

UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 JULY 2016****CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FIRST QUARTER ENDED 31 JULY 2016**

	Individual Quarter 3 Months Ended 31 July		Cumulative Quarter 3 Months Ended 31 July	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	54,215	57,926	54,215	57,926
Cost of sales	(39,116)	(39,485)	(39,116)	(39,485)
Gross profit	15,099	18,441	15,099	18,441
Other income	2,231	3,120	2,231	3,120
Selling and distribution expenses	(1,155)	(1,498)	(1,155)	(1,498)
Administrative expenses	(3,310)	(2,864)	(3,310)	(2,864)
Other expenses	(6,093)	(1,598)	(6,093)	(1,598)
Replanting expenses	(279)	(521)	(279)	(521)
Operating profit	6,493	15,080	6,493	15,080
Finance cost	(876)	-	(876)	-
Profit before tax	5,617	15,080	5,617	15,080
Income tax expense	(2,333)	(2,784)	(2,333)	(2,784)
Profit for the period	3,284	12,296	3,284	12,296
Profit for the period attributable to:				
Owners of the Company	3,381	12,296	3,381	12,296
Non-controlling interests	(97)	-	(97)	-
	3,284	12,296	3,284	12,296
Earnings per share attributable to owners of the Company:				
Basic (sen)	1.62	5.91	1.62	5.91
Diluted (sen)	1.62	5.91	1.62	5.91

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 30 April 2016 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 2016****CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 JULY 2016**

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		3 Months Ended	
	31 July		31 July	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Comprehensive Income				
Profit for the period	3,284	12,296	3,284	12,296
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	(766)	(937)	(766)	(937)
Exchange differences on translation of foreign operations	7,225	-	7,225	-
	6,459	(937)	6,459	(937)
Total comprehensive income for the period	9,743	11,359	9,743	11,359
Total comprehensive income for the period attributable to:				
Owners of the Company	8,663	11,359	8,663	11,359
Non-controlling interests	1,080	-	1,080	-
	9,743	11,359	9,743	11,359

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 April 2016 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 2016****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at End of Current Quarter 31 July 2016	As at Preceding Financial Year End 30 April 2016
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	681,186	683,930
Biological assets	963,703	955,305
Prepaid land lease payments	132,962	133,047
Investment property	1,147	1,147
Goodwill on consolidation	86,777	86,777
Available-for-sale investments	20,506	21,272
	<u>1,886,281</u>	<u>1,881,478</u>
Current Assets		
Inventories	22,726	17,704
Trade receivables	10,003	13,979
Other receivables	77,937	69,760
Held-for-trading investments	19,352	17,232
Held-to-maturity investments	574	1,005
Financial assets at fair value through profit or loss	30,580	22,996
Cash and bank balances	38,336	40,016
	<u>199,508</u>	<u>182,692</u>
TOTAL ASSETS	<u>2,085,789</u>	<u>2,064,170</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	209,221	209,221
Share premium	42,795	42,795
Other reserves	855,655	851,049
Retained earnings	593,097	605,586
Equity attributable to owners of the Company	<u>1,700,768</u>	<u>1,708,651</u>
Non-controlling interests	42,610	41,530
Total equity	<u>1,743,378</u>	<u>1,750,181</u>
Non-Current Liabilities		
Term loan	142,919	136,896
Deferred tax liabilities	150,933	150,840
	<u>293,852</u>	<u>287,736</u>
Current Liabilities		
Trade payables	8,214	7,444
Other payables	22,665	18,406
Income tax payable	942	403
Dividend payable	16,738	-
	<u>48,559</u>	<u>26,253</u>
Total liabilities	<u>342,411</u>	<u>313,989</u>
TOTAL EQUITY AND LIABILITIES	<u>2,085,789</u>	<u>2,064,170</u>
Net assets per share attributable to owners of the Company (RM)	<u>8.13</u>	<u>8.17</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 April 2016 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 2016****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 JULY 2016**

