

UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 JANUARY 2016****CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THIRD QUARTER ENDED 31 JANUARY 2016**

	Note	Individual Quarter 3 Months Ended 31 January		Cumulative Quarter 9 Months Ended 31 January	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue		50,044	47,882	157,835	165,086
Cost of sales		(37,711)	(31,234)	(107,853)	(108,305)
Gross profit		12,333	16,648	49,982	56,781
Other income		9,259	2,766	14,601	7,732
Selling and distribution expenses		(1,297)	(1,256)	(4,263)	(3,996)
Administrative expenses		(3,135)	(3,546)	(9,737)	(11,140)
Other expenses		(409)	(739)	(2,463)	(1,703)
Replanting expenses		(442)	(807)	(1,318)	(1,955)
Operating profit		16,309	13,066	46,802	45,719
Finance cost		(136)	-	(136)	-
Profit before tax		16,173	13,066	46,666	45,719
Income tax expense		(1,377)	(2,257)	(7,322)	(8,472)
Profit for the period		14,796	10,809	39,344	37,247
Profit for the period attributable to:					
Owners of the Company		14,796	10,809	39,344	37,247
Non-controlling interests	A10(a)	-	-	-	-
		14,796	10,809	39,344	37,247
Earnings per share attributable to owners of the Company:					
Basic (sen)		7.07	5.21	18.84	17.99
Diluted (sen)		7.07	5.21	18.84	17.99

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 30 April 2015 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 JANUARY 2016****CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 JANUARY 2016**

Note	Individual Quarter		Cumulative Quarter	
	3 Months Ended		9 Months Ended	
	31 January		31 January	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Comprehensive Income				
Profit for the period	14,796	10,809	39,344	37,247
Other comprehensive (loss)/income:				
Items that will be subsequently reclassified to profit or loss:				
Net loss on fair value changes of available-for-sale investments	(824)	(1,941)	(2,763)	(1,147)
Transfer of loss on disposal of available-for-sale investments to profit or loss	-	460	-	460
	(824)	(1,481)	(2,763)	(687)
Total comprehensive income for the period	13,972	9,328	36,581	36,560
Total comprehensive income for the period attributable to:				
Owners of the Company	13,972	9,328	36,581	36,560
Non-controlling interests	-	-	-	-
	13,972	9,328	36,581	36,560

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 April 2015 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
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	Note	As at End of Current Quarter 31 January 2016 RM'000	As at Preceding Financial Year End 30 April 2015 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		803,267	681,453
Biological assets		951,426	846,483
Prepaid land lease payments		15,686	11,355
Investment property		1,054	1,054
Goodwill on consolidation		89,138	18,628
Available-for-sale investments		22,239	25,002
Plasma receivables	A10(b)	96,720	-
		1,979,530	1,583,975
Current Assets			
Inventories		20,779	8,733
Trade receivables		11,659	10,848
Other receivables	A10(c)	49,642	8,746
Held-for-trading investments		16,600	17,164
Held-to-maturity investments		985	731
Financial assets at fair value through profit or loss		62,523	110,298
Cash and bank balances		97,229	73,803
		259,417	230,323
TOTAL ASSETS		2,238,947	1,814,298
EQUITY AND LIABILITIES			
Equity			
Share capital		209,218	207,719
Share premium		42,777	33,551
Other reserves		855,566	863,724
Retained earnings		584,571	575,175
Equity attributable to owners of the Company		1,692,132	1,680,169
Non-controlling interests		44,357	-
Total equity		1,736,489	1,680,169
Non-Current Liabilities			
Borrowings		207,750	-
Deferred tax liabilities		153,557	111,605
		361,307	111,605
Current Liabilities			
Trade payables		7,621	6,455
Other payables	A10(c)	57,070	14,567
Income tax payable		3,721	1,502
Dividend payable		16,737	-
Borrowings	A10(c)	56,002	-
		141,151	22,524
Total liabilities		502,458	134,129
TOTAL EQUITY AND LIABILITIES		2,238,947	1,814,298
Net assets per share attributable to owners of the Company (RM)		8.09	8.09

