

MHC Plantations Bhd (4060-V)

Condensed Consolidated Income Statements
For The Period Ended 31 December 2009

| | Individual Quarter | | Cumulative Quarter | |
|--------------------------------------------------------|----------------------------------------|-----------------------------------------------------------|----------------------------------------|----------------------------------------------------------|
| | Current Year Quarter 31 Dec 2009 | Preceding Year Corresponding Quarter 31 Dec 2008 | Current Year To Date 31 Dec 2009 | Preceding Year Corresponding Period 31 Dec 2008 |
| | RM' 000 | RM'000 | RM' 000 | RM' 000 |
| Revenue | 5,980 | 4,146 | 23,293 | 28,501 |
| Cost of sales | (2,397) | (2,249) | (10,207) | (11,863) |
| Gross profit | 3,583 | 1,897 | 13,086 | 16,638 |
| Other income | 273 | 335 | 451 | 538 |
| Administrative expenses | (1,179) | (1,051) | (3,743) | (3,757) |
| Operating profit | 2,677 | 1,181 | 9,794 | 13,419 |
| Finance costs | (214) | (277) | (844) | (1,231) |
| Share of profit in associated companies, net of tax | 10,049 | 999 | 14,109 | 13,584 |
| Profit before tax | 12,512 | 1,903 | 23,059 | 25,772 |
| Income tax expense | (711) | (366) | (2,426) | (3,434) |
| Profit for the year | 11,801 | 1,537 | 20,633 | 22,338 |
| Attributable to | | | | |
| Equity holders of the parent | 11,776 | 1,519 | 20,550 | 22,260 |
| Minority interest | 25 | 18 | 83 | 78 |
| | 11,801 | 1,537 | 20,633 | 22,338 |
| Weighted average number of shares in issue | 84,233,130 | 84,233,130 | 84,233,130 | 84,233,130 |
| Earnings per share in sen | 13.98 | 1.80 | 24.40 | 26.43 |

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 Dec 2008.

MHC Plantations Bhd (4060-V)
(Incorporated in Malaysia)

Condensed Consolidated Balance Sheets at at 31 December 2009

| | As at 31 December 2009 RM'000 | As at 31 December 2008 RM'000 |
|-----------------------------------------------------------------|-------------------------------------|-------------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 16,795 | 16,540 |
| Investment property | 646 | 661 |
| Prepaid land lease payments | 18,342 | 18,663 |
| Biological assets | 16,536 | 16,536 |
| Associated companies | 171,298 | 154,405 |
| Other investments | 3,364 | 3,364 |
| Goodwill on consolidation | 16,929 | 16,929 |
| | 243,910 | 227,098 |
| Current assets | | |
| Inventories | 741 | 1,271 |
| Trade and other receivables | 2,309 | 1,671 |
| Tax recoverable | - | 1 |
| Short term investments | 5,003 | 429 |
| Fixed deposits with licensed banks | 1,649 | 2,142 |
| Cash and bank balances | 1,884 | 1,227 |
| | 11,586 | 6,741 |
| TOTAL ASSETS | 255,496 | 233,839 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the Company | | |
| Share capital | 84,233 | 84,233 |
| Reserves | 139,090 | 120,435 |
| | 223,323 | 204,668 |
| Minority interest | 1,525 | 1,458 |
| Total equity | 224,848 | 206,126 |

Condensed Consolidated Balance Sheets at at 31 December 2009 (Contd.)

| | As at 31 December 2009 RM'000 | As at 31 December 2008 RM'000 |
|------------------------------------------|-------------------------------------|-------------------------------------|
| EQUITY AND LIABILITIES (CONTD.) | | |
| Non-current liabilities | | |
| Hire purchase payables | 303 | 439 |
| Borrowings | 17,250 | 19,450 |
| Deferred tax liabilities | 2,919 | 2,964 |
| | <u>20,472</u> | <u>22,853</u> |
| Current liabilities | | |
| Payables | 1,502 | 1,457 |
| Hire purchase payables | 194 | 162 |
| Borrowings | 7,800 | 2,650 |
| Taxation | 680 | 591 |
| | <u>10,176</u> | <u>4,860</u> |
| Total liabilities | <u>30,648</u> | <u>27,713</u> |
| TOTAL EQUITY AND LIABILITIES | <u>255,496</u> | <u>233,839</u> |
| | | |
| Net Tangible Asset Per Share (RM) | <u>2.45</u> | <u>2.23</u> |
| | | |
| Net Asset Per Share (RM) | <u>2.65</u> | <u>2.43</u> |

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 Dec 2008.