	Attributable to Owners of the Company				Total	Non-Controlling Interests	Total Equity
	Share Capital	Non-distributable		Distributable			
		Share Premium	Other Reserves	Retained Earnings			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Current 3 Months Ended 31 July 2016							
Balance at 1 May 2016	209,221	42,795	851,049	605,586	1,708,651	41,530	1,750,181
Total comprehensive income for the period	-	-	5,282	3,381	8,663	1,080	9,743
Transfer to retained earnings:							
Realisation of asset revaluation reserve upon depreciation		-	(865)	865	-	-	-
	-	-	(865)	865	-	-	-
Transactions with owners:							
Fair value of share options granted to eligible directors and employees	-	-	192	-	192	-	192
Employee share options forfeited	-	-	(3)	3	-	-	-
Dividend	-	-	-	(16,738)	(16,738)	-	(16,738)
	-	-	189	(16,735)	(16,546)	-	(16,546)
Balance at 31 July 2016	209,221	42,795	855,655	593,097	1,700,768	42,610	1,743,378

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FOR THE THREE MONTHS ENDED 31 JULY 2016 - CONT'D**

	Attributable to Owners of the Company				Total Equity RM'000
	Share Capital RM'000	Non-distributable		Distributable Retained Earnings RM'000	
		Share Premium RM'000	Other Reserves RM'000		
3 Months Ended 31 July 2015					
Balance at 1 May 2015	207,719	33,551	863,724	575,175	1,680,169
Total comprehensive (loss)/ income for the period	-	-	(937)	12,296	11,359
Transfer to retained earnings:					
Realisation of asset revaluation reserve upon depreciation	-	-	(890)	890	-
	-	-	(890)	890	-
Transactions with owners:					
Fair value of share options granted to eligible directors and employees	-	-	233	-	233
Shares issued pursuant to Employee Share Option Scheme ("ESOS")	1,469	9,042	(2,522)	-	7,989
Employee share options forfeited	-	-	(85)	85	-
Dividend	-	-	-	(16,735)	(16,735)
	1,469	9,042	(2,374)	(16,650)	(8,513)
Balance at 31 July 2015	209,188	42,593	859,523	571,711	1,683,015

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 April 2016 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 2016****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 JULY 2016**

	<u>2016/2017</u> 3 Months Ended 31 July 2016 RM'000	<u>2015/2016</u> 3 Months Ended 31 July 2015 RM'000
Operating Activities		
Profit before tax	5,617	15,080
Adjustments for:		
Amortisation of prepaid land lease payments	417	70
Depreciation of property, plant and equipment	5,157	4,791
Dividend income	(342)	(316)
Fair value of share options expensed off	192	233
Gain on disposal of property, plant and equipment	(24)	(27)
Interest expense	876	-
Interest income	(292)	(519)
Net fair value (gains)/losses on financial assets at fair value through profit or loss:		
- realised	(290)	(1,101)
- unrealised	6	(50)
Net fair value (gains)/losses on held-for-trading investments:		
- realised	(79)	(598)
- unrealised	(613)	1,542
Property, plant and equipment written off	3	19
Unrealised foreign exchange loss/(gain)	5,406	(214)
Operating cash flows before changes in working capital	16,034	18,910
Increase in inventories	(4,757)	(7,597)
Increase in trade and other receivables	(345)	(4,530)
Increase in trade and other payables	4,715	7,083
Cash flows from operations	15,647	13,866
Interest received	271	514
Interest paid	(748)	-
Income taxes refunded	192	96
Income taxes paid	(2,414)	(2,041)
Net cash flows from operating activities	12,948	12,435

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FOR THE FIRST QUARTER ENDED 31 JULY 2016****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 JULY 2016 - CONT'D**