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 April 2015 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 JANUARY 2016**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 JANUARY 2016**

	Attributable to Owners of the Company				Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Non-distributable		Distributable			
		Share Premium RM'000	Other Reserves RM'000	Retained Earnings RM'000			
Current 9 Months Ended 31 January 2016							
Balance at 1 May 2015	207,719	33,551	863,724	575,175	1,680,169	-	1,680,169
Total comprehensive (loss)/income for the period	-	-	(2,763)	39,344	36,581	-	36,581
Transfer to retained earnings:							
Realisation of asset revaluation reserve upon:							
- Depreciation		-	(2,674)	2,674	-	-	-
- Property, plant and equipment written off	-	-	(4)	4	-	-	-
	-	-	(2,678)	2,678	-	-	-
Transactions with owners:							
Acquisition of subsidiaries (Note A10)	-	-	-	-	-	44,357	44,357
Fair value of share options granted to eligible directors and employees	-	-	700	-	700	-	700
Shares issued pursuant to Employee Share Option Scheme ("ESOS")	1,499	9,226	(2,571)	-	8,154	-	8,154
Employee share options forfeited	-	-	(846)	846	-	-	-
Dividends	-	-	-	(33,472)	(33,472)	-	(33,472)
	1,499	9,226	(2,717)	(32,626)	(24,618)	44,357	19,739
Balance at 31 January 2016	209,218	42,777	855,566	584,571	1,692,132	44,357	1,736,489

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 JANUARY 2016 - CONT'D**

	Attributable to Owners of the Company				Total Equity RM'000
	Non-distributable		Distributable		
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Earnings RM'000	
9 Months Ended 31 January 2015					
Balance at 1 May 2014	206,503	26,070	869,526	573,858	1,675,957
Total comprehensive (loss)/ income for the period	-	-	(687)	37,247	36,560
Transfer to retained earnings:					
Realisation of asset revaluation reserve upon depreciation	-	-	(2,650)	2,650	-
	-	-	(2,650)	2,650	-
Transactions with owners:					
Fair value of share options granted to eligible directors and employees	-	-	1,135	-	1,135
Shares issued pursuant to ESOS	983	6,045	(1,657)	-	5,371
Employee share options forfeited	-	-	(211)	211	-
Dividends	-	-	-	(49,744)	(49,744)
	983	6,045	(733)	(49,533)	(43,238)
Balance at 31 January 2015	207,486	32,115	865,456	564,222	1,669,279

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 April 2015 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 JANUARY 2016****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 31 JANUARY 2016**

	<u>2015/2016</u> 9 Months Ended 31 January 2016 RM'000	<u>2014/2015</u> 9 Months Ended 31 January 2015 RM'000
Operating Activities		
Profit before tax	46,666	45,719
Adjustments for:		
Amortisation of prepaid land lease payments	223	313
Depreciation of property, plant and equipment	15,356	13,593
Dividend income	(1,021)	(2,058)
Fair value of share options expensed off	700	1,135
Gain on disposal of property, plant and equipment	(102)	(173)
Interest expense	136	-
Interest income	(1,670)	(2,534)
Loss on disposal of available-for-sale investments	-	460
Net fair value (gains)/losses on financial assets at fair value through profit or loss:		
- realised	(3,235)	(1,581)
- unrealised	8	(51)
Net fair value losses/(gains) on held-for-trading investments:		
- realised	556	(201)
- unrealised	1,736	775
Property, plant and equipment written off	57	299
Unrealised foreign exchange gain	(7,334)	(217)
Operating cash flows before changes in working capital	52,076	55,479
Increase in inventories	(6,562)	(6,080)
Decrease in trade and other receivables	3,195	585
Increase in trade and other payables	4,648	3,242
Cash flows from operations	53,357	53,226
Interest received	1,722	2,874
Income taxes refunded	96	-
Income taxes paid	(7,211)	(9,557)
Net cash flows from operating activities	47,964	46,543

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FOR THE THIRD QUARTER ENDED 31 JANUARY 2016****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 31 JANUARY 2016 - CONT'D**