MHC Plantations Bhd (4060-V)

**Condensed Consolidated Cash Flow Statements
For The Period Ended 31 December 2009**

| | 2009 | 2008 |
|--------------------------------------------------------|---------------------|---------------------|
| | RM' 000 | RM' 000 |
| Net cash generated from operating activities | 7,233 | 8,317 |
| Net cash (used in)/generated from investing activities | (3,360) | 454 |
| Net cash generated from/(used in) financing activities | 858 | (7,872) |
| Net increase in Cash and Cash Equivalents | <u>4,731</u> | <u>899</u> |
| Cash and Cash Equivalents at Beginning | 3,391 | 2,492 |
| Cash and Cash Equivalents at End | <u><u>8,122</u></u> | <u><u>3,391</u></u> |
| | | |
| Fixed deposits with licensed banks | 1,649 | 2,142 |
| Short term investments | 5,003 | 429 |
| Cash and bank balances | <u>1,884</u> | <u>1,227</u> |
| | 8,536 | 3,798 |
| Less : fixed deposits pledged | <u>(414)</u> | <u>(407)</u> |
| | <u><u>8,122</u></u> | <u><u>3,391</u></u> |

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 Dec 2008.

MHC Plantations Bhd (4060-V)

Condensed Consolidated Statements of Changes in Equity
For The Period Ended 31 December 2009

| | Attributable to the equity holders of the parent | | | | | | | Minority Interest | Total Equity | |
|-------------------------------------------------------------------|--------------------------------------------------|-----------------------------|-------------------------------|-----------------------------------|-------------------------------|--------------------------------|---------|----------------------|-----------------|-------|
| | Share Capital RM' 000 | Share Premium RM' 000 | Non-distributable | | | Distributable | | | | Total |
| | | | Capital Reserve RM' 000 | Revaluation Reserve RM' 000 | Capital Reserve RM' 000 | Retained Profits RM' 000 | RM' 000 | | | |
| As at 1 Jan 2008 | 84,233 | 8,213 | 5,737 | 557 | 5,198 | 80,963 | 184,901 | 1,404 | 186,305 | |
| Profit for the year | - | - | - | - | - | 22,260 | 22,260 | 78 | 22,338 | |
| Dividends | - | - | - | - | - | (2,493) | (2,493) | - | (2,493) | |
| Dividend paid to minority shareholders of a subsidiary company | - | - | - | - | - | - | - | (24) | (24) | |
| As at 31 December 2008 | 84,233 | 8,213 | 5,737 | 557 | 5,198 | 100,730 | 204,668 | 1,458 | 206,126 | |
| As at 1 Jan 2009 | 84,233 | 8,213 | 5,737 | 557 | 5,198 | 100,730 | 204,668 | 1,458 | 206,126 | |
| Profit for the period | - | - | - | - | - | 20,550 | 20,550 | 83 | 20,633 | |
| Dividends | - | - | - | - | - | (1,895) | (1,895) | - | (1,895) | |
| Dividend paid to minority shareholders of a subsidiary company | - | - | - | - | - | - | - | (16) | (16) | |
| As at 31 December 2009 | 84,233 | 8,213 | 5,737 | 557 | 5,198 | 119,385 | 223,323 | 1,525 | 224,848 | |

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 Dec 2008.

MHC Plantations Bhd. (4060-V)

Notes to the Interim Financial Report

1. Basis of preparation

The interim report has been prepared in compliance with FRS 134 *Interim Financial Reporting* and Listing Requirements of Bursa Securities and it should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2008.

The accounting policies used in the preparation of interim financial report are consistent with those previously adopted in the audited financial statements of the Group for the year ended 31 December 2008. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2008.

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2008

2. Auditors' report

The auditor's report on the preceding annual financial statements was not qualified.

3. Seasonal and cyclical factors

The business of the Group is cyclical in nature and the third quarter is normally the peak production season.

4. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period ended 31 December 2009.

5. Changes in estimates

There were no changes in estimates that have had a material effect in the current quarter results.

6. Equity and debt securities

There were no issuance, cancellation, resale, repurchase and repayment of equity or debt securities during the financial period ended 31 December 2009.

7. Dividend paid

Dividends paid on 29 May 2009 were declared on 29 April 2009, in respect of the year ended 31 December 2008 being a final dividend of 3% less 25% taxation on 84,233,130 ordinary shares, amounting to RM1,895,243.

