

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

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED 31 JULY 2019****CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FIRST QUARTER ENDED 31 JULY 2019**

	Individual Quarter 3 Months Ended 31 July		Cumulative Quarter 3 Months Ended 31 July	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	43,330	40,005	43,330	40,005
Cost of sales	(50,146)	(50,939)	(50,146)	(50,939)
<b>Gross loss</b>	(6,816)	(10,934)	(6,816)	(10,934)
Other income	2,775	1,645	2,775	1,645
Gain on disposal of non-current assets held for sale	53,893	-	53,893	-
Administrative expenses	(6,614)	(3,885)	(6,614)	(3,885)
Other expenses	(203)	(6,251)	(203)	(6,251)
<b>Operating profit/(loss)</b>	43,035	(19,425)	43,035	(19,425)
Finance costs	(2,857)	(1,524)	(2,857)	(1,524)
<b>Profit/(loss) before tax</b>	40,178	(20,949)	40,178	(20,949)
Income tax (expense)/credit	(3,975)	1,814	(3,975)	1,814
<b>Profit/(loss) for the period</b>	36,203	(19,135)	36,203	(19,135)
<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	4,108	35	4,108	35
	4,108	35	4,108	35
<b>Total comprehensive income/(loss) for the period</b>	40,311	(19,100)	40,311	(19,100)
<b>Profit/(loss) for the period attributable to:</b>				
Owners of the Company	36,947	(18,486)	36,947	(18,486)
Non-controlling interests	(744)	(649)	(744)	(649)
	36,203	(19,135)	36,203	(19,135)
<b>Total comprehensive income/(loss) for the period attributable to:</b>				
Owners of the Company	40,381	(18,456)	40,381	(18,456)
Non-controlling interests	(70)	(644)	(70)	(644)
	40,311	(19,100)	40,311	(19,100)
<b>Earnings/(loss) per share attributable to owners of the Company:</b>				
Basic (sen)	17.62	(8.82)	17.62	(8.82)
Diluted (sen)	17.62	(8.82)	17.62	(8.82)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 April 2019 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED 31 JULY 2019****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at End of Current Quarter 31 July 2019 RM'000	As at Preceding Financial Year End 30 April 2019 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	1,407,577	1,375,402
Prepaid land lease payments	133,643	130,934
Goodwill on consolidation	82,474	82,474
Intangible asset	29,543	29,674
Other asset	2,923	2,702
	<u>1,656,160</u>	<u>1,621,186</u>
<b>Current Assets</b>		
Inventories	41,339	24,038
Biological assets	4,140	3,937
Trade and other receivables	72,253	80,334
Tax recoverable	-	3,762
Other investment	-	19
Financial assets at fair value through profit or loss	75,146	5,603
Cash and bank balances	35,449	46,854
	<u>228,327</u>	<u>164,547</u>
Non-current assets held for sale	27,952	69,509
	<u>256,279</u>	<u>234,056</u>
<b>TOTAL ASSETS</b>	<u>1,912,439</u>	<u>1,855,242</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	254,935	254,935
Other reserves	(7,433)	(10,894)
Retained earnings	1,098,851	1,074,485
<b>Equity attributable to owners of the Company</b>	<u>1,346,353</u>	<u>1,318,526</u>
Non-controlling interests	37,994	38,064
<b>Total equity</b>	<u>1,384,347</u>	<u>1,356,590</u>
<b>Non-Current Liabilities</b>		
Bank borrowings	75,933	67,322
Retirement benefit obligation	789	654
Deferred tax liabilities	221,382	226,709
	<u>298,104</u>	<u>294,685</u>
<b>Current Liabilities</b>		
Bank borrowings	141,735	141,941
Trade and other payables	73,480	62,026
Tax payable	2,192	-
Dividend payable	12,581	-
	<u>229,988</u>	<u>203,967</u>
<b>Total liabilities</b>	<u>528,092</u>	<u>498,652</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,912,439</u>	<u>1,855,242</u>
Net assets per share attributable to owners of the Company (RM)	<u>6.42</u>	<u>6.29</u>

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 April 2019 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 FIRST QUARTER ENDED 31 JULY 2019****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 JULY 2019**