	<u>2015/2016</u> 9 Months Ended 31 January 2016 RM'000	<u>2014/2015</u> 9 Months Ended 31 January 2015 RM'000
Investing Activities		
Dividend received from:		
- available-for-sale investments	688	1,755
- held-for-trading investments	352	335
Purchase of:		
- available-for-sale investments	-	(1,564)
- financial assets at fair value through profit or loss	(20,000)	(128,533)
- held-for-trading investments	(21,015)	(21,941)
- property, plant and equipment	(6,192)	(10,857)
Proceeds from disposal of:		
- available-for-sale investments	-	23,002
- financial assets at fair value through profit or loss	71,002	60,533
- held-for-trading investments	20,118	18,332
- property, plant and equipment	239	247
Additions of:		
- biological assets	(7,197)	(10,895)
- prepaid land lease payments	(2,848)	-
Net (placement)/withdrawal of held-to-maturity investments	(254)	23,376
Net cash outflow on acquisition of subsidiaries	(265,825)	-
Net cash flows used in investing activities	(230,932)	(46,210)
Financing Activities		
Dividends paid	(16,735)	(33,145)
Proceeds from exercise of employee share options under ESOS	8,154	5,371
Drawdown of term loan	214,975	-
Net cash flows from/(used in) financing activities	206,394	(27,774)
Net change in cash and bank balances	23,426	(27,441)
Cash and bank balances at beginning of period	73,803	108,488
Cash and bank balances at end of period	97,229	81,047
Cash and bank balances comprise:		
Cash on hand and at banks	30,818	1,799
Short-term deposits with licensed financial institutions	66,411	79,248
	97,229	81,047

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 April 2015 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 JANUARY 2016

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD ("FRS") 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 FRS 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 2015. 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 2015.

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 2015 except for the adoption of the following standards effective for the financial year beginning 1 May 2015:

Effective for annual periods beginning on or after 1 July 2014

Amendments to FRS 119 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to FRSs 2010–2012 Cycle
Annual Improvements to FRSs 2011–2013 Cycle

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

Malaysian Financial Reporting Standards

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

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

A2. Changes in Accounting Policies - Cont'd

Malaysian Financial Reporting Standards - Cont'd

Transitioning Entities are allowed to defer the adoption of the new MFRS Framework and may in the alternative, apply Financial Reporting Standards ("FRS") as its financial reporting framework for annual periods beginning on or after 1 January 2014.

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

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

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

A3. Seasonal or Cyclical of Operations

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

Based on past trends, FFB production tends to pick up from May onwards and will peak around September/October. From December onwards, it will be the seasonal downtrend in FFB production.

The effect of the haze and dry weather caused by El Nino (which was the most severe for the past 30 years) is now being felt with a drastic drop in FFB production. As a result, the FFB production for the nine months ended 31 January 2016 was 5% lower than that of the corresponding period in the preceding year.

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 nine months ended 31 January 2016.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 JANUARY 2016****NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D****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 January 2016.

A6. Changes in Debt and Equity Securities

There were no issuance, repurchase and repayment of debt and equity securities during the nine months ended 31 January 2016 except for the issuance of 1,498,600 ordinary shares of RM1 each for cash pursuant to the Company's ESOS.

A7. Dividend Paid

The amount of dividend paid during the nine months ended 31 January 2016 was as follows:

	RM'000
In respect of financial year ended 30 April 2015	
Second interim single-tier dividend of 8 sen per share, on 209,188,001 ordinary shares, paid on 21 August 2015	<u>16,735</u>

A first interim single-tier dividend of 8 sen in respect of financial year ending 30 April 2016 amounting to RM16,737,000 was declared on 15 December 2015 and paid on 3 February 2016.