No dividend was paid out during the current quarter ended 31 December 2009.

8. Segment information

Segment information is not presented as the Group operates solely in Malaysia and the combined revenues, operating results and assets employed of business segments other than the plantation segment represent less than 10% of the Group's revenues, operating results and assets employed respectively.

9. Property, plant and equipment

The valuations of land and buildings have been brought forward and without amendment from the previous annual report.

MHC Plantations Bhd. (4060-V)

Information required by BMSB Listing Requirements

1. Review of performance

The Group's revenue for the current quarter ended 31 December 2009 improved by 44% from the preceding year quarter ended 31 December 2008 mainly due to higher prices of Fresh Fruit Bunches ("FFB"). The Group's revenue for the cumulative quarter ended 31 December 2009 is lower than the preceding year cumulative quarter ended 31 December 2008 mainly due to the decrease in prices of Fresh Fruit Bunches ("FFB") by 24% in the current cumulative quarter despite an increase in FFB production by 6%.

Profit before tax for the current quarter increased by 557% as a result of higher FFB prices and share of profits in the associated companies as compare to the preceding year quarter. Included in the share of profits in the associated companies is an amount of RM7.94 million in respect of negative goodwill arising from the purchase of additional investment in associated company during the current quarter. Nevertheless, profit before tax for the current cumulative quarter was down by 11% as compared to the preceding year cumulative quarter mainly due to lower FFB prices.

2. Variation of results against preceding quarter

The profitability for the current quarter is higher than the immediate preceding quarter mainly due to higher contribution from the associated companies.

3. Current year prospects

Barring any unforeseen circumstances, the Board is confident that the Group's prospects do remain satisfactory in view of the increasing yield trend from the maturing palms and favourable palm oil prices.

4. Profit forecast

Not applicable as there was no profit forecast published.

5. Income tax expense

Taxation is provided at the prevailing statutory rate based on the operating profit for the quarter as follows.

| | Current Year | Preceding Year | Current Year | Preceding Year |
|--------------------------------------------------------------|---------------------|-----------------------|---------------------|-----------------------|
| | Quarter | Corresponding | Current Year | Preceding Year |
| | 31.12.2009 | Quarter | To Date | Corresponding |
| | RM' 000 | 31.12.2008 | 31.12.2009 | Period |
| | | RM'000 | RM' 000 | 31.12.2008 |
| | | | RM' 000 | RM' 000 |
| Current tax: | | | | |
| Malaysian income tax | 690 | 492 | 2,441 | 3,411 |
| Deferred tax | 21 | (126) | (44) | (59) |
| | 711 | 366 | 2,397 | 3,352 |
| Under/(Over) provision of Malaysian income tax in prior year | - | - | 29 | 82 |
| | 711 | 366 | 2,426 | 3,434 |

The effective tax rate for the current quarter and the cumulative quarter ended 31 December 2009 was higher than the statutory tax rate principally due to certain expenses were disallowed for tax purposes.

6. Sale of unquoted investments and properties

There were no sales of unquoted investments and properties for the current quarter and financial year to date.

7. Quoted securities

a) There was no acquisition or disposal of quoted securities during the reporting quarter.

b) Investment in quoted securities as at end of reporting quarter.

| | |
|-------------------|-------------------|
| At cost | RM <u>233,981</u> |
| At carrying value | RM <u>173,981</u> |
| Market value | RM <u>200,890</u> |

8. Corporate proposal

There is no corporate proposal announced since the end of the previous reporting quarter and as at the date of this report.

9. Borrowings

The total borrowings incurred by the Group and outstanding as at end of the current quarter are as follows

| <u>Current - Secured</u> | <u>RM'000</u> |
|----------------------------------|-------------------|
| Revolving credit | 5,600 |
| Term loan | 2,200 |
| | ----- |
| | <u>7,800</u> |
| <u>Non-current - Secured</u> | <u>RM'000</u> |
| Term loan | <u>17,250</u> |
| Total borrowings | <u>25,050</u> |

10. Off balance sheet financial instruments

As at the date of this report, the Group did not enter into any contract involving off balance sheet financial instruments.

11. Changes in material litigation

There was no pending material litigation as at end of this quarter and as at the date of this report.

12. Dividend payable

No interim ordinary dividend has been declared for the financial period ended 31 December 2009 (31 December 2008: Nil).

13. Basic earnings per share

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

14. Authorisation for issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 25 February 2010.