	Attributable to Owners of the Company				Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Earnings RM'000			
<b>Period Ended 31 July 2019</b>							
<b>Balance at 1 May 2019</b>	254,935	-	(10,894)	1,074,485	1,318,526	38,064	1,356,590
<b>Total comprehensive income/(loss) for the period</b>	-	-	3,434	36,947	40,381	(70)	40,311
<b>Transactions with owners:</b>							
Fair value of share options granted to eligible employees	-	-	27	-	27	-	27
Dividend	-	-	-	(12,581)	(12,581)	-	(12,581)
	-	-	27	(12,581)	(12,554)	-	(12,554)
<b>Balance at 31 July 2019</b>	<b>254,935</b>	<b>-</b>	<b>(7,433)</b>	<b>1,098,851</b>	<b>1,346,353</b>	<b>37,994</b>	<b>1,384,347</b>

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**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED 31 JULY 2019****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 JULY 2019 - CONT'D**

	Attributable to Owners of the Company				Total	Non-Controlling Interests	Total Equity
	Share Capital	Non-distributable Share Premium	Other Reserves	Distributable Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Period Ended 31 July 2018</b>							
<b>Balance at 1 May 2018</b>	212,084	42,795	(15,798)	1,129,323	1,368,404	38,105	1,406,509
<b>Total comprehensive income/(loss) for the period</b>	-	-	30	(18,486)	(18,456)	(644)	(19,100)
<b>Transactions with owners:</b>							
Fair value of share options granted to eligible employees	-	-	112	-	112	-	112
Dividend	-	-	-	(12,581)	(12,581)	-	(12,581)
	-	-	112	(12,581)	(12,469)	-	(12,469)
<b>Balance at 31 July 2018</b>	<b>212,084</b>	<b>42,795</b>	<b>(15,656)</b>	<b>1,098,256</b>	<b>1,337,479</b>	<b>37,461</b>	<b>1,374,940</b>

*The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 April 2019 and the accompanying explanatory notes attached to the interim financial statements.*

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**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED 31 JULY 2019****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 JULY 2019**

	<b>Period Ended 31 July 2019</b>	<b>Period Ended 31 July 2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Operating Activities</b>		
Profit/(loss) before tax	40,178	(20,949)
Adjustments for:		
Amortisation of intangible asset	134	-
Amortisation of prepaid land lease payments	833	770
Depreciation of property, plant and equipment	14,312	13,358
Fair value changes on biological assets (net)	(198)	1,044
Fair value of share options expensed off	27	112
Gain on disposal of:		
- non-current assets held for sale	(53,893)	-
- property, plant and equipment	(11)	(36)
Interest expense	2,857	1,524
Interest income	(294)	(952)
Property, plant and equipment written off	51	14
Realised fair value gains on financial assets at fair value through profit or loss	(243)	(230)
Unrealised foreign exchange (gain)/loss	(1,355)	5,108
<b>Operating cash flows before changes in working capital</b>	<b>2,398</b>	<b>(237)</b>
Increase in inventories	(17,015)	(3,576)
Decrease/(increase) in trade and other receivables	8,455	(3,415)
Increase in trade and other payables	11,482	1,019
<b>Cash flows from/(used in) operations</b>	<b>5,320</b>	<b>(6,209)</b>
Interest received	288	954
Interest paid	(3,121)	(1,464)
Taxes paid	(3,825)	(4,499)
<b>Net cash flows used in operating activities</b>	<b>(1,338)</b>	<b>(11,218)</b>

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**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED 31 JULY 2019****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 JULY 2019 - CONT'D**

	<b>Period Ended 31 July 2019</b>	<b>Period Ended 31 July 2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Investing Activities</b>		
Purchase of:		
- financial assets at fair value through profit or loss	(86,000)	-
- property, plant and equipment	(42,324)	(14,235)
Net proceeds from disposal of:		
- financial assets at fair value through profit or loss	16,700	-
- non-current assets held for sale	95,456	-
- property, plant and equipment	76	165
Additions of:		
- other asset	(173)	-
- prepaid land lease payments	(1,657)	(1,403)
Net withdrawal of other investment	19	-
<b>Net cash flows used in investing activities</b>	<b>(17,903)</b>	<b>(15,473)</b>
<b>Financing Activity</b>		
Drawdown of term loan	7,763	-
<b>Net cash flows from financing activity</b>	<b>7,763</b>	<b>-</b>
<b>Net change in cash and bank balances</b>	<b>(11,478)</b>	<b>(26,691)</b>
<b>Effect of foreign exchange rate changes</b>	<b>73</b>	<b>62</b>
<b>Cash and bank balances at beginning of period</b>	<b>46,854</b>	<b>99,557</b>
<b>Cash and bank balances at end of period</b>	<b>35,449</b>	<b>72,928</b>
<b>Cash and bank balances comprise:</b>		
Cash on hand and at banks	7,975	1,243
Short-term deposits with licensed financial institutions	27,474	71,685
	<b>35,449</b>	<b>72,928</b>

*The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 April 2019 and the accompanying explanatory notes attached to the interim financial statements.*

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## UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 JULY 2019

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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 2019. 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 2019.

