

PINEHILL PACIFIC BERHAD

(formerly known as Multi Vest Resources Berhad)

(Company No.: 000222 D)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2010

The figures have not been audited

	Note	Current Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
		31/12/10 RM'000	31/12/09 RM'000	31/12/10 RM'000	31/12/09 RM'000
Revenue	9	13,457	11,521	26,091	24,144
Direct operating Expenses		(4,396)	(4,238)	(8,017)	(9,514)
Gross profit		9,061	7,283	18,074	14,630
Distribution costs		(129)	(172)	(275)	(352)
Administration expenses		(4,786)	(4,938)	(13,289)	(8,065)
Other operating income		31	(16)	33	12
		4,177	2,157	4,543	6,225
Finance costs		(1,843)	(1,794)	(3,604)	(6,778)
Finance income		2	13	4	30
Profit/(Loss) before tax	9	2,336	376	943	(523)
Income taxation expenses	19	(345)	(139)	(1,450)	(212)
Profit/(Loss) for the period		1,991	237	(507)	(735)
Profit/(Loss) for the period attributable to:					
Equity holders of the company		2,297	723	1,359	(309)
Minority interests		(306)	(486)	(1,866)	(426)
		1,991	237	(507)	(735)
Earnings per share, attributable to equity holders of the company (sen):	27				
Basic		1.53	0.48	0.91	(0.21)

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2010

The figures have not been audited

	Note	Current Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
		31/12/10 RM'000	31/12/09 RM'000	31/12/10 RM'000	31/12/09 RM'000
Profit for the period		1,991	237	(507)	(735)
Currency translation difference arising from consolidation (equity portion)		(23)	(3)	443	(359)
Total Comprehensive income		<u>1,968</u>	<u>234</u>	<u>(64)</u>	<u>(1,094)</u>
Total comprehensive income attributable to:					
Equity holders of the company		2,280	721	1,684	(574)
Minority interests		(312)	(487)	(1,748)	(520)
		<u>1,968</u>	<u>234</u>	<u>(64)</u>	<u>(1,094)</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statement of Financial Position As At 31 December 2010

Dated issued : 18/01/11

	Note	Unaudited as at 31/12/10 RM'000	Audited as at 30/06/10 RM'000 (restated)
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	10	64,157	66,300
Prepaid Lease payments		22,919	22,273
Biological assets		309,230	308,131
		396,306	396,704
Current assets			
Inventories		1,278	1,142
Trade receivables		2,247	541
Other current assets		705	935
Cash and bank balances		5,100	4,137
		9,330	6,755
Total assets		405,636	403,459
<u>EQUITY AND LIABILITIES</u>			
Equity attributable to equity holders of the company			
Share capital		74,902	149,804
Share premium		-	200,612
Revaluation reserve		74,446	74,446
Exchange reserve		319	(124)
Retained earnings		(32,342)	(309,215)
		117,325	115,523
Minority interests		77,989	79,737
Total equity		195,314	195,260
Non-current liabilities			
Long term borrowings		92,141	89,559
Deferred tax liabilities		87,514	87,514
		179,655	177,073
Current liabilities			
Trade and other payables		17,116	17,578
Short term borrowings		6,488	6,271
Current tax payable		7,063	7,277
		30,667	31,126
Total liabilities		210,322	208,199
Total equity and liabilities		405,636	403,459
 Net assets per share attributable to ordinary equity holders of the company (RM)			
		0.78	0.77

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statement of Changes in Equity for the Quarter Ended 31 December 2010

The figures have not been audited

	Equity Attributable to Equity Holders of the Company						Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Exchange Reserve RM'000	Retained Earnings RM'000	Total RM'000		
Six Months Ended 31 December 2010								
At 1 July 2010	149,804	200,612	74,446	(124)	(309,215)	115,523	79,737	195,260
Capital reduction and utilisation of share premium	(74,902)	(200,612)	-	-	275,514	-	-	-
Total comprehensive income for the period	-	-	-	443	1,359	1,802	(1,748)	54
At 31 December 2010	74,902	-	74,446	319	(32,342)	117,325	77,989	195,314
Six Months Ended 31 December 2009								
At 1 July 2009	149,804	200,612	73,510	219	(302,400)	121,745	81,714	203,459
Total comprehensive income for the period	-	-	-	(359)	(309)	(668)	(520)	(1,188)
At 31 December 2009	149,804	200,612	73,510	(140)	(302,709)	121,077	81,194	202,271

