

UNITED MALACCA BERHAD (1319 - V)

(Incorporated in Malaysia)

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

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	31 October		31 October	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Revenue	76,992	53,823	120,322	93,828
Cost of sales	(82,652)	(56,281)	(132,798)	(107,220)
Gross loss	(5,660)	(2,458)	(12,476)	(13,392)
Other income	2,552	1,647	5,327	3,292
Gain on disposal of non-current assets held for sale	49,303	-	103,196	-
Administrative expenses	(6,573)	(4,703)	(13,187)	(8,588)
Other expenses	(855)	(6,054)	(1,058)	(12,305)
Operating profit/(loss)	38,767	(11,568)	81,802	(30,993)
Finance costs	(3,143)	(1,753)	(6,000)	(3,277)
Profit/(loss) before tax	35,624	(13,321)	75,802	(34,270)
Income tax credit/(expense)	636	130	(3,339)	1,944
Profit/(loss) for the period	36,260	(13,191)	72,463	(32,326)
Other comprehensive income/(loss):				
Item that will be subsequently reclassified to profit or loss:				
Exchange differences on translation of foreign operations	1,617	(4,141)	5,725	(4,106)
	1,617	(4,141)	5,725	(4,106)
Total comprehensive income/(loss) for the period	37,877	(17,332)	78,188	(36,432)
Profit/(loss) for the period attributable to:				
Owners of the Company	36,890	(12,077)	73,837	(30,563)
Non-controlling interests	(630)	(1,114)	(1,374)	(1,763)
	36,260	(13,191)	72,463	(32,326)
Total comprehensive income/(loss) for the period attributable to:				
Owners of the Company	38,244	(15,553)	78,625	(34,009)
Non-controlling interests	(367)	(1,779)	(437)	(2,423)
	37,877	(17,332)	78,188	(36,432)
Earnings/(loss) per share attributable to owners of the Company:				
Basic (sen)	17.59	(5.76)	35.21	(14.58)
Diluted (sen)	17.59	(5.76)	35.21	(14.58)

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

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

	As at End of Current Quarter 31 October 2019 RM'000	As at Preceding Financial Year End 30 April 2019 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	1,416,682	1,375,402
Prepaid land lease payments	134,084	130,934
Goodwill on consolidation	82,474	82,474
Intangible asset	29,411	29,674
Other asset	3,173	2,702
	<u>1,665,824</u>	<u>1,621,186</u>
Current Assets		
Inventories	36,264	24,038
Biological assets	6,041	3,937
Trade and other receivables	77,529	80,334
Tax recoverable	-	3,762
Other investment	-	19
Financial assets at fair value through profit or loss	102,868	5,603
Cash and bank balances	35,102	46,854
	<u>257,804</u>	<u>164,547</u>
Non-current assets held for sale	-	69,509
	<u>257,804</u>	<u>234,056</u>
TOTAL ASSETS	<u>1,923,628</u>	<u>1,855,242</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	254,935	254,935
Other reserves	(6,052)	(10,894)
Retained earnings	1,135,741	1,074,485
Equity attributable to owners of the Company	<u>1,384,624</u>	<u>1,318,526</u>
Non-controlling interests	37,627	38,064
Total equity	<u>1,422,251</u>	<u>1,356,590</u>
Non-Current Liabilities		
Bank borrowings	80,886	67,322
Retirement benefit obligation	918	654
Other payable	1,869	-
Deferred tax liabilities	213,199	226,709
	<u>296,872</u>	<u>294,685</u>
Current Liabilities		
Bank borrowings	125,206	141,941
Trade and other payables	72,594	62,026
Tax payable	6,705	-
	<u>204,505</u>	<u>203,967</u>
Total liabilities	<u>501,377</u>	<u>498,652</u>
TOTAL EQUITY AND LIABILITIES	<u>1,923,628</u>	<u>1,855,242</u>
Net assets per share attributable to owners of the Company (RM)	<u>6.60</u>	<u>6.29</u>

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

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2019****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 OCTOBER 2019**