##### A2. Changes in Accounting Policies

The accounting policies and methods of computation applied by the Group in the interim financial statements are consistent with those applied in the latest audited financial statements for the financial year ended 30 April 2019 except for the adoption of the following standards and interpretation effective for the financial year beginning 1 May 2019:

##### **Effective for annual periods beginning on or after 1 January 2019**

Amendments to MFRS 9 Prepayment Features with Negative Compensation

Amendments to MFRS 11 Annual Improvements to MFRS Standards 2015-2017 Cycle

MFRS 16 *Leases*

MFRS 17 *Insurance Contracts*

Amendments to MFRS 112 Annual Improvements to MFRS Standards 2015-2017 Cycle

Amendments to MFRS 119 Plan Amendment, Curtailment or Settlement

Amendments to MFRS 123 Annual Improvements to MFRS Standards 2015-2017 Cycle

Amendments to MFRS 128 Long-term interests in Associates and Joint Ventures

IC Interpretation 23 *Uncertainty over Income Tax Treatments*

Amendments to FRS 12: Annual Improvements to FRS Standards 2014-2016 Cycle

Amendments to FRS 107: Disclosure Initiative

Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the above standards and interpretation do not have any material impact on the financial statements of the Group.

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## **UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 JULY 2019**

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

#### **A3. Seasonal or Cyclical of Operations**

Production of oil palm fresh fruits bunches ("FFB") is influenced by weather.

The FFB production of the Group for the three months ended 31 July 2019 was 35% or 22,620 tonnes higher than that of the corresponding period in the preceding year.

For Malaysian operations, the FFB production for the three months ended 31 July 2019 rose 31% or 18,343 tonnes from the corresponding period in the preceding year mainly due to recovery of the palms from adverse weather in the past two years.

For Indonesian operations, FFB production for the three months ended 31 July 2019 grew 80% or 4,277 tonnes from the corresponding period in the preceding year mainly due to improve in yield and productivity.

#### **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 period ended 31 July 2019.

#### **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 July 2019.

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

There were no issuance, repurchase and repayment of debt and equity securities during the period ended 31 July 2019.

#### **A7. Dividends Paid**

A second interim single-tier dividend of 6 sen in respect of financial year ended 30 April 2019 amounting to RM12,581,000 was declared on 26 June 2019 and paid on 21 August 2019.



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**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED 31 JULY 2019****NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D****A8. Segmental Information****(a) Business Segments**

	<b>Current Quarter Ended 31 July 2019 RM'000</b>	<b>Cumulative 3 Months Ended 31 July 2019 RM'000</b>
<b>Segment Revenue</b>		
Plantation revenue	53,221	53,221
Elimination of inter-companies' sales	(9,891)	(9,891)
External sales	<u>43,330</u>	<u>43,330</u>
<b>Segment Profit/(Loss)</b>		
Plantation:		
- Malaysian operations	(7,338)	(7,338)
- Indonesian operations (Kalimantan)	(5,138)	(5,138)
- Indonesian operations (Sulawesi)	(176)	(176)
Investment holding	(1,063)	(1,063)
Gain on disposal of non-current assets held for sale	53,893	53,893
Profit before tax	<u>40,178</u>	<u>40,178</u>
Income tax expense	(3,975)	(3,975)
Profit for the period	<u>36,203</u>	<u>36,203</u>
		<b>As at End of Current Quarter 31 July 2019 RM'000</b>
<b>Segment Assets</b>		
Plantation		1,801,498
Investment holding		110,941
Consolidated total assets		<u>1,912,439</u>
<b>Segment Liabilities</b>		
Plantation		309,692
Investment holding		218,400
Consolidated total liabilities		<u>528,092</u>

