

MHC Plantations Bhd (4060-V)

Condensed Consolidated Statement of Comprehensive Income  
For The Period Ended 30 June 2010

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30 June 2010	Preceding Year Corresponding Quarter 30 June 2009	Current Year To Date 30 June 2010	Preceding Year Corresponding Period 30 June 2009
	RM' 000	RM'000	RM' 000	RM' 000
Revenue	6,283	6,755	11,398	11,121
Cost of sales	(2,212)	(2,849)	(4,543)	(4,889)
Gross profit	4,071	3,906	6,855	6,232
Other income	71	62	132	116
Administrative expenses	(984)	(863)	(2,062)	(1,599)
Operating profit	3,158	3,105	4,925	4,749
Finance costs	(231)	(197)	(439)	(430)
Share of profits in associated companies, net of tax	1,049	1,896	2,981	2,894
Profit before tax	3,976	4,804	7,467	7,213
Income tax expense	(808)	(727)	(1,232)	(1,080)
Total profit and comprehensive income for the period	3,168	4,077	6,235	6,133
Attributable to				
Equity holders of the parent	3,150	4,053	6,199	6,093
Minority interest	18	24	36	40
	3,168	4,077	6,235	6,133
Weighted average number of shares in issue	84,233,130	84,233,130	84,233,130	84,233,130
Earnings per share in sen	3.74	4.81	7.36	7.23

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2009.

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

**Condensed Consolidated Statement of Financial Position at at 30 June 2010**

	As at 30 June 2010 RM'000	As at 31 December 2009 RM'000 - restated
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	25,213	23,148
Investment property	638	646
Prepaid land lease payments	11,886	11,988
Biological assets	16,536	16,536
Associated companies	173,338	171,298
Other investments	3,364	3,364
Goodwill on consolidation	16,929	16,929
	<u>247,904</u>	<u>243,909</u>
<b>Current assets</b>		
Inventories	353	741
Trade and other receivables	3,014	2,310
Short term investments	3,567	5,003
Fixed deposits with licensed banks	449	1,649
Cash and bank balances	1,861	1,884
	<u>9,244</u>	<u>11,587</u>
<b>TOTAL ASSETS</b>	<u>257,148</u>	<u>255,496</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	84,233	84,233
Reserves	143,394	139,090
	<u>227,627</u>	<u>223,323</u>
<b>Minority interest</b>	<u>1,519</u>	<u>1,525</u>
<b>Total equity</b>	<u>229,146</u>	<u>224,848</u>

Condensed Consolidated Statement of Financial Position at at 30 June 2010 (Contd.)

	As at 30 June 2010 RM'000	As at 31 December 2009 RM'000 - restated
<b>EQUITY AND LIABILITIES (CONTD.)</b>		
<b>Non-current liabilities</b>		
Hire purchase payables	240	303
Borrowings	16,150	17,250
Deferred tax liabilities	3,041	2,919
	<u>19,431</u>	<u>20,472</u>
<b>Current liabilities</b>		
Payables	933	1,502
Hire purchase payables	146	194
Borrowings	7,100	7,800
Taxation	392	680
	<u>8,571</u>	<u>10,176</u>
<b>Total liabilities</b>	<u>28,002</u>	<u>30,648</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>257,148</u>	<u>255,496</u>
Net Tangible Asset Per Share (RM)	2.50	2.45
Net Asset Per Share (RM)	2.70	2.65

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2009.

MHC Plantations Bhd (4060-V)

Condensed Consolidated Statements of Changes in Equity  
For The Period Ended 30 June 2010

	Attributable to the equity holders of the parent							Minority Interest	Total Equity	
	Share Capital RM' 000	Non-distributable			Distributable					Total
		Share Premium RM' 000	Capital Reserve RM' 000	Revaluation Reserve RM' 000	Capital Reserve RM' 000	Retained Profits RM' 000	Total			
As at 1 Jan 2009	84,233	8,213	5,737	557	5,198	100,730	204,668	1,458	206,126	
Total comprehensive income for the period	-	-	-	-	-	6,093	6,093	40	6,133	
Dividends	-	-	-	-	-	(1,895)	(1,895)	-	(1,895)	
Dividend paid to minority shareholders of a subsidiary company	-	-	-	-	-	-	-	(16)	(16)	
As at 30 June 2009	84,233	8,213	5,737	557	5,198	104,928	208,866	1,482	210,348	
As at 1 Jan 2010	84,233	8,213	5,737	557	5,198	119,385	223,323	1,525	224,848	
Total comprehensive income for the period	-	-	-	-	-	6,199	6,199	36	6,235	
Dividends	-	-	-	-	-	(1,895)	(1,895)	-	(1,895)	
Dividend paid to minority shareholders of a subsidiary company	-	-	-	-	-	-	-	(42)	(42)	
As at 30 June 2010	84,233	8,213	5,737	557	5,198	123,689	227,627	1,519	229,146	

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2009.

MHC Plantations Bhd (4060-V)

Condensed Consolidated Statement of Cash Flows  
For The Period Ended 30 June 2010

	2010	2009
	RM' 000	RM' 000
Net cash generated from operating activities	2,757	7,233
Net cash used in investing activities	(1,568)	(3,360)
Net cash (used in)/generated from financing activities	(3,848)	858
Net increase in Cash and Cash Equivalents	<u>(2,659)</u>	<u>4,731</u>
Cash and Cash Equivalents at Beginning	8,122	3,391
Cash and Cash Equivalents at End	<u><u>5,463</u></u>	<u><u>8,122</u></u>
Fixed deposits with licensed banks	449	1,649
Short term investments	3,567	5,003
Cash and bank balances	1,861	1,884
	<u>5,877</u>	<u>8,536</u>
Less : fixed deposits pledged	(414)	(414)
	<u><u>5,463</u></u>	<u><u>8,122</u></u>

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2009.

**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 2009.

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 2009. 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 2009.

2. Changes in accounting policies

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 2009 except for the adoption of the following FRSs effective for the annual periods beginning on or after 1 July 2009 which are relevant to its operations:

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 127 Consolidated and Separate Financial Statements (amended)

FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 1: First-time Adoption of Financial Reporting and Standards and  
FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a  
Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2 Share-based Payment: Vesting Conditions and Cancellations

Amendments to FRS 2 Share-based Payment

Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to FRS 132 Financial Instruments: Presentation

Amendments to FRS 138 Intangible Assets

Amendments to FRS 139 and FRS 7 Financial Instruments: Recognition and  
Measurement and Financial Instruments:

Amendments to FRSs 'Improvements to FRSs (2009)'

Other than the implications as discussed below, the adoption of the above standards, amendments and interpretations do not have any material impact on the financial statements of the Group:

a) FRS 117 Leases

The Group has adopted the amendments to FRS117. The Group has reassessed and determined that all leasehold land of the Group which are in substance finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The reclassification does not affect the basic earnings per ordinary share for the current and prior periods.

The following comparative figures have been restated following the adoption of the amendments to FRS117:

**Restatement of comparatives**

	Previously stated RM'000	Increase/ (Decrease) RM'000	Restated RM'000
<b>At 31 December 2009</b>			
Property, plant and equipment	16,794	6,354	23,148
Prepaid land lease payments	18,342	(6,354)	11,988

3. Auditors' report

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

4. