.

Plantation losses for both current and preceding quarters were mainly due to high unit cost of production for the young matured area of 3,384 hectares (consist of 65% of total matured area) as well as low FFB selling price.

##### **Investment Holding**

Investment loss of RM7.43 million in the current quarter was mainly due to net foreign exchange loss of RM6.25 million as well as interest expenses of RM1.75 million.

Investment loss of RM5.59 million in the preceding quarter was mainly due to net foreign exchange loss of RM5.11 million as well as interest expenses of RM1.52 million.

Detailed breakdown of investment holding segment is as follows:

|  | Individual Quarter                          |  |          |
|--|---|--|----------|
|  | Current<br>Quarter Ended<br>31 October 2018 | Preceding<br>Quarter Ended<br>31 July 2018 | Variance |
|  | RM'000                                      | RM'000                                     | %        |
| Interest income  | 564   | 952  | -41%     |
| Net fair value gains on financial assets<br>at fair value through profit or loss | 155   | 230  | -33%     |
| Interest expenses  | (1,753)                                     | (1,524)                                    | -15%     |
| Net foreign exchange loss  | (6,250)                                     | (5,109)                                    | -22%     |
| Other investment charges   | (142)                                       | (134)                                      | -6%      |
|  | (7,426)                                     | (5,585)                                    | -33%     |

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

#### **B3. Current Year Prospects**

The Group has recorded a loss in the first half year of financial year ending 30 April 2019 ("FY 2019") mainly due to low FFB yield caused by adverse wet weather, low CPO and PK prices as well as net foreign exchange loss of RM11.36 million. However, the Group expects FFB production to pick up in the second half of FY 2019.

In addition, the adoption of Malaysian Financial Reporting Standards ("MFRS Framework") effective FY 2019 requires the value of bearer plants (previously known as biological assets) to be amortised and additional depreciation of long term leasehold land to be provided. Total impact on adoption of MFRS Framework for the first half year of FY 2019 was RM11.02 million.

Assuming CPO prices remain at the current level, the Group expects the second half of the financial year to remain challenging.

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

No profit forecast or profit guarantee was issued by the Group during the six months ended 31 October 2018.

#### **B5. Loss Before Tax**

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

|  | <b>Current Quarter<br/>Ended<br/>31 October 2018<br/>RM'000</b> | <b>Cumulative<br/>Six Months<br/>Ended<br/>31 October 2018<br/>RM'000</b> |
|--|---|---|
| Gain on disposal of property, plant and equipment                              | (51)  | (87)  |
| Interest income  | (564)   | (1,516)   |
| Net fair value gains on financial assets at fair value through profit or loss: |   |   |
| - realised   | (155)   | (385)   |
| Net foreign exchange loss:   |   |   |
| - realised   | 1   | 2   |
| - unrealised   | 6,249   | 11,357  |

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## UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018

### NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

#### B5. Loss Before Tax - Cont'd

|   | <b>Current Quarter<br/>Ended<br/>31 October 2018</b> | <b>Cumulative<br/>Six Months<br/>Ended<br/>31 October 2018</b> |
|---|--|--|
|   | <b>RM'000</b>  | <b>RM'000</b>  |
| Amortisation of bearer plants                 | 5,875  | 11,809   |
| Amortisation of prepaid land lease payments   | 767  | 1,537  |
| Depreciation of property, plant and equipment | 6,997  | 14,421   |
| Fair value (gain)/loss on biological assets   | (370)  | 674  |
| Fair value of share options expensed off      | 65   | 177  |
| Interest expenses                             | 1,753  | 3,277  |
| Property, plant and equipment written off     | 11   | 25   |

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

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

#### B6. Income Tax Expense

|                      | <b>Current Quarter<br/>Ended<br/>31 October 2018</b> | <b>Cumulative<br/>Six Months<br/>Ended<br/>31 October 2018</b> |
|----------------------|--|--|
|                      | <b>RM'000</b>  | <b>RM'000</b>  |
| Current tax expense  | 419  | 719  |
| Deferred tax expense | (549)  | (2,663)  |
|                      | <u>(130)</u>   | <u>(1,944)</u>   |

The reversal of income tax expense for the current quarter and current financial year-to-date ended 31 October 2018 was due to recognition of deferred tax income arising from losses in the Malaysian and Indonesian operations.