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Cash Flow Statements for the Quarter 31 December 2010

The figures have not been audited

	6 Months Ended	
	31/12/10	31/12/09
	RM'000	RM'000
Net cash from operating activities	7,812	17,069
Net cash used in investing activities	(3,641)	(3,562)
Net cash used in financing activities	(6,040)	(8,166)
Net decrease in cash and cash equivalents	(1,869)	5,341
Cash and cash equivalents at beginning of financial period	4,137	429
Effects of foreign exchange rate changes	2,832	(1,502)
Cash and cash equivalents at end of financial period	<u>5,100</u>	<u>4,268</u>

Cash and cash equivalents at the end of the financial period comprise the following:

	As at 31/12/10 RM'000	As at 31/12/09 RM'000
Bank balances and cash	2,174	557
Deposits with licensed banks	2,926	3,711
	<u>5,100</u>	<u>4,268</u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.

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PART A - EXPLANATORY NOTES PURSUANT TO FRS 134

1. Basis of Preparation

The interim financial statements are unaudited and are prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2010. 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 June 2010.

2. Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 June 2010 except for the adoption of the new / revised Financial Reporting Standards (FRS). Amendments to FRSs and Issues Committee ("IC") Interpretations that are effective for financial year beginning 1 July 2010.

On 1 July 2010, the Group adopted the following FRSs:-

FRSs, Amendments to FRSs and Interpretations

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 2	Share-based Payment: Vesting Condition and Cancellation
Amendments to FRS 5	Non Current Assets Held for Sale and Discontinued Operations
Amendments to FRS 8	Operating Segments
Amendments to FRS 107	Statement of Cash Flows
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to FRS 110	Events After the Balance Sheet Date
Amendments to FRS 116	Property, Plant and Equipment
Amendments to FRS 117	Leases
Amendments to FRS 118	Revenue
Amendments to FRS 119	Employee Benefits
Amendments to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendments to FRS 123	Borrowing Costs
Amendments to FRS 1 and FRS 127	First-Time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly-Controlled Equity or Associate

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Amendments to FRS 128	Investments in Associates
Amendments to FRS 129	Financial Reporting in Hyperinflationary Economies
Amendments to FRS 131	Interests in Joint Ventures
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 136	Impairment of Assets
Amendments to FRS 138	Intangible Assets
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139, FRS 7 and IC Interpretation 9	Financial Instruments: Recognition and Measurement, Disclosure and Reassessment of Embedded Derivatives
Amendments to FRS 140	Investment Property
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Other than for the application of FRS 101, FRS 117 and FRS 139, the application of the above FRSs, Amendments to FRS and Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

(a) FRS 101: Presentation of Financial Statement (FRS 101)

Prior to 1 January 2010, the components of a set of financial statements consisted of a balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the financial statements.

Upon the adoption of the revised FRS 101, a set of financial statements shall now comprise a statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flow and notes to the financial statements. The statement of comprehensive income consists of profit or loss and other comprehensive income for the period. All non-owner changes in equity previously presented in the consolidated statement of changes in equity are now presented in the statement of comprehensive income as components in other comprehensive income.

The comparative financial information on the consolidated statement of comprehensive income have been re-presented as summarized below so that it is in conformity with the revised standard:

	Consolidated Income Statement <u>As previously reported</u> RM'000	Effects on adoption of FRS 101 RM'000	Consolidated Statement of Comprehensive Income <u>As restated</u> RM'000
Profit for the period	(735)	-	(735)
Other comprehensive income			
Exchange loss on translation of a foreign operation		(359)	(359)
Total comprehensive income			(1,094)

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(b) Amendment to FRS 117: Leases

Prior to the adoption of the Amendment to FRS 117, leasehold land that normally had an indefinite economic life and where title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring a leasehold land was accounted for as prepaid lease payments that were amortised over the lease term in accordance with the pattern of benefits provided.

Upon the adoption of the Amendment to FRS 117 in relation to classification of lease of land, the Group reassessed the classification of a leasehold land as a finance lease or an operating lease based on the extend of risks and rewards associated with the land. The Group has determined that all leasehold land of the Group in Malaysia are in substance finance leases and has reclassified its leasehold land from prepaid land lease payments to property, plant and equipment.