	<u>2016/2017</u> 3 Months Ended 31 July 2016 RM'000	<u>2015/2016</u> 3 Months Ended 31 July 2015 RM'000
Investing Activities		
Dividend received from:		
- available-for-sale investments	165	165
- held-for-trading investments	149	153
Purchase of:		
- financial assets at fair value through profit or loss	(7,300)	(20,000)
- held-for-trading investments	(7,087)	(12,071)
- property, plant and equipment	(2,800)	(1,748)
Proceeds from disposal of:		
- held-for-trading investments	5,610	10,109
- property, plant and equipment	24	488
Additions of:		
- biological assets	(3,025)	(2,397)
- prepaid land lease payments	(553)	(568)
Net withdrawal/(placement) of held-to-maturity investments	431	(189)
Net cash flows used in investing activities	<u>(14,386)</u>	<u>(26,058)</u>
Financing Activity		
Proceeds from exercise of employee share options under ESOS	-	7,989
Net cash flows from financing activity	<u>-</u>	<u>7,989</u>
Net change in cash and bank balances	(1,438)	(5,634)
Effect of foreign exchange rate changes	(242)	-
Cash and bank balances at beginning of period	40,016	73,803
Cash and bank balances at end of period	<u>38,336</u>	<u>68,169</u>
Cash and bank balances comprise:		
Cash on hand and at banks	6,102	1,832
Short-term deposits with licensed financial institutions	32,234	66,337
	<u>38,336</u>	<u>68,169</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 April 2016 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 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 2016. 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 2016.

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 2016 except for the adoption of the following standards effective for the financial year beginning 1 May 2016:

Effective for annual periods beginning on or after 1 January 2016

Annual Improvements to FRSs 2012–2014 Cycle

FRS 14 *Regulatory Deferral Accounts*

Amendments to FRS 10, FRS 12 and FRS 128: *Investment Entities: Applying the Consolidation Exception*

Amendments to FRS 11: *Accounting for Acquisitions of Interests in Joint Operations*

Amendments to FRS 101: *Disclosure Initiative*

Amendments to FRS 116 and FRS 138: *Clarification of Acceptable Methods of Depreciation and Amortisation*

Amendments to FRS 116 and FRS 141: *Agriculture: Bearer Plants*

Amendments to FRS 127: *Equity Method in Separate Financial Statements*

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").

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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

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

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

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

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

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

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.

In the current financial year, the FFB production will be affected by the laggard effect of the haze and dry weather caused by El Nino in the previous year (which was the most severe for the past 30 years).

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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 three months ended 31 July 2016.

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 2016.

A6. Changes in Debt and Equity Securities

There were no issuance, repurchase and repayment of debt and equity securities during the three months ended 31 July 2016.

A7. Dividend Paid

A second interim single-tier dividend of 8 sen in respect of financial year ended 30 April 2016 amounting to RM16,738,000 was declared on 29 June 2016 and paid on 19 August 2016.

A8. Segmental Information

(a) Business Segments

	Current Quarter Ended 31 July 2016 RM'000	Cumulative Three Months Ended 31 July 2016 RM'000
Segment Revenue		
Plantation revenue	64,748	64,748
Elimination of inter-segment sales	(10,533)	(10,533)
External sales	<u>54,215</u>	<u>54,215</u>

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

	Current Quarter Ended 31 July 2016 RM'000	Cumulative Three Months Ended 31 July 2016 RM'000
Segment Results		
Plantation:		
- Malaysia operations	11,427	11,427
- Indonesia operations	(1,019)	(1,019)
Investment holding	(4,791)	(4,791)
Profit before tax	5,617	5,617
Income tax expense	(2,333)	(2,333)
Profit for the period	3,284	3,284
		As at End of Current Quarter 31 July 2016 RM'000
Segment Assets		
Plantation		1,985,764
Investment holding		100,025
Consolidated total assets		2,085,789
Segment Liabilities		
Plantation		198,967
Investment holding		143,444
Consolidated total liabilities		342,411

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FOR THE FIRST QUARTER ENDED 31 JULY 2016****NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D****A8. Segmental Information - Cont'd****(b) Geographical Segments**

	Current Quarter Ended 31 July 2016 RM'000	Cumulative Three Months Ended 31 July 2016 RM'000
Segment Revenue		
Malaysia	52,426	52,426
Indonesia	1,789	1,789
Consolidated total revenue	<u>54,215</u>	<u>54,215</u>
Segment Results		
Malaysia	6,727	6,727
Indonesia	(1,267)	(1,267)
Singapore	157	157
Profit before tax	5,617	5,617
Income tax expense	(2,333)	(2,333)
Profit for the period	<u>3,284</u>	<u>3,284</u>
		As at End of Current Quarter 31 July 2016 RM'000
Segment Assets		
Malaysia		1,699,323
Indonesia		386,466
Consolidated total assets		<u>2,085,789</u>
Segment Liabilities		
Malaysia		296,838
Indonesia		45,137
Singapore		436
Consolidated total liabilities		<u>342,411</u>

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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 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 three months ended 31 July 2016.