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## UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

#### **B7. Status of Corporate Proposals**

##### **Proposed Acquisition by United Malacca Berhad (“UMB”) of 60% Effective Equity Interest in PT Wana Rindang Lestari (“WRL”) (“Proposed Acquisition”)**

On 17 October 2017, UMB announced to Bursa Malaysia Securities Berhad (“Bursa”) that it had entered into a conditional sale and purchase agreement (“CSPA”) with vendor Dalvey Star Limited (“Dalvey”), Clifton Cove Pte Ltd (“Clifton”), PT Bintang Gemilang Permai (“BGP”) and PT Wana Rindang Lestari (“WRL”) for the proposed acquisition by UMB of one (1) ordinary share of USD1.00 representing a 100% equity interest in Clifton (the latter would hold an effective equity interest of 60% in WRL) for a total cash consideration of USD7,190,400 or approximately RM30,332,702.

WRL, a private limited liability company incorporated in Indonesia, has obtained a business licence “Izin Usaha Pemanfaatan Hasil Hutan Kayu Pada Hutan Tanaman Industri” (“HTI Licence”) on 4 June 2014 from the Minister of Forestry, Indonesia over an area measuring approximately 59,920 hectares in the Regencies of Tojo Una-Una and Morowali, Province of Central Sulawesi.

Pursuant to the CSPA and prior to the completion of the Proposed Acquisition, BGP and WRL undertook an internal corporate restructuring of equity ownership structures in BGP and WRL (“Internal Restructuring”). Completed in January 2018, the Internal Restructuring resulted in Clifton holding a 65% equity interest in BGP which in turn holds 92.32% equity interest in WRL while the remaining stakes in both BGP and WRL are held by PT Sinar Kemilau Cemerlang (“SKC”). Following this Internal Restructuring, UMB would acquire a 100% equity interest in Clifton which effectively hold a 60% equity interest in WRL.

Based on findings in the legal due diligence exercise on Clifton, a loan of USD425,000 from Dalvey to Clifton (“Loan”) was incurred after the date of the CSPA during the Internal Restructuring without the prior knowledge of UMB. Because UMB indicated a preference to acquire a debt-free Clifton, Dalvey and Clifton have converted the Loan into new shares in Clifton prior to the completion of the Proposed Acquisition. The conversion of the Loan resulted in UMB to acquire the existing 1 (one) ordinary share and the newly issued 425,000 ordinary shares in Clifton (collectively, representing 100% equity interest in Clifton) while the total cash consideration of USD7,190,400 or approximately RM30,332,702 for the Proposed Acquisition remains the same.

The Proposed Acquisition has been completed on 27 August 2018. UMB now effectively hold 100%, 65% and 60% equity interest in Clifton, BGP and WRL respectively. For the next step, the CSPA requires Dalvey, UMB, Clifton, BGP and WRL to work together to fulfil certain obligations as set out in Schedule 3 of the CSPA (“Post-Completion Obligations”). The fulfilment must be completed within 6 months as of the completion date of the Proposed Acquisition, i.e. no later than 26 February 2019. Upon fulfilment of the Post-Completion Obligations, UMB shall pay the balance sum of the total cash consideration amounting to USD1,438,080 to Dalvey. Such payment shall be the last payment obligation of UMB to Dalvey for the Proposed Acquisition.