	Attributable to Owners of the Company				Total	Non-Controlling Interests	Total Equity
	Share Capital	Non-distributable Share Premium	Other Reserves	Distributable Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Period Ended 31 October 2019</u>							
Balance at 1 May 2019	254,935	-	(10,894)	1,074,485	1,318,526	38,064	1,356,590
Total comprehensive income/(loss) for the period	-	-	4,788	73,837	78,625	(437)	78,188
Transactions with owners:							
Fair value of share options granted to eligible employees	-	-	54	-	54	-	54
Dividend	-	-	-	(12,581)	(12,581)	-	(12,581)
	-	-	54	(12,581)	(12,527)	-	(12,527)
Balance at 31 October 2019	254,935	-	(6,052)	1,135,741	1,384,624	37,627	1,422,251

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

	Attributable to Owners of the Company				Total	Non-Controlling Interests	Total Equity
	Share Capital	Share Premium	Other Reserves	Distributable Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Period Ended 31 October 2018							
Balance at 1 May 2018	212,084	42,795	(15,798)	1,129,323	1,368,404	38,105	1,406,509
Total comprehensive loss for the period	-	-	(3,446)	(30,563)	(34,009)	(2,423)	(36,432)
Transactions with owners:							
Acquisition of subsidiary	-	-	-	-	-	991	991
Fair value of share options granted to eligible employees	-	-	177	-	177	-	177
Employee share options forfeited	-	-	(94)	94	-	-	-
Employee share options expired	-	-	(778)	778	-	-	-
Dividend	-	-	-	(12,581)	(12,581)	-	(12,581)
	-	-	(695)	(11,709)	(12,404)	991	(11,413)
Balance at 31 October 2018	212,084	42,795	(19,939)	1,087,051	1,321,991	36,673	1,358,664

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

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

	<u>Period Ended</u> <u>31 October 2019</u> <u>RM'000</u>	<u>Period Ended</u> <u>31 October 2018</u> <u>RM'000</u>
Operating Activities		
Profit/(loss) before tax	75,802	(34,270)
Adjustments for:		
Amortisation of intangible asset	268	-
Amortisation of prepaid land lease payments	1,646	1,537
Depreciation of property, plant and equipment	29,831	26,230
Fair value changes on biological assets (net)	(2,093)	674
Fair value of share options expensed off	54	177
Gain on disposal of:		
- non-current assets held for sale	(103,196)	-
- property, plant and equipment	(11)	(87)
Interest expense	6,000	3,277
Interest income	(579)	(1,516)
Property, plant and equipment written off	265	25
Realised fair value gains on financial assets at fair value through profit or loss	(751)	(385)
Unrealised foreign exchange (gain)/loss	(729)	11,357
Operating cash flows before changes in working capital	6,507	7,019
(Increase)/decrease in inventories	(11,893)	178
Decrease/(increase) in trade and other receivables	4,364	(6,517)
Increase in trade and other payables	12,407	1,182
Cash flows from operations	11,385	1,862
Interest received	577	1,498
Interest paid	(6,421)	(3,051)
Taxes refunded	286	-
Taxes paid	(7,302)	(6,809)
Net cash flows used in operating activities	(1,475)	(6,500)

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

	Period Ended 31 October 2019	Period Ended 31 October 2018
	RM'000	RM'000
Investing Activities		
Purchase of:		
- financial assets at fair value through profit or loss	(162,454)	-
- property, plant and equipment	(65,909)	(34,011)
Net proceeds from disposal of:		
- financial assets at fair value through profit or loss	65,940	10,000
- non-current assets held for sale	172,734	-
- property, plant and equipment	165	191
Additions of:		
- other asset	(402)	-
- prepaid land lease payments	(2,377)	(4,608)
Net withdrawal of other investment	19	25
Net cash outflow on acquisition of subsidiaries	-	(23,339)
Net cash flows from/(used in) investing activities	7,716	(51,742)
Financing Activities		
Dividend paid	(12,581)	(12,581)
Drawdown of term loan	12,132	17,669
Repayment of revolving credit	(17,669)	-
Net cash flows (used in)/from financing activities	(18,118)	5,088
Net change in cash and bank balances	(11,877)	(53,154)
Effect of foreign exchange rate changes	125	(735)
Cash and bank balances at beginning of period	46,854	99,557
Cash and bank balances at end of period	35,102	45,668
Cash and bank balances comprise:		
Cash on hand and at banks	9,064	2,420
Short-term deposits with licensed financial institutions	26,038	43,248
	35,102	45,668

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

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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2019

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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

A1. Basis of Preparation

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

The interim financial statements should be read in conjunction with the annual audited financial statements of the Group for the year ended 30 April 2019. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 April 2019.