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**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED 31 JULY 2019****NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D****A8. Segmental Information - Cont'd****(b) Geographical Segments**

	<b>Current Quarter Ended 31 July 2019 RM'000</b>	<b>Cumulative 3 Months Ended 31 July 2019 RM'000</b>
<b>Segment Revenue</b>		
Malaysia	41,043	41,043
Indonesia	2,287	2,287
Consolidated total revenue	<u>43,330</u>	<u>43,330</u>
<b>Segment Profit/(Loss)</b>		
Malaysia	46,470	46,470
Indonesia	(6,445)	(6,445)
Singapore	153	153
Profit before tax	<u>40,178</u>	<u>40,178</u>
Income tax expense	(3,975)	(3,975)
Profit for the period	<u>36,203</u>	<u>36,203</u>
		<b>As at End of Current Quarter 31 July 2019 RM'000</b>
<b>Segment Assets</b>		
Malaysia		1,386,308
Indonesia		526,051
Singapore		80
Consolidated total assets		<u>1,912,439</u>
<b>Segment Liabilities</b>		
Malaysia		420,381
Indonesia		107,662
Singapore		49
Consolidated total liabilities		<u>528,092</u>

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## UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 JULY 2019

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

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

There were no material events from the current quarter ended 31 July 2019 to the date of this announcement that had not been reflected in this interim financial statements.

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

There were no changes in the composition of the Group during the period ended 31 July 2019.

#### **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 2019.

#### **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>	
Purchase of other property, plant and equipment	3,156
<b>Capital expenditure approved but not contracted for:</b>	
Additions of bearer plants	31,966
Construction of new palm oil mill - Malaysia	56,402
Purchase of other property, plant and equipment	52,273
	<u>140,641</u>
	<u>143,797</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 July 2019 except for the inter-companies' sales as disclosed in Note A8(a).

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**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED 31 JULY 2019****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****Current Quarter vs. Preceding Year Corresponding Quarter**

	Individual Quarter		
	Current Quarter Ended 31 July 2019	Preceding Year Corresponding Quarter Ended 31 July 2018	Variance
	RM'000	RM'000	%
Revenue	43,330	40,005	8%
Operating profit/(loss)	43,035	(19,425)	322%
Profit/(loss) before tax	40,178	(20,949)	292%
Profit/(loss) after tax	36,203	(19,135)	289%
Profit/(loss) attributable to owners of the Company	36,947	(18,486)	300%
<b>Additional information:</b>			
<u>Breakdown of profit/(loss) before tax (RM'000)</u>			
<u>Plantation:</u>			
- Malaysian operations	(7,338)	(11,221)	35%
- Indonesian operations (Kalimantan)	(5,138)	(4,143)	-24%
- Indonesian operations (Sulawesi)	(176)	-	-100%
Investment holding	(1,063)	(5,585)	81%
Plantation + investment holding results	(13,715)	(20,949)	35%
Gain on disposal of non-current assets held for sale	53,893	-	100%
Total profit/(loss) before tax	40,178	(20,949)	292%
<u>Planted area (hectare)</u>			
<u>Mature area:</u>			
- Malaysia	20,663	20,758	0%
- Indonesia	5,282	5,176	2%
Total mature area	25,945	25,934	0%
<u>Immature area:</u>			
- Malaysia	559	1,006	-44%
- Indonesia	1,614	1,181	37%
Total immature area	2,173	2,187	-1%
Total planted area	28,118	28,121	0%
<u>FFB production (tonne)</u>			
- Malaysia	76,820	58,477	31%
- Indonesia	9,628	5,351	80%
Total FFB production	86,448	63,828	35%
<u>FFB yield (tonne/hectare)</u>			
- Malaysia	3.65	2.82	30%
- Indonesia	1.82	1.03	76%
Group FFB yield	3.29	2.46	34%

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## UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 JULY 2019

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

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

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

	Individual Quarter		
	Current Quarter Ended 31 July 2019	Preceding Year Corresponding Quarter Ended 31 July 2018	Variance
<b>Additional information (cont'd):</b>			
<u>Average price for Malaysian operations (RM)</u>			
Average CPO price/tonne	1,961	2,354	-17%
Average PK price/tonne	1,113	1,757	-37%
<u>Average price for Indonesian operations (RM)</u>			
Average CPO price/tonne	1,688	N/A	N/A
Average PK price/tonne	911	N/A	N/A

During the current quarter ended 31 July 2019, the Group recorded a pretax profit of RM40.18 million which included a gain on disposal of non-current assets held for sale of RM53.89 million. Excluding the gain on disposal of non-current assets held for sale, the Group recorded a pre-tax loss of RM13.72 million compared with a pre-tax loss of RM20.95 million in the corresponding quarter of the preceding year.

