

UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017****CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017**

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	31 October		31 October	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Revenue	80,990	74,444	151,280	128,659
Cost of sales	(55,674)	(41,945)	(111,096)	(81,061)
Gross profit	25,316	32,499	40,184	47,598
Other income	1,367	2,073	3,525	3,658
Selling and distribution expenses	(1,966)	(1,488)	(3,660)	(2,643)
Administrative expenses	(3,854)	(3,822)	(8,222)	(7,114)
Other expenses	(770)	(2,358)	(1,393)	(7,823)
Replanting expenses	(770)	(286)	(1,123)	(565)
Operating profit	19,323	26,618	29,311	33,111
Finance cost	(1,318)	(904)	(2,565)	(1,780)
Profit before tax	18,005	25,714	26,746	31,331
Income tax expense	(5,548)	(6,980)	(8,442)	(9,313)
Profit for the period	12,457	18,734	18,304	22,018
Profit for the period attributable to:				
Owners of the Company	12,862	18,503	19,188	21,884
Non-controlling interests	(405)	231	(884)	134
	12,457	18,734	18,304	22,018
Earnings per share attributable to owners of the Company:				
Basic (sen)	6.14	8.84	9.17	10.46
Diluted (sen)	6.14	8.84	9.16	10.46

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 30 April 2017 and the accompanying explanatory notes attached to the interim financial statements.

UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017****CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017**

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	31 October		31 October	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Comprehensive Income				
Profit for the period	12,457	18,734	18,304	22,018
Other comprehensive (loss)/income:				
Items that will be subsequently reclassified to profit or loss:				
Net gain on fair value changes of available-for-sale investments	-	2,292	-	1,526
Exchange differences on translation of foreign operations	(4,239)	4,316	(5,717)	11,541
	(4,239)	6,608	(5,717)	13,067
Total comprehensive income for the period	8,218	25,342	12,587	35,085
Total comprehensive income for the period attributable to:				
Owners of the Company	9,311	24,398	14,441	33,061
Non-controlling interests	(1,093)	944	(1,854)	2,024
	8,218	25,342	12,587	35,085

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 April 2017 and the accompanying explanatory notes attached to the interim financial statements.

UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at End of Current Quarter 31 October 2017	As at Preceding Financial Year End 30 April 2017
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	686,095	693,912
Biological assets	994,905	991,901
Prepaid land lease payments	131,229	132,527
Goodwill on consolidation	82,474	82,474
	<u>1,894,703</u>	<u>1,900,814</u>
Current Assets		
Inventories	29,103	20,735
Trade receivables	19,322	17,800
Other receivables	111,756	98,107
Held-for-trading investments	12,708	22,803
Held-to-maturity investments	60	301
Financial assets at fair value through profit or loss	4,637	48,375
Cash and bank balances	45,414	30,299
	<u>223,000</u>	<u>238,420</u>
TOTAL ASSETS	<u>2,117,703</u>	<u>2,139,234</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	210,845	209,494
Share premium	42,795	42,795
Other reserves	833,739	840,168
Retained earnings	650,591	660,958
Equity attributable to owners of the Company	<u>1,737,970</u>	<u>1,753,415</u>
Non-controlling interests	44,560	46,414
Total equity	<u>1,782,530</u>	<u>1,799,829</u>
Non-Current Liabilities		
Term loan	148,085	151,900
Retirement benefit obligation	606	365
Deferred tax liabilities	146,818	147,190
	<u>295,509</u>	<u>299,455</u>
Current Liabilities		
Trade payables	14,932	13,381
Other payables	18,946	22,065
Income tax payable	5,786	4,504
	<u>39,664</u>	<u>39,950</u>
Total liabilities	<u>335,173</u>	<u>339,405</u>
TOTAL EQUITY AND LIABILITIES	<u>2,117,703</u>	<u>2,139,234</u>
Net assets per share attributable to owners of the Company (RM)	<u>8.30</u>	<u>8.38</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 April 2017 and the accompanying explanatory notes attached to the interim financial statements.

UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 OCTOBER 2017**

	Attributable to Owners of the Company				Total	Non-Controlling Interests	Total Equity
	Share Capital	Share Premium	Other Reserves	Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Current 6 Months Ended 31 October 2017</u>							
Balance at 1 May 2017	209,494	42,795	840,168	660,958	1,753,415	46,414	1,799,829
Total comprehensive (loss)/income for the period	-	-	(4,747)	19,188	14,441	(1,854)	12,587
Transfer to retained earnings:							
Realisation of asset revaluation reserve upon depreciation	-	-	(1,825)	1,825	-	-	-
	-	-	(1,825)	1,825	-	-	-
Transactions with owners:							
Fair value of share options granted to eligible employees	-	-	240	-	240	-	240
Shares issued pursuant to Employee Share Option Scheme ("ESOS")	638	-	(79)	-	559	-	559
Employee share options forfeited	-	-	(18)	18	-	-	-
Executive Share Incentive Plan ("ESIP") expense	-	-	713	-	713	-	713
Shares issued pursuant to ESIP	713	-	(713)	-	-	-	-
Dividends	-	-	-	(31,398)	(31,398)	-	(31,398)
	1,351	-	143	(31,380)	(29,886)	-	(29,886)
Balance at 31 October 2017	210,845	42,795	833,739	650,591	1,737,970	44,560	1,782,530

UNITED MALACCA BERHAD (1319 - V)
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 OCTOBER 2017 - CONT'D**

	Attributable to Owners of the Company				Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Non-distributable Share Premium RM'000	Other Reserves RM'000	Distributable Retained Earnings RM'000			
6 Months Ended 31 October 2016							
Balance at 1 May 2016	209,221	42,795	851,049	605,586	1,708,651	42,412	1,751,063
Total comprehensive income for the period	-	-	11,177	21,884	33,061	2,024	35,085
Transfer to retained earnings:							
Realisation of asset revaluation reserve upon:							
- Depreciation	-	-	(1,432)	1,432	-	-	-
- Property, plant and equipment written off	-	-	(1)	1	-	-	-
	-	-	(1,433)	1,433	-	-	-
Transactions with owners:							
Fair value of share options granted to eligible directors and employees	-	-	384	-	384	-	384
Employee share options forfeited	-	-	(267)	267	-	-	-
Employee share options expired	-	-	(614)	614	-	-	-
Dividend	-	-	-	(16,738)	(16,738)	-	(16,738)
	-	-	(497)	(15,857)	(16,354)	-	(16,354)
Balance at 31 October 2016	209,221	42,795	860,296	613,046	1,725,358	44,436	1,769,794

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 April 2017 and the accompanying explanatory notes attached to the interim financial statements.

UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 OCTOBER 2017**

	<u>2017/2018</u> 6 Months Ended 31 October 2017 RM'000	<u>2016/2017</u> 6 Months Ended 31 October 2016 RM'000
Operating Activities		
Profit before tax	26,746	31,331
Adjustments for:		
Amortisation of prepaid land lease payments	1,597	745
Depreciation of property, plant and equipment	14,532	10,053
Dividend income	(308)	(507)
Fair value of share options expensed off	240	384
Gain on disposal of property, plant and equipment	(19)	(39)
Interest expense	2,565	1,780
Interest income	(400)	(434)
Net fair value (gains)/losses on financial assets at fair value through profit or loss:		
- realised	(961)	(563)
- unrealised	344	(1)
Net fair value (gains)/losses on held-for-trading investments:		
- realised	(1,888)	(415)
- unrealised	826	(793)
Property, plant and equipment written off	97	11
Unrealised foreign exchange loss	978	7,765
Operating cash flows before changes in working capital	44,349	49,317
Increase in inventories	(8,746)	(4,729)
Increase in trade and other receivables	(11,923)	(14,402)
(Decrease)/increase in trade and other payables	(1,149)	13,134
Cash flows from operations	22,531	43,320
Interest received	401	421
Interest paid	(2,487)	(1,623)
Income taxes refunded	1,716	192
Income taxes paid	(9,233)	(4,454)
Net cash flows from operating activities	12,928	37,856

UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 OCTOBER 2017 - CONT'D**

	<u>2017/2018</u> 6 Months Ended 31 October 2017 RM'000	<u>2016/2017</u> 6 Months Ended 31 October 2016 RM'000
Investing Activities		
Dividend received from:		
- available-for-sale investments	-	165
- held-for-trading investments	301	321
Purchase of:		
- financial assets at fair value through profit or loss	-	(7,300)
- held-for-trading investments	(12,053)	(14,462)
- property, plant and equipment	(16,466)	(9,194)
Proceeds from disposal of:		
- financial assets at fair value through profit or loss	44,355	-
- held-for-trading investments	22,918	11,563
- property, plant and equipment	53	39
Additions of:		
- biological assets	(5,438)	(7,424)
- prepaid land lease payments	(1,319)	(1,328)
Net withdrawal of held-to-maturity investments	241	786
Net cash flows from/(used in) investing activities	32,592	(26,834)
Financing Activities		
Dividends paid	(31,398)	(16,738)
Proceeds from exercise of:		
- employee share options under ESOS	559	-
- ESIP shares	713	-
Net cash flows used in financing activities	(30,126)	(16,738)
Net change in cash and bank balances	15,394	(5,716)
Effect of foreign exchange rate changes	(279)	(8)
Cash and bank balances at beginning of period	30,299	40,016
Cash and bank balances at end of period	45,414	34,292
Cash and bank balances comprise:		
Cash on hand and at banks	15,130	7,611
Short-term deposits with licensed financial institutions	30,284	26,681
	45,414	34,292

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 April 2017 and the accompanying explanatory notes attached to the interim financial statements.

UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017

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 2017. 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 2017.

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 2017 except for the adoption of the following standards effective for the financial year beginning 1 May 2017:

Effective for annual periods beginning on or after 1 January 2017

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 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").

UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017

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 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.

The FFB production for the current six months ended 31 October 2017 was 6% higher than that of the corresponding period in the preceding year mainly due to additional of 4,640 hectares came into harvesting (Malaysia - 1,679 hectares and Indonesia - 2,961 hectares).

UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017

NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the six months ended 31 October 2017.

A5. Material Changes in Estimates

There were no material changes in estimates that have a material effect against results in the current quarter and current financial year-to-date ended 31 October 2017.

A6. Changes in Debt and Equity Securities

There were no issuance, repurchase and repayment of debt and equity securities during the six months ended 31 October 2017 except for the followings:

- (a) issuance of 106,500 ordinary shares for cash pursuant to the Company's ESOS.
- (b) issuance of 109,800 ordinary shares pursuant to the Company's ESIP to the selected executives with the vesting period from 1 August 2017 to 31 October 2017.

During the current quarter, 515,000 new options were offered and accepted by the eligible employees pursuant to the ESOS, out of which 30% are exercisable into new ordinary shares with effect from 24 October 2017 and expiring 17 June 2020.

A7. Dividends Paid

The amount of dividends paid during the six months ended 31 October 2017 were as follows:

	RM'000
In respect of financial year ended 30 April 2017	
Second interim single-tier dividend of 12 sen per share, on 209,318,701 ordinary shares, paid on 24 August 2017	25,118
Special single-tier dividend of 3 sen per share, on 209,318,701 ordinary shares, paid on 24 August 2017	6,280
	<u>31,398</u>

UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017****NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D****A8. Segmental Information****(a) Business Segments**

	Current Quarter Ended 31 October 2017 RM'000	Cumulative Six Months Ended 31 October 2017 RM'000
Segment Revenue		
Plantation revenue	95,747	177,124
Elimination of inter-companies' sales	(14,757)	(25,844)
External sales	<u>80,990</u>	<u>151,280</u>
Segment Results		
Plantation:		
- Malaysian operations	20,279	30,260
- Indonesian operations	(1,008)	(2,030)
Investment holding	(1,266)	(1,484)
Profit before tax	<u>18,005</u>	<u>26,746</u>
Income tax expense	(5,548)	(8,442)
Profit for the period	<u>12,457</u>	<u>18,304</u>
		As at End of Current Quarter 31 October 2017 RM'000
Segment Assets		
Plantation		2,054,637
Investment holding		63,066
Consolidated total assets		<u>2,117,703</u>
Segment Liabilities		
Plantation		186,626
Investment holding		148,547
Consolidated total liabilities		<u>335,173</u>

UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017****NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D****A8. Segmental Information - Cont'd****(b) Geographical Segments**