A2. Changes in Accounting Policies

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

Effective for annual periods beginning on or after 1 January 2019

Amendments to MFRS 9 Prepayment Features with Negative Compensation

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

MFRS 16 *Leases*

MFRS 17 *Insurance Contracts*

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

Amendments to MFRS 119 Plan Amendment, Curtailment or Settlement

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

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

IC Interpretation 23 *Uncertainty over Income Tax Treatments*

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

Amendments to FRS 107: Disclosure Initiative

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

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

A3. Seasonal or Cyclical of Operations

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

The FFB production of the Group for the six months ended 31 October 2019 was 19% or 28,444 tonnes higher than that of the corresponding period in the preceding year.

For Malaysian operations, the FFB production for the six months ended 31 October 2019 rose 17% or 21,915 tonnes from the corresponding period in the preceding year mainly due to recovery of the palms from adverse weather in the past two years.

For Indonesian operations, the FFB production for the six months ended 31 October 2019 grew 38% or 6,529 tonnes from the corresponding period in the preceding year mainly due to improve in yields and productivity.

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the period ended 31 October 2019.

A5. Material Changes in Estimates

There were no material changes in estimates that have a material effect against results in the current quarter and current financial year-to-date ended 31 October 2019.

A6. Changes in Debt and Equity Securities

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

A7. Dividends Paid

The amount of dividend paid during the period ended 31 October 2019 was as follow:

RM'000

In respect of financial year ended 30 April 2019

Second interim single-tier dividend of 6 sen per share, on 209,691,201 ordinary shares, paid on 21 August 2019

12,581

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

	Current Quarter Ended 31 October 2019 RM'000	Cumulative 6 Months Ended 31 October 2019 RM'000
Segment Revenue		
Plantation revenue	85,760	138,981
Elimination of inter-companies' sales	(8,768)	(18,659)
External sales	<u>76,992</u>	<u>120,322</u>
Segment Profit/(Loss)		
Plantation:		
- Malaysian operations	(7,237)	(14,575)
- Indonesian operations (Kalimantan)	(2,491)	(7,629)
- Indonesian operations (Sulawesi)	(265)	(441)
Investment holding	(3,686)	(4,749)
Gain on disposal of non-current assets held for sale	49,303	103,196
Profit before tax	<u>35,624</u>	<u>75,802</u>
Income tax credit/(expense)	636	(3,339)
Profit for the period	<u>36,260</u>	<u>72,463</u>
		As at End of Current Quarter 31 October 2019 RM'000
Segment Assets		
Plantation		1,785,625
Investment holding		138,003
Consolidated total assets		<u>1,923,628</u>
Segment Liabilities		
Plantation		294,737
Investment holding		206,640
Consolidated total liabilities		<u>501,377</u>

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

	Current Quarter Ended 31 October 2019 RM'000	Cumulative 6 Months Ended 31 October 2019 RM'000
Segment Revenue		
Malaysia	56,657	97,700
Indonesia	20,335	22,622
Consolidated total revenue	<u>76,992</u>	<u>120,322</u>
Segment Profit/(Loss)		
Malaysia	40,700	87,170
Indonesia	(5,224)	(11,669)
Singapore	148	301
Profit before tax	<u>35,624</u>	<u>75,802</u>
Income tax credit/(expense)	636	(3,339)
Profit for the period	<u>36,260</u>	<u>72,463</u>
		As at End of Current Quarter 31 October 2019 RM'000
Segment Assets		
Malaysia		1,371,613
Indonesia		551,969
Singapore		46
Consolidated total assets		<u>1,923,628</u>
Segment Liabilities		
Malaysia		379,423
Indonesia		121,931
Singapore		23
Consolidated total liabilities		<u>501,377</u>

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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2019

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 2019 to the date of this announcement that had not been reflected in this interim financial statements.