Comments on the business segments are as follows:

#### **Plantation**

##### Malaysian operations

Plantation losses were recorded for current quarter and corresponding quarter of the preceding year totalled RM7.34 million and RM11.22 million respectively.

The FFB production for the current quarter rose 31% or 18,343 tonnes from the corresponding period in the preceding year. However, plantation loss was recorded in the current quarter mainly due to lower average CPO price of RM1,961/tonne (preceding year: RM2,354/tonne) and PK price of RM1,113/tonne (preceding year: RM1,757/tonne) as well as the impact of 1,084 hectares of young matured palms in Sabah with high unit cost of production.

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## UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 JULY 2019

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

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

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

##### **Plantation - Cont'd**

##### Indonesian operations (Kalimantan)

Plantation losses were recorded for current quarter and corresponding quarter of the preceding year amounting to RM5.14 million and RM4.14 million respectively mainly due to low CPO price and high unit cost of production arising from the young matured area of 3,490 hectares and 3,384 hectares respectively.

Although FFB production in Indonesian operations grew by 80% or 4,277 tonnes, the result from the improvement in yield has been offset by lower CPO price.

##### Indonesian operations (Sulawesi)

Plantation activity in Sulawesi has yet to commence as at the end of the current quarter. Loss of RM0.18 million in the current quarter was mainly due to amortisation of intangible asset (cost of investment of business licence "Izin Usaha Pemanfaatan Hasil Hutan Kayu Pada Hutan Tanaman Industri" ("HTI Licence") over an area measuring approximately 59,920 hectares in the Regencies of Tojo Una-Una and Morowali, Province of Central Sulawesi).

##### **Investment Holding**

Investment loss of RM1.06 million in the current quarter was mainly attributable to interest expense of RM2.86 million, setoff against the net foreign exchange gain of RM1.42 million and interest income of RM0.29 million.

Investment loss of RM5.59 million in the corresponding quarter of the preceding year was mainly attributable to net foreign exchange loss of RM5.11 million and interest expense of RM1.52 million, net of the interest income of RM0.95 million.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED 31 JULY 2019****NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D****B1. Review of Performance - Cont'd****Current Quarter vs. Preceding Year Corresponding Quarter - Cont'd****Investment Holding - Cont'd**

Detailed breakdown of investment holding segment is as follows:

	Individual Quarter		
	Current Quarter Ended 31 July 2019	Preceding Year Corresponding Quarter Ended 31 July 2018	Variance
	RM'000	RM'000	%
Interest income	294	952	-69%
Fair value gains on financial assets at fair value through profit or loss	243	230	6%
Interest expense	(2,857)	(1,524)	-87%
Net foreign exchange gain/(loss)	1,419	(5,109)	128%
Other investment charges	(162)	(134)	-21%
	(1,063)	(5,585)	81%

**B2. Comparison with Preceding Quarter's Results**

	Individual Quarter		
	Current Quarter Ended 31 July 2019	Preceding Quarter Ended 30 April 2019	Variance
	RM'000	RM'000	%
Revenue	43,330	56,434	-23%
Operating profit/(loss)	43,035	(16,022)	369%
Profit/(loss) before tax	40,178	(17,917)	324%
Profit/(loss) after tax	36,203	(11,114)	426%
Profit/(loss) attributable to owners of the Company	36,947	(10,821)	441%