A8. Segmental Information**(a) Business Segments**

	Current Quarter Ended 31 January 2016 RM'000	Cumulative Nine Months Ended 31 January 2016 RM'000
Segment Revenue		
Plantation revenue	57,240	190,215
Elimination of inter-segment sales	(7,196)	(32,380)
External sales	<u>50,044</u>	<u>157,835</u>

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 JANUARY 2016****NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D****A8. Segmental Information - Cont'd****(a) Business Segments - Cont'd**

	Current Quarter Ended 31 January 2016 RM'000	Cumulative Nine Months Ended 31 January 2016 RM'000
Segment Results		
Plantation	7,613	35,345
Investment holding	8,560	11,321
Profit before tax	<u>16,173</u>	<u>46,666</u>
Income tax expense	<u>(1,377)</u>	<u>(7,322)</u>
Profit for the period	<u>14,796</u>	<u>39,344</u>
		As at End of Current Quarter 31 January 2016 RM'000
Segment Assets		
Plantation		2,059,179
Investment holding		179,768
Consolidated total assets		<u>2,238,947</u>
Segment Liabilities		
Plantation		<u>502,458</u>

(b) Geographical Segments**Segment Revenue and Results**

The revenue and profit of the Group for the current quarter and current financial year-to-date ended 31 January 2016 were contributed by Malaysia operations.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

A8. Segmental Information - Cont'd

(b) Geographical Segments - Cont'd

	As at End of Current Quarter 31 January 2016 RM'000
Segment Assets	
Malaysia	1,768,588
Indonesia	470,359
Consolidated total assets	<u>2,238,947</u>
Segment Liabilities	
Malaysia	363,471
Indonesia	138,987
Consolidated total liabilities	<u>502,458</u>

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

There were no material events from the current quarter ended 31 January 2016 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 nine months ended 31 January 2016 except for the following:

Acquisition by the Company of 83.0% Effective Equity Interest in PT Lifere Agro Kapuas ("LAK")

On 22 January 2016, the Company announced the completion of the Acquisition of 83.0% effective equity interest in LAK, a company incorporated under the laws of the Republic of Indonesia, via the acquisition of 793,837 ordinary shares representing 88.2% equity interest of the issued and paid-up share capital of International Natural Resources Pte Ltd ("INR"), a company incorporated in the Republic of Singapore, which in turn holds approximately 94.1% equity interest in LAK.

As a result, INR and LAK have become subsidiaries of the Company effective 22 January 2016.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

A10. Changes in the Composition of the Group - Cont'd

(a) Sharing of Profit or Loss and Comprehensive Income of INR and LAK

The operating results from 22 January 2016 to 31 January 2016 of INR and LAK were not consolidated by the Group in the current quarter and current financial year-to-date ended 31 January 2016 as the amounts involved were insignificant to the results of the Group.

(b) Plasma Receivables

The Indonesian government requires oil palm plantation companies to develop new plantations together with the local small landholders. This form of assistance to local small landholders is generally known as the "Plasma Scheme".

Plasma receivables represent the advances to Plasma Scheme. Upon completion of the planting, these advances will be recovered through bank loans obtained by the local small landholders.

(c) Other Receivables, Other Payables and Borrowings to be settled by the Vendor

Included in the Consolidated Statement of Financial Position as at 31 January 2016 were Other Receivables, Other Payables and Borrowings amounting to RM46,898,000, RM39,263,000 and RM56,002,000 respectively arising from the acquisition of LAK. These amounts would be fully settled by the Vendor after 31 January 2016 pursuant to the terms and conditions as stated in the Sale and Purchase Agreement.

(d) Purchase Price Allocation ("PPA") of INR and LAK

The accounting of business combination of INR and LAK were based on the provisional fair values of their identifiable assets, liabilities and contingent liabilities. In accordance with FRS 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 2015.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

A12. Capital Commitments

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

	RM'000
Capital expenditure approved and contracted for:	
Purchase of property, plant and equipment	<u>1,381</u>
Capital expenditure approved but not contracted for:	
Additions of biological assets	4,764
Construction of new palm oil mill	56,733
Purchase of property, plant and equipment	<u>11,391</u>
	<u>72,888</u>
	<u>74,269</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 January 2016.

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's Corresponding Quarter

For the current quarter ended 31 January 2016, the Group's pretax profit of RM16.17 million was 24% higher compared with RM13.07 million in the corresponding quarter of the preceding year. This was mainly due to unrealised foreign exchange gain of RM7.23 million on the USD50 million loan taken to finance the acquisition of INR and LAK. Excluding this item, the Group's pretax profit would be 32% lower compared with that in the corresponding quarter of the preceding year mainly due to lower FFB production by 20%.