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 2016.

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>8,078</u>
Capital expenditure approved but not contracted for:	
Additions of biological assets	31,808
Additions of prepaid land lease payments	10,105
Construction of new palm oil mills	144,733
Purchase of property, plant and equipment	<u>26,549</u>
	<u>213,195</u>
	<u>221,273</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 2016.

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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 JULY 2016

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

For the current quarter ended 31 July 2016, the Group's pretax profit of RM5.62 million (included unrealised foreign exchange loss of RM6 million on the USD loan) was 63% lower compared with RM15.08 million in the corresponding quarter of the preceding year. Excluding the unrealised foreign exchange loss, the Group's pretax profit would be RM11.62 million which was 23% lower compared with RM15.08 million in the corresponding quarter of the preceding year mainly due to lower FFB production as well as interest expense on the USD loan.

Comments on the business segments are as follows:

Plantation

Malaysia operations

Plantation profit of RM11.43 million was 17% lower compared with RM13.77 million in the corresponding quarter of the preceding year mainly due to lower FFB production by 15% or 13,935 tonnes.

Indonesia operations

Plantation loss of RM1.02 million in the current quarter mainly due to low FFB yield from the 1,667 hectares of newly matured palms that came into harvesting at the beginning of the current financial year.

Investment holding

Investment loss of RM4.79 million included unrealised foreign exchange loss of RM6 million on the USD loan. Excluding the unrealised foreign exchange loss, the investment profit would be RM1.21 million, which was marginally lower compared with RM1.31 million in the corresponding quarter of the preceding year.

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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 July 2016 of RM5.62 million (included unrealised foreign exchange loss of RM6 million on the USD loan) was 76% lower compared with RM23.57 million (included foreign exchange gain of RM10.66 million, of which RM4.02 million has been realised on the USD loan) in the preceding quarter. Excluding the foreign exchange loss/gain, the Group's pretax profit would be RM11.62 million which was 10% lower compared with RM12.91 million in the preceding quarter mainly due to low FFB yield from Indonesia operations.

Comments on the business segments are as follows:

Plantation

Malaysia operations

Plantation profit of RM11.43 million was 4% lower compared with RM11.90 million in the preceding quarter mainly due to higher FFB production cost.

Indonesia operations

Plantation loss of RM1.02 million in the current quarter compared with profit of RM1.20 million in the preceding quarter mainly due to low FFB yield from the 1,667 hectares of newly matured palms that came into harvesting at the beginning of the current financial year.

Investment holding

Investment loss of RM4.79 million for the current quarter included unrealised foreign exchange loss of RM6 million on the USD loan. In the preceding quarter, the investment profit of RM10.47 million included foreign exchange gain of RM10.66 million, of which RM4.02 million has been realised on the USD loan. Excluding the foreign exchange loss/gain, the investment profit for the current quarter would be RM1.21 million compared with a loss of RM188,000 in the preceding quarter.

B3. Current Year Prospects

The dry weather due to El Nino which affected the yield for the preceding financial year 2015/16 will continue into the first half of this financial year. However, the Group expects higher FFB output for the financial year ending 30 April 2017, with the additional 833 hectares came into maturity in Malaysia and the contribution from the newly acquired Indonesia plantations.

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FOR THE FIRST QUARTER ENDED 31 JULY 2016****NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D****B3. Current Year Prospects - Cont'd**

Management's priority remains focused on improving labour productivity, cost efficiency and better estate management practices.

Barring unforeseen circumstances, the Group expects satisfactory result for the current financial 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 three months ended 31 July 2016.