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

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

	Individual Quarter		
	Current Quarter Ended 31 July 2019	Preceding Quarter Ended 30 April 2019	Variance
<b>Additional information:</b>			
<u>Breakdown of profit/(loss) before tax (RM'000)</u>			
Plantation:			
- Malaysian operations	(7,338)	(8,808)	17%
- Indonesian operations (Kalimantan)	(5,138)	(4,469)	-15%
- Indonesian operations (Sulawesi)	(176)	(473)	63%
Investment holding	(1,063)	(4,167)	74%
Plantation + investment holding results	(13,715)	(17,917)	23%
Gain on disposal of non-current assets held for sale	53,893	-	100%
Total profit/(loss) before tax	40,178	(17,917)	324%
<u>Planted area (hectare)</u>			
Mature area:			
- Malaysia	20,663	20,992	-2%
- Indonesia	5,282	5,176	2%
Total mature area	25,945	26,168	-1%
Immature area:			
- Malaysia	559	802	-30%
- Indonesia	1,614	1,424	13%
Total immature area	2,173	2,226	-2%
Total planted area	28,118	28,394	-1%
<u>FFB production (tonne)</u>			
- Malaysia	76,820	85,277	-10%
- Indonesia	9,628	10,866	-11%
Total FFB production	86,448	96,143	-10%
<u>FFB yield (tonne/hectare)</u>			
- Malaysia	3.65	4.06	-10%
- Indonesia	1.82	2.10	-13%
Group FFB yield	3.29	3.67	-11%
<u>Average price for Malaysian operations (RM)</u>			
Average CPO price/tonne	1,961	1,999	-2%
Average PK price/tonne	1,113	1,255	-11%
<u>Average price for Indonesian operations (RM)</u>			
Average CPO price/tonne	1,688	N/A	N/A
Average PK price/tonne	911	N/A	N/A



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

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

During the current quarter ended 31 July 2019, the Group recorded a pretax profit of RM40.18 million which included a gain on disposal of non-current assets held for sale of RM53.89 million. Excluding the gain on disposal of non-current assets held for sale, the Group recorded a pre-tax loss of RM13.72 million compared with a pre-tax loss of RM17.92 million in the preceding quarter.

Comments on the business segments are as follows:

#### **Plantation**

##### Malaysian operations

Plantation losses were recorded for current and preceding quarters amounting to RM7.34 million and RM8.81 million respectively mainly due to low average CPO price (RM1,961/tonne and RM1,999/tonne) and PK price (RM1,113/tonne and RM1,255/tonne) as well as the impact of young matured palms (1,084 hectares and 2,184 hectares) in Sabah with high unit cost of production.

##### Indonesian operations (Kalimantan)

Plantation losses were recorded for current and preceding quarters amounting to RM5.14 million and RM4.47 million respectively mainly due to low CPO price and high unit cost of production for the young matured area of 3,490 hectares and 3,384 hectares respectively.

##### Indonesian operations (Sulawesi)

Plantation activity in Sulawesi has yet to commence as at the end of the current quarter. Loss of RM0.18 million in the current quarter was mainly due to amortisation of intangible asset (cost of investment of HTI Licence over an area measuring approximately 59,920 hectares in the Regencies of Tojo Una-Una and Morowali, Province of Central Sulawesi).

#### **Investment Holding**

Investment loss of RM1.06 million in the current quarter was mainly attributable to interest expense of RM2.86 million, setoff against the net foreign exchange gain of RM1.42 million and interest income of RM0.29 million.

Investment loss of RM4.17 million in the preceding quarter was mainly due to net foreign exchange loss of RM2.70 million and interest expense of RM1.90 million.

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

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

##### Investment Holding - Cont'd

Detailed breakdown of investment holding segment is as follows:

	Individual Quarter		
	Current Quarter Ended 31 July 2019	Preceding Quarter Ended 30 April 2019	Variance
	RM'000	RM'000	%
Interest income	294	563	-48%
Fair value gains on financial assets at fair value through profit or loss	243	61	298%
Interest expense	(2,857)	(1,895)	-51%
Net foreign exchange gain/(loss)	1,419	(2,703)	152%
Other investment charges	(162)	(193)	16%
	(1,063)	(4,167)	74%

#### B3. Current Year Prospects

The Group expects higher FFB production for the financial year ending 30 April 2020 ("FY 2020") due to the recovery of the palms from adverse weather in the past two years and improved productivity.

Management's priority remains focused on improving labour productivity and cost efficiency as well as increasing FFB yield.

As CPO price is likely to remain at the current level, the Group expects the FY 2020 to be a challenging year.

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

No profit forecast or profit guarantee was issued by the Group during the period ended 31 July 2019.