The reclassifications has been made retrospectively and does not affect the profit and loss for the current quarter ended 31 Dec 2010 and the preceding year corresponding quarter ended 31 Dec 2009.

The effects of the reclassification on the consolidated statement of financial position as at 30 June 2010 are as follows:

	Consolidated Balance Sheet <u>As previously reported</u> RM'000	Effects on adoption of FRS 117 RM'000	Consolidated Statement of Financial Position <u>As restated</u> RM'000
Property, plant and Equipment	11,995	54,305	66,300
Prepaid lease payments	76,578	(54,305)	22,273

(c) FRS 139: Financial Instruments - Recognition and Measurement (FRS 139)

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the instruments at the balance sheet date reflects the designation of the financial instruments. The Group determines the classification at initial recognition and for the purpose of the first adoption of the standard, as at transitional date on 1 January 2010.

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Financial assets

Financial assets are classified as financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial assets include cash and short-term deposits, loans and receivables and AFS investments.

(i) Loans and receivables

Prior to 1 January 2010, loans and receivables were stated at gross receivables less provision for doubtful debts. Under FRS 139, loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest rate ("EIR") method. Gains and losses arising from the derecognition of the loans and receivables. EIR amortisation and impairment losses are recognised in profit and loss.

Financial Liabilities

Financial liabilities are classified as financial liabilities at fair value through profit and loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include trade and other payables, and are carried at amortised cost.

3. Qualification On preceding Financial Statements

The preceding annual financial statements of the Group as at 30 June 2010 were reported on without any qualification.

4. Seasonal or Cyclical Factors

There was no variation of financial results from the immediate preceding quarter to the current quarter due to seasonal or cyclical factors except for the production of fresh fruit bunches ("FFB").

5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income Or Cash Flows

There was no unusual nature and amount of items affecting assets, liabilities, equity, net income or cash flows.

6. Changes In Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

7. Changes In Debt And Equity Securities

There was no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares in the current financial under review.

8. Dividend Paid

There were no dividends paid during the current quarter.

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9. Segment Information

Analysis by activity of the Group:

	Current Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	31/12/10 RM'000	31/12/09 RM'000	31/12/10 RM'000	31/12/09 RM'000
Revenue:				
Plantation				
- Malaysia	13,455	11,521	26,089	24,144
- Indonesia	2	-	2	-
	<u>13,457</u>	<u>11,521</u>	<u>26,091</u>	<u>24,144</u>
Investment holding	-	-	-	-
	<u>13,457</u>	<u>11,521</u>	<u>26,091</u>	<u>24,144</u>
Profit/(Loss) before tax:				
Plantation Malaysia	5,845	3,843	11,758	7,988
Plantation Indonesia	(1,250)	(1,202)	(6,240)	(708)
	<u>4,595</u>	<u>2,641</u>	<u>5,518</u>	<u>7,280</u>
Investment holding	(418)	(484)	(975)	(1,055)
	<u>4,177</u>	<u>2,157</u>	<u>4,543</u>	<u>6,225</u>
Finance expense	(1,843)	(1,794)	(3,604)	(6,778)
Finance income	2	13	4	30
	<u>2,336</u>	<u>376</u>	<u>943</u>	<u>(523)</u>

10. Valuation Of Property, Plant and Equipment

The valuation of property, plant and equipment has been brought forward and without amendment from the previous annual financial statement.

11. Material Events Subsequent To The Interim Period

Except as disclosure in item 22, there was no material events subsequent to the end of the period reported that have not been reflected in the financial statements for the said period to the date of issue of the interim financial report.

12. Changes In The Composition of the Group

There is no changes in the composition of the Group for the current quarter including business combination, disposal of subsidiaries and long term investments and discontinuing operations.

13. Contingent Liabilities And Contingent Assets

The movement in contingent liability from the last balance sheet date is as follow:

	31/12/10 RM'000	31/12/09 RM'000
Corporate Guarantee	124,865	4,865
Total	<u>124,865</u>	<u>4,865</u>

14. Capital Commitments

There is no capital commitment from the last balance sheet date.

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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

15. Review of Performance

The performance of the Group was mainly contributed by the plantation subsidiaries.

The profit before taxation and minority interests of the plantation subsidiaries for the current quarter were due to the factors as mentioned in note 16.