	Current Quarter Ended 31 October 2017 RM'000	Cumulative Six Months Ended 31 October 2017 RM'000
Segment Revenue		
Malaysia	72,092	133,863
Indonesia	8,898	17,417
Consolidated total revenue	<u>80,990</u>	<u>151,280</u>
Segment Results		
Malaysia	20,555	32,426
Indonesia	(2,048)	(3,994)
Singapore	(502)	(1,686)
Profit before tax	18,005	26,746
Income tax expense	(5,548)	(8,442)
Profit for the period	<u>12,457</u>	<u>18,304</u>
		As at End of Current Quarter 31 October 2017 RM'000
Segment Assets		
Malaysia		1,669,495
Indonesia		448,099
Singapore		109
Consolidated total assets		<u>2,117,703</u>
Segment Liabilities		
Malaysia		289,648
Indonesia		45,510
Singapore		15
Consolidated total liabilities		<u>335,173</u>

UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017

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 October 2017 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 six months ended 31 October 2017.

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 2017.

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:	
Construction of new palm oil mill - Indonesia	77,893
Purchase of property, plant and equipment	22,669
	<u>100,562</u>
Capital expenditure approved but not contracted for:	
Additions of biological assets	21,034
Construction of new palm oil mill - Indonesia	2,835
Construction of new palm oil mill - Malaysia	56,402
Purchase of property, plant and equipment	16,452
	<u>96,723</u>
	<u>197,285</u>

A13. Related Party Disclosures

There were no transactions and balances with related party during the current quarter and current financial year-to-date ended 31 October 2017.

UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017****NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D****B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD****B1. Review of Performance****(a) Current Quarter vs. Preceding Year Corresponding Quarter**

	Individual Quarter		
	Current Quarter Ended 31 October 2017	Preceding Year Corresponding Quarter Ended 31 October 2016	Variance
	RM'000	RM'000	%
Revenue	80,990	74,444	9%
Operating profit/profit before interest and tax	19,323	26,618	-27%
Profit before tax	18,005	25,714	-30%
Profit after tax	12,457	18,734	-34%
Profit attributable to the owners of the Company	12,862	18,503	-30%
Additional information:			
Mature area (hectare)	25,029	20,397	23%
Immature area (hectare)	2,829	6,958	-59%
Total planted area (hectare)	27,858	27,355	2%
FFB production (tonne)	98,150	94,220	4%
FFB yield (tonne/hectare)	3.92	4.62	-15%
Average CPO price/tonne (RM)	2,707	2,727	-1%
Average PK price/tonne (RM)	2,522	2,777	-9%

The Group's pretax profit for the current quarter ended 31 October 2017 of RM18.01 million was 30% lower compared with RM25.71 million in the corresponding quarter of the preceding year.

This was mainly due to the extended wet weather since January 2017 in Sabah which has adversely affected the crop production in Meridian Estates. In addition, low FFB yield and high unit cost of production in the newly matured 4,640 hectares of oil palms (Malaysia - 1,679 hectares and Indonesia - 2,961 hectares) as well as higher depreciation have also contributed to lower pretax profit.

UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017****NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D****B1. Review of Performance - Cont'd****(a) Current Quarter vs. Preceding Year Corresponding Quarter - Cont'd**

Comments on the business segments are as follows:

PlantationMalaysian operations

Plantation profit of RM20.28 million was 25% lower compared with RM27.08 million in the corresponding quarter of the preceding year mainly due to lower FFB production from Meridian Estates in Sabah as a result of extended wet weather since January 2017. In addition, the newly matured palms of 1,679 hectares that came into harvesting at the beginning of the current financial year with low FFB yield and high unit cost of production had also contributed to lower plantation profit.

Indonesian operations

Plantation loss of RM1.01 million in the current quarter compared with a profit of RM0.79 million in the corresponding quarter of the preceding year was mainly due to lower FFB yield of 1.54 tonne/ha (preceding year: 2.43 tonne/ha) as well as high unit cost of production for the 2,961 hectares of newly matured palms (62% of total matured area) that came into harvesting at the beginning of the current financial year.

Investment holding

Investment loss of RM1.26 million in the current quarter was mainly due to interest expense of RM1.32 million as well as net foreign exchange loss of RM0.67 million.

Investment loss of RM2.16 million in the corresponding quarter of the preceding year was mainly due to net foreign exchange loss of RM2.28 million as well as interest expense of RM0.90 million.

	Individual Quarter		
	Current Quarter Ended 31 October 2017	Preceding Year Corresponding Quarter Ended 31 October 2016	Variance
	RM'000	RM'000	%
Interest and dividend income	326	351	-7%
Net gains on financial assets at fair value through profit or loss and held-for-trading investments	583	796	-27%
Interest expense	(1,318)	(904)	-46%
Net foreign exchange loss	(666)	(2,278)	71%
Other investment charges	(191)	(126)	-52%
	(1,266)	(2,161)	41%

UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017****NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D****B1. Review of Performance - Cont'd****(b) Current Year-to-date vs. Preceding Year-to-date**

	Cumulative Quarter		
	Current Year-to-date Ended 31 October 2017	Preceding Year-to-date Ended 31 October 2016	Variance
	RM'000	RM'000	%
Revenue	151,280	128,659	18%
Operating profit/profit before interest and tax	29,311	33,111	-11%
Profit before tax	26,746	31,331	-15%
Profit after tax	18,304	22,018	-17%
Profit attributable to the owners of the Company	19,188	21,884	-12%
Additional information:			
Mature area (hectare)	25,047	20,397	23%
Immature area (hectare)	2,811	6,958	-60%
Total planted area (hectare)	27,858	27,355	2%
FFB production (tonne)	181,634	171,848	6%
FFB yield (tonne/hectare)	7.25	8.43	-14%
Average CPO price/tonne (RM)	2,714	2,633	3%
Average PK price/tonne (RM)	2,308	2,627	-12%

The Group's pretax profit for the current six months ended 31 October 2017 of RM26.75 million was 15% lower compared with RM31.33 million in the preceding year.

This was mainly due to the extended wet weather since January 2017 in Sabah which has adversely affected the crop production in Meridian Estates. In addition, low FFB yield and high unit cost of production in the newly matured 4,640 hectares of oil palms (Malaysia - 1,679 hectares and Indonesia - 2,961 hectares) as well as higher depreciation have also contributed to lower pretax profit.

UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017****NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D****B1. Review of Performance - Cont'd****(b) Current Year-to-date vs. Preceding Year-to-date - Cont'd**

Comments on the business segments are as follows:

PlantationMalaysian operations

Plantation profit of RM30.26 million was 21% lower compared with RM38.51 million in the preceding year mainly due to lower FFB production from Meridian Estates in Sabah as a result of extended wet weather since January 2017. In addition, the newly matured palms of 1,679 hectares that came into harvesting at the beginning of the current financial year with low FFB yield and high unit cost of production had also contributed to lower plantation profit.

Indonesian operations

Higher plantation loss of RM2.03 million in the current year compared with a loss of RM0.18 million in the preceding year was mainly due to lower FFB yield of 2.95 tonne/ha (preceding year: 3.21 tonne/ha) as well as high unit cost of production for the 2,961 hectares of newly matured palms (62% of total matured area) that came into harvesting at the beginning of the current financial year.

Investment holding

Investment loss of RM1.48 million in the current year was mainly due to interest expense of RM2.57 million as well as net foreign exchange loss of RM0.95 million.

Investment loss of RM7.00 million in the preceding year was mainly due to net foreign exchange loss of RM7.71 million as well as interest expense of RM1.78 million.

	Cumulative Quarter		
	Current Year-to-date Ended 31 October 2017	Preceding Year-to-date Ended 31 October 2016	Variance
	RM'000	RM'000	%
Interest and dividend income	708	941	-25%
Net gains on financial assets at fair value through profit or loss and held-for-trading investments	1,679	1,772	-5%
Interest expense	(2,565)	(1,780)	-44%
Net foreign exchange loss	(945)	(7,713)	88%
Other investment charges	(361)	(218)	-66%
	(1,484)	(6,998)	79%

UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017****NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D****B2. Comparison with Preceding Quarter's Results**

	Individual Quarter		
	Current Quarter Ended 31 October 2017	Preceding Quarter Ended 31 July 2017	Variance
	RM'000	RM'000	%
Revenue	80,990	70,290	15%
Operating profit/profit before interest and tax	19,323	9,988	93%
Profit before tax	18,005	8,741	106%
Profit after tax	12,457	5,847	113%
Profit attributable to the owners of the Company	12,862	6,326	103%
Additional information:			
Mature area (hectare)	25,029	25,065	0%
Immature area (hectare)	2,829	2,706	5%
Total planted area (hectare)	27,858	27,771	0%
FFB production (tonne)	98,150	83,484	18%
FFB yield (tonne/hectare)	3.92	3.33	18%
Average CPO price/tonne (RM)	2,707	2,721	-1%
Average PK price/tonne (RM)	2,522	2,070	22%

The Group's pretax profit for the current quarter ended 31 October 2017 of RM18.01 million was 106% higher compared with RM8.74 million in the preceding quarter.

Higher profit was mainly due to higher FFB production by 18% as well as higher average price of palm kernel ("PK") by 22%.

Comments on the business segments are as follows:

PlantationMalaysian operations

Plantation profit of RM20.28 million was 103% higher compared with RM9.98 million in the preceding quarter mainly due to higher FFB production by 18% or 14,000 tonnes as well as higher average price of PK by 22% (RM2,522/tonne compared with RM2,070/tonne).

UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017

NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

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

Plantation - Cont'd

Indonesian operations

Plantation loss of RM1.01 million and RM1.02 million for both current and preceding quarters was mainly due to low FFB yield as well as high unit cost of production for the 2,961 hectares of newly matured palms (62% of total matured area) that came into harvesting at the beginning of the current financial year.

Investment holding

Investment loss of RM1.26 million and RM0.22 million were recorded in the current and preceding quarters mainly due to interest expense of RM1.32 million (preceding quarter: RM1.25 million) as well as net foreign exchange loss of RM0.67 million (preceding quarter: RM0.28 million).

	Individual Quarter		
	Current Quarter Ended 31 October 2017 RM'000	Preceding Quarter Ended 31 July 2017 RM'000	Variance %
Interest and dividend income	326	382	-15%
Net gains on financial assets at fair value through profit or loss and held-for-trading investments	583	1,096	-47%
Interest expense	(1,318)	(1,247)	-6%
Net foreign exchange loss	(666)	(279)	-139%
Other investment charges	(191)	(170)	-12%
	(1,266)	(218)	-481%

B3. Current Year Prospects

The Group expects higher FFB production for the financial year ending 30 April 2018 due to improved FFB yield from the young matured palms and an additional 4,640 hectares coming into maturity (Malaysia - 1,679 hectares and Indonesia - 2,961 hectares).

However, the higher FFB production will not translate into proportionately higher profit due to higher unit cost of production for the newly matured palms.

Assuming CPO prices remain at the current level, the Group expects satisfactory results for the financial year ending 30 April 2018.

UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017****NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D****B4. Variance of Actual Profit from Profit Forecast or Profit Guarantee**

No profit forecast or profit guarantee was issued by the Group during the six months ended 31 October 2017.

B5. Profit Before Tax

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

	Current Quarter Ended 31 October 2017 RM'000	Cumulative Six Months Ended 31 October 2017 RM'000
Dividend income	(129)	(308)
Gain on disposal of property, plant and equipment	-	(19)
Interest income	(197)	(400)
Net fair value (gains)/losses on financial assets at fair value through profit or loss:		
- realised	(547)	(961)
- unrealised	368	344
Net fair value (gains)/losses on held-for-trading investments:		
- realised	(1,254)	(1,888)
- unrealised	850	826
Net foreign exchange loss/(gain):		
- realised	61	(33)
- unrealised	605	978
Amortisation of prepaid land lease payments	795	1,597
Depreciation of property, plant and equipment	7,250	14,532
ESIP expense	713	713
Fair value of share options expensed off	120	240
Interest expense	1,318	2,565
Property, plant and equipment written off	30	97

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

UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017****NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D****B6. Income Tax Expense**

	Current Quarter Ended 31 October 2017 RM'000	Cumulative Six Months Ended 31 October 2017 RM'000
Current tax expense	5,099	8,799
Deferred tax expense	449	(357)
	<u>5,548</u>	<u>8,442</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**Proposed Acquisition by the Company of 60% Effective Equity Interest in PT Wana Rindang Lestari ("WRL") ("Proposed Acquisition")**

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

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

Pursuant to the CSPA and prior to the completion of the Proposed Acquisition, BGP which currently holds 99.96% equity interest in WRL, will undertake an internal company restructuring of equity ownership structures in BGP and WRL ("Proposed Internal Restructuring") whereby the current shareholders of BGP namely, Adhi Indrawan and Kartika Dianningsih Antono (who hold 75% and 25% equity interests in BGP respectively) will dispose of their entire stakes in BGP to Clifton and PT Sinar Kemilau Cemerlang ("SKC"). Simultaneously, the present shareholders of WRL namely, BGP and PT Mahkota Nughara Permai (which hold 99.96% and 0.04% equity interests in WRL respectively) will dispose of 7.64% and 0.04% of their respective stakes in WRL to SKC. As a result of the Proposed Internal Restructuring, Clifton will hold 65% equity interest in BGP which in turn will hold 92.32% equity interest in WRL (whilst the remaining stakes in both BGP and WRL will be held by SKC). The Proposed Internal Restructuring shall be implemented prior to the completion of the Proposed Acquisition.

UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017

NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

B7. Status of Corporate Proposals - Cont'd

Proposed Acquisition by the Company of 60% Effective Equity Interest in PT Wana Rindang Lestari ("WRL") ("Proposed Acquisition") - Cont'd

Upon completion of the Proposed Acquisition, the Company will effectively hold 60% equity interest in WRL, via its 100% owned subsidiary, Clifton. The Proposed Acquisition is expected to be completed before the end of the current financial year. For details of the Proposed Acquisition, please refer to the announcement to Bursa on even date.

B8. Group Borrowings and Debt Securities

At the end of the current quarter and preceding year corresponding quarter, the Group's borrowing was as follow:

	As at End of Current Quarter 31 October 2017	As at End of Preceding Year Corresponding Quarter 31 October 2016
Long-term borrowing (secured):		
USD term loan		
Amount as per consolidated statement of financial position (RM'000)	148,085	147,193
Amount in foreign currency (USD'000)	35,000	35,000
Exchange rate used: USD1 =	4.2310	4.2055

(a) The USD term loan is bearing interest at the rate of bank's cost of funds + 1% per annum.

(b) The Group does not hedge the USD term loan to Ringgit Malaysia ("RM").

There was no debt security as at 31 October 2017.

B9. Material Litigation

There was no material litigation since the last reporting date as at 30 April 2017.

UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017****NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D****B10. Disclosure of Realised and Unrealised Profits/Losses**

	As at End of Current Quarter 31 October 2017 RM'000	As at Preceding Financial Year End 30 April 2017 RM'000
Total retained earnings of the Company and its subsidiaries:		
- realised	693,406	698,364
- unrealised	(40,314)	(34,069)
	<u>653,092</u>	<u>664,295</u>
Less: Consolidation adjustments	(2,501)	(3,337)
Total Group's retained earnings as per consolidated statement of financial position	<u>650,591</u>	<u>660,958</u>

B11. 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.

Diluted 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, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflect the profit and share data used in the computation of basic and diluted earnings per share:

	Current Quarter Ended 31 October 2017	Cumulative Six Months Ended 31 October 2017
Profit for the period attributable to owners of the Company (RM'000)	<u>12,862</u>	<u>19,188</u>
Weighted average number of ordinary shares in issue ('000 unit)	209,421	209,355
Effects of dilution - share options ('000 unit)	<u>66</u>	<u>13</u>
Weighted average number of ordinary shares for diluted earnings per share computation ('000 unit)	<u>209,487</u>	<u>209,368</u>
Basic earnings per share (sen)	<u>6.14</u>	<u>9.17</u>
Diluted earnings per share (sen)	<u>6.14</u>	<u>9.16</u>

UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017

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 2017.

B13. Dividends

The directors declare a first interim single-tier dividend of 6 sen, in respect of current financial year ending 30 April 2018 (previous year 2016/2017: first interim single-tier dividend of 8 sen).

The first interim dividend will be paid on 8 February 2018.

B14. Closure of Books

NOTICE IS HEREBY GIVEN that a first interim single-tier dividend of 6 sen per share, in respect of the financial year ending 30 April 2018 will be paid on 8 February 2018 to shareholders whose names appear in the Record of Depositors and the Register of Members at the close of business at 5.00 p.m. on 26 January 2018.

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

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 26 January 2018 in respect of transfers;
- (b) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 24 January 2018 in respect of shares which are exempted from mandatory deposit;
- (c) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

B15. Authorised for Issue

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board on 18 December 2017.

By order of the Board,
Yong Yoke Hiong (MAICSA 7021707)
Pang Poh Chen (MACS 01405)
Company Secretaries
Melaka, 18 December 2017