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

#### B5. Profit Before Tax

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

	<b>Current Quarter Ended 31 July 2019</b>	<b>Cumulative 3 Months Ended 31 July 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Fair value changes on biological assets (net)	(198)	(198)
Gain on disposal of:		
- non-current assets held for sale	(53,893)	(53,893)
- property, plant and equipment	(11)	(11)
Interest income	(294)	(294)
Net foreign exchange gain:		
- realised	(64)	(64)
- unrealised	(1,355)	(1,355)
Realised fair value gains on financial assets at fair value through profit or loss	(243)	(243)
Amortisation of intangible asset	134	134
Amortisation of prepaid land lease payments	833	833
Depreciation of property, plant and equipment	14,312	14,312
Fair value of share options expensed off	27	27
Interest expense	2,857	2,857
Property, plant and equipment written off	51	51

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

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

#### B6. Income Tax Expense

	<b>Current Quarter Ended 31 July 2019 RM'000</b>	<b>Cumulative 3 Months Ended 31 July 2019 RM'000</b>
Current tax expense	942	942
Real property gain tax	8,813	8,813
Deferred tax expense	(5,780)	(5,780)
	<u>3,975</u>	<u>3,975</u>

The gain on disposal of non-current assets held for sale of RM53,893,000 was non-taxable under corporate income tax but subject to real property gain tax of 10%. The reversal of deferred tax expense was due to reversal of deferred tax liabilities in relation to non-current assets held for sale as well as recognition of deferred tax income arising from losses in the Malaysian and Indonesian operations.

#### B7. Status of Corporate Proposals

##### **Proposed Sale of Plantation Assets for An Aggregate Cash Consideration of RM175.15 Million**

On 12 November 2018, the Company, United Malacca Berhad ("UMB") announced its intention to sell 4 plantation estates located in Melaka and Negeri Sembilan through an open tender process.

On 3 January 2019, UMB entered into 3 separate conditional sale and purchase agreements ("CSPA(s)") to sell the following plantation land including all immovable assets and buildings erected thereon (collectively, the "Plantation Assets") measuring an aggregate land area of approximately 1,021.06 hectares for a total cash consideration of RM175,145,285, subject to the terms and conditions of the CSPAs:

- (i) CSPA with Huat Lai Broiler Breeders Sdn Bhd for the proposed sale of the following plantation lands with total combined land area of approximately 568.09 hectares for a total cash consideration of RM96,793,900:
  - the sale of 11 lots of land with total land area of approximately 354.64 hectares located in Mukim Ramuan China Besar and Mukim Sungei Baru Ilir, District of Alor Gajah, Melaka ("Masjid Tanah Estate") for a cash consideration of RM61,078,150; and
  - the sale of 18 lots of land with total land area of approximately 213.45 hectares located in Mukim Selandar, District of Jasin, Melaka ("Selandar Estate") for a cash consideration of RM35,715,750;

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## UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 JULY 2019

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

#### **B7. Status of Corporate Proposals - Cont'd**

##### **Proposed Sale of Plantation Assets for An Aggregate Cash Consideration of RM175.15 Million - Cont'd**

- (ii) CSPA with HLRB Broiler Farm Sdn Bhd for the proposed sale of 2 lots of land with total land area of approximately 298.91 hectares located in Mukim Gemencheh, District of Tampin, Negeri Sembilan ("Tampin Estate") for a cash consideration of RM51,703,400; and
- (iii) CSPA with HLRB Processing Sdn Bhd for the proposed sale of 3 lots of land with total land area of approximately 154.06 hectares located in Mukim Pilin and Mukim Kundor, District of Rembau, Negeri Sembilan ("Pelin Estate") for a cash consideration of RM26,647,985.

A total deposit of RM17.51 million or 10% of the combined sale proceeds was received on 3 January 2019. On 29 March 2019, UMB announced that it has exercised its right to extend the Approval Period (as defined in the CSPAs) for a period of 3 months from 2 April 2019 to 2 July 2019.

On 3 June 2019, UMB entered into 3 supplemental agreements, 1 for each of the CSPA(s), pursuant to which it was agreed that the completion of the sale of the Masjid Tanah Estate and the Selandar Estate would not be conditional upon and subject to the fulfilment of the conditions precedent in the CSPA(s) for the Pelin Estate and the Tampin Estate and would proceed without the simultaneous completion of the sale of the Pelin Estate and sale of the Tampin Estate. It was also agreed that the completion of the sale of the Pelin Estate and sale of the Tampin Estate would still be simultaneous and subject to the fulfilment of the conditions precedent in the CSPA(s) for the Pelin Estate and the Tampin Estate.