16. Comparison With Preceding Quarter Results & Financial Year Todate

The group performance improve to RM2.34 million from loss before taxation and minority interests for the current quarter as compared to a loss of RM1.39 million in the preceding quarter.

The improvement is mainly due to the increased in the average CPO price by 21% from RM2,613 to RM3,158.

For financial year todate, the Group recorded a profit before taxation and minority interests of RM0.94 million for current financial year ended 31 Dec 2010 as compared to a loss of RM0.52 million for the previous financial year ended 31 Dec 2009. The improvement in Group profit is mainly due to the increased in average CPO price by 29% from RM2,885 to RM2,237 after taking into consideration RM1.9 million in foreign exchange loss for current financial year ended 31 Dec 2010.

17. Current Year Prospect

The average CPO price for the current quarter was RM3,158 per metric tonne, which was higher compared to the average of immediate preceding quarter of RM2,613 per metric tonne. The current average CPO price is about RM3,300 per metric tonne. We expect the performance of the group to be challenging in the coming months in view of the fluctuation in production of FFB and CPO price.

18. Variances From Profit Forecast And Shortfall In Profit Guarantee

Not applicable since the company has not committed to any profit forecast and profit guarantee.

19. Taxation

Income tax expense comprises the following:

	Current Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	31/12/10 RM'000	31/12/09 RM'000	31/12/10 RM'000	31/12/09 RM'000
Malaysian taxation:				
Group Companies				
Current period provision	233	139	1,338	212
(Over)/Under provision in prior years	112	-	112	-
Total	<u>345</u>	<u>139</u>	<u>1,450</u>	<u>212</u>

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20. Profits / (Losses) On Sale Of Unquoted Investment And/Or Properties

There is no sale of unquoted investments and/or properties for the current quarter and financial period-to-date.

21. Quoted Securities

There was no purchase or disposal of quoted securities during the current quarter and financial period-to-date.

22. Status of Corporate Proposals

On 11 August 2010, the Company announced that it will undertake the following proposals:

- (i) The Company's share premium be reduced by RM200,612,049 under Section 64 of the Companies Act 1965 to reduce the accumulated losses of the Company.
- (ii) The establishment of an Employee Share Option Scheme ("ESOS") for eligible employees and directors of the Company and its subsidiaries.
- (iii) Proposed amendment to the Memorandum of Association of the Company ("MA") to facilitate the change in the par value of the Mvest Shares resulting from the Proposed Capital Reduction ("Proposed Amendment to the MA"); and
- (iv) Proposed change of name of the Company from Multi Vest Resources Berhad to Pinehill Pacific Berhad ("Proposed Change of Name").

The above proposals were approved by the shareholders at the Company's Extraordinary General Meeting on 18 October 2010. The capital reduction exercise and utilisation of the share premium was completed on 15 December 2010. The change of name was submitted to Bursa on 18 January 2011.

23. Group Borrowings

The borrowings and debt securities of the Group as at the end of the reporting period are as follows:

	RM'000
<u>Short-term borrowings</u>	
Secured	
Denominated in Ringgit Malaysia	6,488
<u>Long-term borrowings</u>	
Secured	
Denominated in Ringgit Malaysia	92,141

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24. Off Balance Sheet Financial Instruments

There was no financial instrument with off-balance sheet risk as at the date of issue of the quarterly report.

25. Material Litigation

There was no pending material litigation of the group since the last annual balance sheet date up to the date of this report.

26. Dividend Payable

No dividend has been recommended or declared for the current quarter.

27. Earnings per Share

	Current Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	31/12/10	31/12/09	31/12/10	31/12/09
(a) Basic				
Profit/(Loss) attributable to ordinary equity holders of the company (RM'000)	2,297	723	1,359	(309)
Weighted average number of ordinary shares in issue ('000)	149,804	149,804	149,804	149,804
Basic earnings per share (sen)	1.53	0.48	0.91	(0.21)

28. Realised and Unrealised Profits or Losses Disclosure

	Current financial period / financial year 31/12/10 RM'000	As at the end of last financial year 30/06/10 RM'000
Total retained profits / (accumulated losses) of the Company and its subsidiaries:		
- Realised	(27,201)	(307,622)
- Unrealised	(5,141)	(1,593)
	<u>(32,342)</u>	<u>(309,215)</u>

29. Authorisation For Issue Off The Interim Financial Statements

The current interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 18 January 2011.