A10. Changes in the Composition of the Group

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

A11. Changes in Contingent Liabilities and Contingent Assets

At the date of this report, no contingent liabilities and contingent assets had arisen since the end of preceding financial year 30 April 2019.

A12. Capital Commitments

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

	RM'000
Capital expenditure approved and contracted for:	
Additions of bearer plants	557
Purchase of other property, plant and equipment	8,359
	<u>8,916</u>
Capital expenditure approved but not contracted for:	
Additions of bearer plants	26,221
Construction of new palm oil mill - Malaysia	56,402
Purchase of other property, plant and equipment	23,829
	<u>106,452</u>
	<u>115,368</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 2019 except for the inter-companies' sales as disclosed in Note A8(a).

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2019****NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D****B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD****B1. Review of Performance****(a) Current Quarter vs. Preceding Year Corresponding Quarter**

	Individual Quarter		
	Current Quarter Ended 31 October 2019	Preceding Year Corresponding Quarter Ended 31 October 2018	Variance
	RM'000	RM'000	%
Revenue	76,992	53,823	43%
Operating profit/(loss)	38,767	(11,568)	435%
Profit/(loss) before tax	35,624	(13,321)	367%
Profit/(loss) after tax	36,260	(13,191)	375%
Profit/(loss) attributable to owners of the Company	36,890	(12,077)	405%
Additional information: <u>Breakdown of profit/(loss) before tax (RM'000)</u>			
Plantation:			
- Malaysian operations	(7,237)	(1,607)	-350%
- Indonesian operations (Kalimantan)	(2,491)	(4,288)	42%
- Indonesian operations (Sulawesi)	(265)	-	-100%
Investment holding	(3,686)	(7,426)	50%
Plantation + investment holding results	(13,679)	(13,321)	-3%
Gain on disposal of non-current assets held for sale	49,303	-	100%
Total profit/(loss) before tax	35,624	(13,321)	367%
<u>Planted area (hectare)</u>			
Mature area:			
- Malaysia	20,046	20,758	-3%
- Indonesia	5,282	5,176	2%
Total mature area	25,328	25,934	-2%
Immature area:			
- Malaysia	730	1,006	-27%
- Indonesia	1,940	1,252	55%
Total immature area	2,670	2,258	18%
Total planted area	27,998	28,192	-1%
<u>FFB production (tonne)</u>			
- Malaysia	77,734	74,162	5%
- Indonesia	13,973	11,721	19%
Total FFB production	91,707	85,883	7%

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
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	Individual Quarter		
	Current Quarter Ended 31 October 2019	Preceding Year Corresponding Quarter Ended 31 October 2018	Variance
Additional information (cont'd):			
<u>FFB yield (tonne/hectare)</u>			
- Malaysia	3.81	3.57	7%
- Indonesia	2.65	2.26	17%
Group FFB yield	3.57	3.31	8%
<u>Average price for Malaysian operations (RM)</u>			
Average CPO price/tonne	2,057	2,135	-4%
Average PK price/tonne	1,167	1,672	-30%
<u>Average price for Indonesian operations (RM)</u>			
Average CPO price/tonne	1,889	N/A	N/A
Average PK price/tonne	909	N/A	N/A

During the current quarter ended 31 October 2019, the Group recorded a pretax profit of RM35.62 million which included a gain on disposal of non-current assets held for sale of RM49.30 million. Excluding the gain on disposal of non-current assets held for sale, the Group recorded a pre-tax loss of RM13.68 million compared with a pre-tax loss of RM13.32 million in the corresponding quarter of the preceding year.

Comments on the business segments are as follows:

PlantationMalaysian operations

Plantation losses were recorded for current quarter and corresponding quarter of the preceding year amounting to RM7.24 million and RM1.61 million respectively.

The FFB production for the current quarter rose 5% or 3,572 tonnes from the corresponding quarter in the preceding year. However, higher plantation loss was recorded in the current quarter mainly due to lower average CPO price of RM2,057/tonne (preceding year: RM2,135/tonne) and PK price of RM1,167/tonne (preceding year: RM1,672/tonne).

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

B1. Review of Performance - Cont'd

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

Plantation - Cont'd

Indonesian operations (Kalimantan)

Plantation losses were recorded for current quarter and corresponding quarter of the preceding year amounting to RM2.49 million and RM4.29 million respectively mainly due to low CPO price and high unit cost of production arising from the young matured area of 3,490 hectares and 5,051 hectares respectively.

In the current quarter, FFB production in Indonesian operations grew by 19% or 2,252 tonnes. Lower plantation loss compared with the corresponding quarter of the preceding year mainly due to improvement in yields and reduction in operating costs in conjunction with the commissioning of the new oil mill in June 2019.

Indonesian operations (Sulawesi)

Plantation activity in Sulawesi has yet to commence as at the end of the current quarter. Loss of RM0.27 million in the current quarter was mainly due to amortisation of intangible asset (cost of investment of business licence "Izin Usaha Pemanfaatan Hasil Hutan Kayu Pada Hutan Tanaman Industri" ("HTI Licence") over an area measuring approximately 59,920 hectares in the Regencies of Tojo Una-Una and Morowali, Province of Central Sulawesi).

Investment Holding

Detailed breakdown of investment holding segment is as follows:

	Individual Quarter		
	Current Quarter Ended 31 October 2019	Preceding Year Corresponding Quarter Ended 31 October 2018	Variance
	RM'000	RM'000	%
Interest income	285	564	-49%
Fair value gains on financial assets at fair value through profit or loss	508	155	228%
Interest expense	(3,143)	(1,753)	-79%
Net foreign exchange loss	(1,140)	(6,250)	82%
Other investment charges	(196)	(142)	-38%
	(3,686)	(7,426)	50%

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

Investment loss of RM3.69 million in the current quarter was mainly attributable to interest expense of RM3.14 million and net foreign exchange loss of RM1.14 million, net of the fair value gains on financial assets at fair value through profit or loss of RM0.51 million and interest income of RM0.29 million.

Investment loss of RM7.43 million in the corresponding quarter of the preceding year was mainly attributable to net foreign exchange loss of RM6.25 million and interest expense of RM1.75 million, net of the interest income of RM0.56 million.

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

	Cumulative Quarter		
	Current Year-to-date Ended 31 October 2019	Preceding Year-to-date Ended 31 October 2018	Variance
	RM'000	RM'000	%
Revenue	120,322	93,828	28%
Operating profit/(loss)	81,802	(30,993)	364%
Profit/(loss) before tax	75,802	(34,270)	321%
Profit/(loss) after tax	72,463	(32,326)	324%
Profit/(loss) attributable to owners of the Company	73,837	(30,563)	342%
Additional information: <u>Breakdown of profit/(loss) before tax (RM'000)</u>			
Plantation:			
- Malaysian operations	(14,575)	(12,828)	-14%
- Indonesian operations (Kalimantan)	(7,629)	(8,431)	10%
- Indonesian operations (Sulawesi)	(441)	-	-100%
Investment holding	(4,749)	(13,011)	64%
Plantation + investment holding results	(27,394)	(34,270)	20%
Gain on disposal of non-current assets held for sale	103,196	-	100%
Total profit/(loss) before tax	75,802	(34,270)	321%

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	Cumulative Quarter		
	Current Year-to-date Ended 31 October 2019	Preceding Year-to-date Ended 31 October 2018	Variance
Additional information (cont'd):			
<u>Planted area (hectare)</u>			
Mature area:			
- Malaysia	20,046	20,758	-3%
- Indonesia	5,282	5,176	2%
Total mature area	25,328	25,934	-2%
Immature area:			
- Malaysia	730	1,006	-27%
- Indonesia	1,940	1,252	55%
Total immature area	2,670	2,258	18%
Total planted area	27,998	28,192	-1%
<u>FFB production (tonne)</u>			
- Malaysia	154,554	132,639	17%
- Indonesia	23,601	17,072	38%
Total FFB production	178,155	149,711	19%
<u>FFB yield (tonne/hectare)</u>			
- Malaysia	7.46	6.39	17%
- Indonesia	4.47	3.30	35%
Group FFB yield	6.85	5.77	19%
<u>Average price for Malaysian operations (RM)</u>			
Average CPO price/tonne	2,010	2,222	-10%
Average PK price/tonne	1,137	1,696	-33%
<u>Average price for Indonesian operations (RM)</u>			
Average CPO price/tonne	1,882	N/A	N/A
Average PK price/tonne	910	N/A	N/A

During the current six months ended 31 October 2019, the Group recorded a pretax profit of RM75.80 million which included a gain on disposal of non-current assets held for sale of RM103.20 million. Excluding the gain on disposal of non-current assets held for sale, the Group recorded a pre-tax loss of RM27.39 million compared with a pre-tax loss of RM34.27 million in the corresponding period of the preceding year.

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B1. Review of Performance - Cont'd

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

Comments on the business segments are as follows:

Plantation

Malaysian operations

Plantation losses were recorded for current six months and corresponding period of the preceding year amounting to RM14.58 million and RM12.83 million respectively.

The FFB production for the current six months rose 17% or 21,915 tonnes from the corresponding period in the preceding year. However, higher plantation loss was recorded in the current six months mainly due to lower average CPO price of RM2,010/tonne (preceding year: RM2,222/tonne) and PK price of RM1,137/tonne (preceding year: RM1,696/tonne).

Indonesian operations (Kalimantan)

Plantation losses were recorded for current six months and corresponding period of the preceding year amounting to RM7.63 million and RM8.43 million respectively mainly due to low CPO price and high unit cost of production arising from the young matured area of 3,490 hectares and 5,051 hectares respectively.

In the current six months, FFB production in Indonesian operations grew by 38% or 6,529 tonnes. Lower plantation loss compared with the corresponding period of the preceding year mainly due to improvement in yields and reduction in operating costs in conjunction with the commissioning of the new oil mill in June 2019.

Indonesian operations (Sulawesi)

Plantation activity in Sulawesi has yet to commence as at the end of current quarter. Loss of RM0.44 million in the current six months was mainly due to amortisation of intangible asset (cost of investment of HTI Licence over an area measuring approximately 59,920 hectares in the Regencies of Tojo Una-Una and Morowali, Province of Central Sulawesi).

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	Cumulative Quarter		
	Current Year-to-date Ended 31 October 2019	Preceding Year-to-date Ended 31 October 2018	Variance
	RM'000	RM'000	%
Interest income	579	1,516	-62%
Fair value gains on financial assets at fair value through profit or loss	751	385	95%
Interest expense	(6,000)	(3,277)	-83%
Net foreign exchange gain/(loss)	279	(11,359)	102%
Other investment charges	(358)	(276)	-30%
	(4,749)	(13,011)	64%

Investment loss of RM4.75 million in the current six months was mainly attributable to interest expense of RM6.00 million, net of the fair value gains on financial assets at fair value through profit or loss of RM0.75 million and interest income of RM0.58 million.

Investment loss of RM13.01 million in the corresponding period of the preceding year was mainly attributable to net foreign exchange loss of RM11.36 million and interest expense of RM3.28 million, net of the interest income of RM1.52 million.

B2. Comparison with Preceding Quarter's Results

	Individual Quarter		
	Current Quarter Ended 31 October 2019	Preceding Quarter Ended 31 July 2019	Variance
	RM'000	RM'000	%
Revenue	76,992	43,330	78%
Operating profit	38,767	43,035	-10%
Profit before tax	35,624	40,178	-11%
Profit after tax	36,260	36,203	0%
Profit attributable to owners of the Company	36,890	36,947	0%

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

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

	Individual Quarter		
	Current Quarter Ended 31 October 2019	Preceding Quarter Ended 31 July 2019	Variance
Additional information:			
<u>Breakdown of profit/(loss) before tax (RM'000)</u>			
Plantation:			
- Malaysian operations	(7,237)	(7,338)	1%
- Indonesian operations (Kalimantan)	(2,491)	(5,138)	52%
- Indonesian operations (Sulawesi)	(265)	(176)	-51%
Investment holding	(3,686)	(1,063)	-247%
Plantation + investment holding results	(13,679)	(13,715)	0%
Gain on disposal of non-current assets held for sale	49,303	53,893	-9%
Total profit/(loss) before tax	35,624	40,178	-11%
<u>Planted area (hectare)</u>			
Mature area:			
- Malaysia	20,046	20,663	-3%
- Indonesia	5,282	5,282	0%
Total mature area	25,328	25,945	-2%
Immature area:			
- Malaysia	730	559	31%
- Indonesia	1,940	1,614	20%
Total immature area	2,670	2,173	23%
Total planted area	27,998	28,118	0%
<u>FFB production (tonne)</u>			
- Malaysia	77,734	76,820	1%
- Indonesia	13,973	9,628	45%
Total FFB production	91,707	86,448	6%
<u>FFB yield (tonne/hectare)</u>			
- Malaysia	3.81	3.65	4%
- Indonesia	2.65	1.82	45%
Group FFB yield	3.57	3.29	9%
<u>Average price for Malaysian operations (RM)</u>			
Average CPO price/tonne	2,057	1,946	6%
Average PK price/tonne	1,167	1,094	7%
<u>Average price for Indonesian operations (RM)</u>			
Average CPO price/tonne	1,889	1,688	12%
Average PK price/tonne	909	920	-1%

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

During the current quarter ended 31 October 2019 and preceding quarter ended 31 July 2019, the Group recorded a pretax profit of RM35.62 million and RM40.18 million which included a gain on disposal of non-current assets held for sale of RM49.30 million and RM53.89 million respectively. Excluding the gain on disposal of non-current assets held for sale, the Group recorded a pre-tax loss of RM13.68 million compared with a pre-tax loss of RM13.72 million in the preceding quarter.

Comments on the business segments are as follows:

Plantation

Malaysian operations

Plantation losses were recorded for current and preceding quarters amounting to RM7.24 million and RM7.34 million respectively mainly due to low average CPO price (RM2,057/tonne and RM1,946/tonne) and PK price (RM1,167/tonne and RM1,094/tonne).

Indonesian operations (Kalimantan)

Plantation losses were recorded for current and preceding quarters amounting to RM2.49 million and RM5.14 million respectively mainly due to low CPO price and high unit cost of production for the young matured area of 3,490 hectares.

In the current quarter, FFB production in Indonesian operations grew by 45% or 4,345 tonnes. Lower plantation loss compared with the preceding quarter mainly due to improvement in yields.

Indonesian operations (Sulawesi)

Plantation activity in Sulawesi has yet to commence as at the end of the current quarter. Loss of RM0.27 million and RM0.18 million in the current and preceding quarters respectively was mainly due to amortisation of intangible asset (cost of investment of HTI Licence over an area measuring approximately 59,920 hectares in the Regencies of Tojo Una-Una and Morowali, Province of Central Sulawesi).

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

Investment Holding

Detailed breakdown of investment holding segment is as follows:

	Individual Quarter		
	Current Quarter Ended 31 October 2019	Preceding Quarter Ended 31 July 2019	Variance
	RM'000	RM'000	%
Interest income	285	294	-3%
Fair value gains on financial assets at fair value through profit or loss	508	243	109%
Interest expense	(3,143)	(2,857)	-10%
Net foreign exchange (loss)/gain	(1,140)	1,419	-180%
Other investment charges	(196)	(162)	-21%
	(3,686)	(1,063)	-247%

Investment loss of RM3.69 million in the current quarter was mainly attributable to interest expense of RM3.14 million and net foreign exchange loss of RM1.14 million, net of the fair value gains on financial assets at fair value through profit or loss of RM0.51 million and interest income of RM0.29 million.

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

B3. Current Year Prospects

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

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

Management expects higher CPO price in the second half of the financial year and this is expected to improve the Group's financial results.

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

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

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B5. Profit Before Tax

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

	Current Quarter Ended 31 October 2019 RM'000	Cumulative 6 Months Ended 31 October 2019 RM'000
Fair value changes on biological assets (net)	(1,895)	(2,093)
Gain on disposal of:		
- non-current assets held for sale	(49,303)	(103,196)
- property, plant and equipment	-	(11)
Interest income	(285)	(579)
Realised fair value gains on financial assets at fair value through profit or loss	(508)	(751)
Amortisation of intangible asset	134	268
Amortisation of prepaid land lease payments	813	1,646
Depreciation of property, plant and equipment	15,519	29,831
Fair value of share options expensed off	27	54
Net foreign exchange loss/(gain):		
- realised	514	450
- unrealised	626	(729)
Interest expense	3,143	6,000
Property, plant and equipment written off	214	265