On 27 June 2019, UMB announced that the CSPA for the Masjid Tanah Estate and the Selandar Estate has become unconditional and that it has exercised its right to extend the Approval Period for the CSPAs for the Tampin Estate and Pelin Estate for a further period of Three (3) months from 2 July 2019 to 2 October 2019.

On 4 July 2019, UMB announced that it has received the balance sale consideration of RM87,114,510.00 for the Masjid Tanah Estate and Selandar Estate. Therefore the CSPA for the Masjid Tanah Estate and Selandar Estate is deemed completed.

On 1 August 2019, UMB announced that the approvals of the Estate Land Board of Negeri Sembilan for the sale of the Tampin Estate and Pelin Estate have been obtained and the CSPA for the Tampin Estate and Pelin Estate have become unconditional.

As of 25 September 2019, the CSPA for the Tampin Estate and Pelin Estate have yet to be completed as UMB is waiting for the payment of the balance of the sale consideration for both the Tampin Estate and Pelin Estate from the Purchasers' financier. The differential sums for the CSPA(s) for the Pelin Estate and the Tampin Estate have been paid by the respective Purchasers.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED 31 JULY 2019****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 Current Quarter 31 July 2019

	<b>Foreign Currency</b>	<b>RM Equivalent RM'000</b>
<b>Secured:</b>		
Long-term		
- Term loan (USD'000)	5,000	20,653
- Term loan (IDR million)	187,391	55,280
Short-term		
- Term loan (USD'000)	15,000	61,958
- Revolving credit - 1 (USD'000)	4,314	17,819
- Revolving credit - 2 (USD'000)	15,000	61,958
Total bank borrowings		217,668
Exchange rate used:	USD1 =	4.1305
	IDR1,000 =	0.295

As at End of Preceding Year Corresponding Quarter 31 July 2018

	<b>Foreign Currency</b>	<b>RM Equivalent RM'000</b>
<b>Secured:</b>		
Long-term		
- Term loan (USD'000)	20,000	81,300
Short-term		
- Term loan (USD'000)	15,000	60,975
Total bank borrowings		142,275
Exchange rate used:	USD1 =	4.0650

- (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 - 1 carries an interest rate based on the bank's cost of funds + 0.75% per annum.
- (c) The USD revolving credit - 2 carries an interest rate based on the bank's cost of funds + 1% per annum.
- (d) The IDR term loan carries an interest rate based on the 1-month Jakarta Interbank Offered Rate ("JIBOR") + 3.45% per annum.
- (e) The Group does not hedge the USD and IDR borrowings in Ringgit Malaysia ("RM").

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

#### **B8. Group Borrowings and Debt Securities - Cont'd**

There was no debt security as at 31 July 2019.

#### **B9. Material Litigation**

There was no material litigation since the last reporting date as at 30 April 2019.

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

	<b>As at End of Current Quarter 31 July 2019</b>	<b>As at Preceding Financial Year End 30 April 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained earnings of the Company and its subsidiaries:		
- realised	658,714	637,864
- unrealised	453,384	448,850
	<u>1,112,098</u>	<u>1,086,714</u>
Less: Consolidation adjustments	(13,247)	(12,229)
Total Group's retained earnings as per consolidated statement of financial position	<u>1,098,851</u>	<u>1,074,485</u>

#### **B11. Earnings Per Share**

##### **(a) Basic earnings per share**

Basic earnings per share are calculated by dividing profit 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 Ended 31 July 2019</b>	<b>Cumulative 3 Months Ended 31 July 2019</b>
Profit for the period attributable to owners of the Company (RM'000)	36,947	36,947
Weighted average number of ordinary shares in issue ('000 unit)	209,691	209,691
Basic earnings per share (sen)	<u>17.62</u>	<u>17.62</u>

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

#### **B11. Earnings Per Share - Cont'd**

##### **(b) Diluted earnings per share**

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

#### **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 2019.

#### **B13. Dividends**

A second interim single-tier dividend of 6 sen in respect of financial year ended 30 April 2019 amounting to RM12,581,000 was declared on 26 June 2019 and paid on 21 August 2019.

No dividend has been declared in respect of the current quarter ended 31 July 2019.

#### **B14. 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 25 September 2019.

By order of the Board,  
**Yong Yoke Hiong (MAICSA 7021707)**  
**Pang Poh Chen (MACS 01405)**  
Company Secretaries  
Melaka, 25 September 2019