Comments on the business segments are as follows:

Plantation

Plantation profit of RM7.61 million was 33% lower compared with RM11.33 million in the corresponding quarter of the preceding year mainly due to lower FFB production by 20% or 17,223 tonnes.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

B1. Review of Performance - Cont'd

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

Investment holding

Investment profit of RM8.56 million was 392% higher than RM1.74 million in the corresponding quarter of the preceding year. This was mainly due to unrealised foreign exchange gain of RM7.23 million. Excluding this item, the investment profit would be 23% lower compared with that in the corresponding quarter of the preceding year mainly due to lower dividend income.

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

For the nine months ended 31 January 2016, the Group's pretax profit of RM46.67 million was 2% higher compared with RM45.72 million in the preceding year. This was mainly due to unrealised foreign exchange gain of RM7.23 million. Excluding this item, the Group's pretax profit would be 14% lower compared with that in the preceding year mainly due to lower average prices of crude palm oil ("CPO") and palm kernel ("PK") by 6% and 1% respectively as well as lower FFB production by 5%.

Comments on the business segments are as follows:

Plantation

Plantation profit of RM35.35 million was 12% lower compared with RM40.35 million in the preceding year mainly due to lower average prices of CPO (RM2,144/tonne compared with RM2,272/tonne) and PK (RM1,573/tonne compared with RM1,584/tonne) as well as lower FFB production by 5% or 14,850 tonnes.

Investment holding

Investment profit of RM11.32 million was 111% higher compared with RM5.37 million in the preceding year. This was mainly due to unrealised foreign exchange gain of RM7.23 million. Excluding this item, the investment profit would be 24% lower compared with that in the preceding year mainly due to lower dividend income.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

B2. Comparison with Preceding Quarter's Results

The Group's pretax profit for the current quarter ended 31 January 2016 of RM16.17 million was 5% higher compared with RM15.41 million in the preceding quarter. This was mainly due to unrealised foreign exchange gain of RM7.23 million. Excluding this item, the Group's pretax profit would be 42% lower compared with that in the preceding quarter mainly due to lower FFB production by 32% even though average prices of CPO and PK were higher by 5% and 20% respectively.

Comments on the business segments are as follows:

Plantation

Plantation profit of RM7.61 million was 45% lower compared with RM13.96 million in the preceding quarter mainly due to lower FFB production by 32% or 31,593 tonnes even though higher average prices of CPO (RM2,156/tonne compared with RM2,047/tonne) and PK (RM1,783/tonne compared with RM1,487/tonne).

Investment holding

Investment profit of RM8.56 million was 490% higher than RM1.45 million in the preceding quarter. This was mainly due to unrealised foreign exchange gain of RM7.23 million. Excluding this item, the investment profit would be 8% lower compared with that in the preceding quarter mainly due to lower fair value gains on financial assets at fair value through profit or loss.

B3. Current Year Prospects

The effect of the haze and dry weather caused by El Nino (which was the most severe for the past 30 years) is now being felt with a drastic drop in FFB production in the second half of the financial year. FFB production for the current financial year is expected to be lower than that of the preceding year.

Although El Nino could cause oil palm yields in Malaysia and Indonesia to fall, this could underpin palm oil prices. However, the expected higher prices may not fully offset the reduction in the Group's FFB output.

The Group expects lower plantation profit for the current financial year 2015/16.

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

No profit forecast or profit guarantee was issued by the Group during the nine months ended 31 January 2016.