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

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

B6. Income Tax (Credit)/Expense

	Current Quarter Ended 31 October 2019 RM'000	Cumulative 6 Months Ended 31 October 2019 RM'000
Current tax expense	634	1,576
Real property gain tax	7,074	15,887
Deferred tax expense	(8,344)	(14,124)
	<u>(636)</u>	<u>3,339</u>

The gain on disposal of non-current assets held for sale of RM49,303,000 and RM103,196,000 for the current quarter and current six months respectively was non-taxable under corporate income tax but subject to real property gain tax of 10%. The reversal of deferred tax expense was due to reversal of deferred tax liabilities in relation to non-current assets held for sale as well as recognition of deferred tax income arising from losses in the Malaysian and Indonesian operations.

B7. Status of Corporate Proposals

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

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

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

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

B7. Status of Corporate Proposals - Cont'd

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

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

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

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

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

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

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

On 2 October 2019, UMB announced that it has received the balance sale consideration of RM70,516,246.50 for the Tampin Estate and Pelin Estate. Therefore the CSPA(s) for the Tampin Estate and Pelin Estate have been completed.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - CONT'D

B8. Group Borrowings and Debt Securities

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

As at End of Current Quarter 31 October 2019

	Foreign Currency	RM Equivalent RM'000
Secured:		
Long-term		
- Term loan (USD'000)	5,000	20,867
- Term loan (IDR million)	202,084	60,019
Short-term		
- Term loan (USD'000)	15,000	62,603
- Revolving credit - 1 (USD'000)	15,000	62,603
Total bank borrowings		206,092
Exchange rate used:	USD1 =	4.1735
	IDR1,000 =	0.297

As at End of Preceding Year Corresponding Quarter 31 October 2018

	Foreign Currency	RM Equivalent RM'000
Secured:		
Long-term		
- Term loan (USD'000)	20,000	83,680
Short-term		
- Term loan (USD'000)	15,000	62,760
- Revolving credit - 2 (USD'000)	4,314	18,051
Total bank borrowings		164,491
Exchange rate used:	USD1 =	4.1840

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

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B8. Group Borrowings and Debt Securities - Cont'd

There was no debt security as at 31 October 2019.

B9. Material Litigation

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

B10. Disclosure of Realised and Unrealised Profits/Losses

	As at End of Current Quarter 31 October 2019	As at Preceding Financial Year End 30 April 2019
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries:		
- realised	689,788	637,864
- unrealised	460,196	448,850
	<u>1,149,984</u>	<u>1,086,714</u>
Less: Consolidation adjustments	(14,243)	(12,229)
Total Group's retained earnings as per consolidated statement of financial position	<u>1,135,741</u>	<u>1,074,485</u>

B11. Earnings Per Share

(a) Basic earnings per share

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

	Current Quarter Ended 31 October 2019	Cumulative 6 Months Ended 31 October 2019
Profit for the period attributable to owners of the Company (RM'000)	36,890	73,837
Weighted average number of ordinary shares in issue ('000 unit)	209,691	209,691
Basic earnings per share (sen)	<u>17.59</u>	<u>35.21</u>

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B11. Earnings Per Share - Cont'd

(b) Diluted earnings per share

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

B12. Auditors' Report on Preceding Annual Financial Statements

There were no qualifications in the auditors' report of the Group's latest annual financial statements ended 30 April 2019.

B13. Dividends

The directors declare a first interim single-tier dividend of 2 sen in respect of the financial year ending 30 April 2020 (previous year 2019: a first interim single-tier dividend of 2 sen).

The second interim dividend will be paid on 22 January 2020.

B14. Closure of Books

NOTICE IS HEREBY GIVEN that a first interim single-tier dividend of 2 sen per share, in respect of the financial year ending 30 April 2020 will be paid on 22 January 2020 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 13 January 2020.

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

- (a) Shares transferred into the Depositor's Securities Account before 4.30 p.m. on 13 January 2020 in respect of transfers;
- (b) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 9 January 2020 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.

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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 2019.

By order of the Board,
Yong Yoke Hiong (MAICSA 7021707)
Pang Poh Chen (MACS 01405)
Company Secretaries
Melaka, 18 December 2019