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## UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018

### NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

#### B8. Group Borrowings and Debt Securities

At the end of the current quarter and preceding year corresponding quarter, the Group's borrowings were as follows:

|  | As at End of<br>Current Quarter<br>31 October 2018 | As at End of<br>Preceding Year<br>Corresponding<br>Quarter<br>31 October 2017 |
|--|--|---|
| <b>USD borrowings (secured):</b>   |  |   |
| <u>Amount in foreign currency (USD'000)</u>                                    |  |   |
| Long-term  |  |   |
| - Term loan  | 20,000   | 35,000  |
| Short-term   |  |   |
| - Term loan  | 15,000   | -   |
| - Revolving credit   | 4,314  | -   |
| Total bank borrowings  | 39,314   | 35,000  |
| <u>Amount as per consolidated statement of<br/>financial position (RM'000)</u> |  |   |
| Long-term  |  |   |
| - Term loan  | 83,680   | 148,085   |
| Short-term   |  |   |
| - Term loan  | 62,760   | -   |
| - Revolving credit   | 18,051   | -   |
| Total bank borrowings  | 164,491  | 148,085   |
| Exchange rate used: USD1 =   | 4.1840   | 4.2310  |

- (a) The USD term loan carries an interest rate based on the bank's cost of funds + 1% per annum.
- (b) The USD revolving credit carries an interest rate based on the bank's cost of funds + 0.75% per annum.
- (c) The Group does not hedge the USD borrowings in Ringgit Malaysia ("RM").

There was no debt security as at 31 October 2018.

#### B9. Material Litigation

There was no material litigation since the last reporting date as at 30 April 2018.

# UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

## UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018

### NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

#### B10. Disclosure of Realised and Unrealised Profits/Losses

|   | <b>As at End of<br/>Current Quarter<br/>31 October 2018</b> | <b>As at Preceding<br/>Financial Year End<br/>30 April 2018</b> |
|---|---|---|
|   | <b>RM'000</b>   | <b>RM'000<br/>(Restated)</b>                                    |
| Total retained earnings of the Company and its subsidiaries:                        |   |   |
| - realised  | 411,480   | 442,142   |
| - unrealised  | 866,701   | 876,732   |
|   | <u>1,278,181</u>  | <u>1,318,874</u>  |
| Less: Consolidation adjustments   | (6,117)   | (4,538)   |
| Total Group's retained earnings as per consolidated statement of financial position | <u>1,272,064</u>  | <u>1,314,336</u>  |

#### B11. Earnings/(Loss) Per Share

##### (a) Basic earnings/(loss) per share

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

|  | <b>Current Quarter<br/>Ended<br/>31 October 2018</b> | <b>Cumulative<br/>Six Months<br/>Ended<br/>31 October 2018</b> |
|--|--|--|
| Loss for the period attributable to owners of the Company (RM'000) | (12,077)   | (30,563)   |
| Weighted average number of ordinary shares in issue ('000 unit)    | 209,681  | 209,681  |
| Basic loss per share (sen)   | <u>(5.76)</u>  | <u>(14.58)</u>   |

##### (b) Diluted earnings/(loss) per share

Share options granted under the Company's ESOS could potentially dilute basic earnings/(loss) per share in the future but have not been included in the calculation of diluted earnings/(loss) per share because they are antidilutive for the period under review.



# **UNITED MALACCA BERHAD (1319 - V)**

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## **UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018**

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### **NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D**

#### **B12. Auditors' Report on Preceding Annual Financial Statements**

There were no qualifications in the auditors' report of the Group's latest annual financial statements ended 30 April 2018.

#### **B13. Dividends**

The directors declare a first interim single-tier dividend of 2 sen, in respect of current financial year ending 30 April 2019 (previous year 2017/2018: first interim single-tier dividend of 6 sen).

The first interim single-tier dividend will be paid on 31 January 2019.

#### **B14. Closure of Books**

NOTICE IS HEREBY GIVEN that a first interim single-tier dividend of 2 sen per share, in respect of the financial year ending 30 April 2019 will be paid on 31 January 2019 to shareholders whose names appear in the Record of Depositors and the Register of Members at the close of business at 5.00 p.m. on 16 January 2019.

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

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 16 January 2019 in respect of transfers;
- (b) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 14 January 2019 in respect of shares which are exempted from mandatory deposit;
- (c) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

#### **B15. Authorised for Issue**

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board on 17 December 2018.

By order of the Board,  
**Yong Yoke Hiong (MAICSA 7021707)**  
**Pang Poh Chen (MACS 01405)**  
Company Secretaries  
Melaka, 17 December 2018