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

	Current Quarter Ended 31 January 2016 RM'000	Cumulative Nine Months Ended 31 January 2016 RM'000
Dividend income	(596)	(1,021)
Gain on disposal of property, plant and equipment	(8)	(102)
Interest income	(646)	(1,670)
Net fair value (gains)/losses on financial assets at fair value through profit or loss:		
- realised	(1,006)	(3,235)
- unrealised	107	8
Net foreign exchange gain:		
- realised	(157)	(611)
- unrealised	(6,783)	(7,334)
Amortisation of prepaid land lease payments	71	223
Depreciation of property, plant and equipment	5,716	15,356
Fair value of share options expensed off	233	700
Interest expense	136	136
Net fair value losses/(gains) on held-for-trading investments:		
- realised	555	556
- unrealised	(212)	1,736
Property, plant and equipment written off	24	57

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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	Current Quarter Ended 31 January 2016 RM'000	Cumulative Nine Months Ended 31 January 2016 RM'000
Current tax expense	1,616	7,130
Deferred tax expense	(239)	192
	<u>1,377</u>	<u>7,322</u>

The effective tax rate for the current quarter and current financial year-to-date was lower than the statutory tax rate due to certain income which are not taxable.

B7. Status of Corporate Proposals**Proposed Acquisition by the Company of 83.0% Effective Equity Interest in PT Lifere Agro Kapuas ("LAK") ("Proposed Acquisition")**

On 15 December 2015, the Company had announced to Bursa Malaysia Securities Berhad ("Bursa") that the Company had entered into a conditional sale and purchase agreement with Lincoln Wilshire Investments Ltd, a company incorporated in the British Virgin Islands in relation to the proposed acquisition of 793,837 ordinary shares representing 88.2% equity interest of the issued and paid-up share capital of International Natural Resources Pte Ltd ("INR"), a company incorporated in the Republic of Singapore for a total cash consideration of USD66,400,000. INR holds a 94.1% equity interest in LAK, a company incorporated under the laws of the Republic of Indonesia, which has obtained (1) plantation licence (Izin Usaha Perkebunan) over approximately 24,585 hectares of oil palm plantation located in Kalimantan Tengah, Indonesia of which 5,100 hectares have been registered in the name of LAK under the Hak Guna Usaha ("HGU") and Hak Guna Bangunan ("HGB") and (2) Izin Lokasi over approximately 350 hectares of land for refinery and bulking station of which 29 hectares have been registered in the name of LAK under the HGB.

The Proposed Acquisition has been completed on 22 January 2016. INR and LAK have become subsidiaries of the Company effective from the date hereof.

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At the end of the current quarter, the Group's borrowings were as follows:

	RM'000	Amount in Foreign Currencies
Long-term borrowing:		
Term loan (secured)	<u>207,750</u>	USD50 million
Short-term borrowings:		
Term loans (secured) (Note A10(c))	<u>56,002</u>	IDR187 billion
	<u>263,752</u>	

There was no debt security as at 31 January 2016.

B9. Material Litigations

There was no material litigation since the last reporting date as at 30 April 2015.

B10. Disclosure of Realised and Unrealised Profits/Losses

The breakdown of retained earnings of the Group into realised and unrealised profits/losses are as follows:

	As at End of Current Quarter 31 January 2016 RM'000	As at Preceding Financial Year End 30 April 2015 RM'000
Total retained earnings of the Company and its subsidiaries:		
- realised	630,767	625,518
- unrealised	<u>(28,789)</u>	<u>(33,524)</u>
	601,978	591,994
Less: Consolidation adjustments	<u>(17,407)</u>	<u>(16,819)</u>
Total Group's retained earnings as per consolidated statement of financial position	<u>584,571</u>	<u>575,175</u>

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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:

	Current Quarter Ended 31 January 2016	Cumulative Nine Months Ended 31 January 2016
Profit for the period attributable to owners of the Company	14,796	39,344
Weighted average number of ordinary shares in issue ('000 unit)	209,209	208,868
Basic earnings per share (sen)	<u>7.07</u>	<u>18.84</u>

(b) Diluted earnings per share

The 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 presented.

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 2015.

B13. Dividends

A first interim single-tier dividend of 8 sen in respect of financial year ending 30 April 2016 amounting to RM16,737,000 was declared on 15 December 2015 and paid on 3 February 2016.

No dividend has been declared in respect of the current financial period ended 31 January 2016.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

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 29 March 2016.

By order of the Board,
Yong Yoke Hiong (MAICSA 7021707)
Pang Poh Chen (MACS 01405)
Company Secretaries
Melaka, 29 March 2016