B5. Profit Before Tax

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

	Current Quarter Ended 31 July 2016 RM'000	Cumulative Three Months Ended 31 July 2016 RM'000
Dividend income	(342)	(342)
Gain on disposal of property, plant and equipment	(24)	(24)
Interest income	(292)	(292)
Net fair value (gains)/losses on financial assets at fair value through profit or loss:		
- realised	(290)	(290)
- unrealised	6	6
Net fair value gains on held-for-trading investments:		
- realised	(79)	(79)
- unrealised	(613)	(613)
Net foreign exchange (gain)/loss:		
- realised	(16)	(16)
- unrealised	5,406	5,406
Amortisation of prepaid land lease payments	417	417
Depreciation of property, plant and equipment	5,157	5,157
Fair value of share options expensed off	192	192
Interest expense	876	876
Property, plant and equipment written off	3	3

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

B5. Profit Before Tax - Cont'd

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

	Current Quarter Ended 31 July 2016 RM'000	Cumulative Three Months Ended 31 July 2016 RM'000
Current tax expense	2,761	2,761
Deferred tax expense	(428)	(428)
	<u>2,333</u>	<u>2,333</u>

The effective tax rate for the current quarter and current financial year-to-date was higher than the statutory tax rate due to certain expenses which are not deductible.

B7. Status of Corporate Proposals

Memorandum of Understanding ("MOU") entered into between the Company, Adhi Indrawan and Kartika Dianningsih Antono

On 29 July 2016, the Company entered into a MOU with Adhi Indrawan and Kartika Dianningsih Antono ("the Parties") with the intention of establishing a joint venture arrangement with PT Bintang Gemilang Permai ("BGP") which holds 99.9% equity interest in PT Wana Rindang Lestari ("WRL") which in turn holds the concession right to develop approximately 59,920 hectares of land within an industrial plantation forest area located in Central Sulawesi, Indonesia ("Proposed Joint Venture").

Both BGP and WRL are companies incorporated and domiciled in the Republic of Indonesia.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

B7. Status of Corporate Proposals - Cont'd

Memorandum of Understanding ("MOU") entered into between the Company, Adhi Indrawan and Kartika Dianningsih Antono - Cont'd

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

The MOU is a formal confirmation of the Parties' intention to evaluate the possibilities of pursuing the Proposed Joint Venture and to allow the Company to conduct the necessary due diligence in connection with the Proposed Joint Venture. The MOU will enable the Parties to further negotiate and execute definitive agreements within the exclusivity period.

The MOU is effective for a period of six (6) months from the date of the MOU.

B8. Group Borrowings and Debt Securities

At the end of the current quarter, the Group's borrowing was as follow:

	RM'000	Amount in Foreign Currency
Long-term borrowing:		
Term loan (secured)	142,919	USD35 million

There was no debt security as at 31 July 2016.

B9. Material Litigations

There was no material litigation since the last reporting date as at 30 April 2016.

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FOR THE FIRST QUARTER ENDED 31 JULY 2016****NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D****B10. Disclosure of Realised and Unrealised Profits/Losses**

	As at End of Current Quarter 31 July 2016 RM'000	As at Preceding Financial Year End 30 April 2016 RM'000
Total retained earnings of the Company and its subsidiaries:		
- realised	635,020	630,841
- unrealised	(39,473)	(22,963)
	<u>595,547</u>	<u>607,878</u>
Less: Consolidation adjustments	(2,450)	(2,292)
Total Group's retained earnings as per consolidated statement of financial position	<u>593,097</u>	<u>605,586</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:

	Current Quarter Ended 31 July 2016	Cumulative Three Months Ended 31 July 2016
Profit for the period attributable to owners of the Company (RM'000)	3,381	3,381
Weighted average number of ordinary shares in issue ('000 unit)	209,221	209,221
Basic earnings per share (sen)	<u>1.62</u>	<u>1.62</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.

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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 2016.

B13. Dividends

A second interim single-tier dividend of 8 sen in respect of financial year ended 30 April 2016 amounting to RM16,738,000 was declared on 29 June 2016 and paid on 19 August 2016.

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

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 22 September 2016.

By order of the Board,
Yong Yoke Hiong (MAICSA 7021707)
Pang Poh Chen (MACS 01405)
Company Secretaries
Melaka, 22 September 2016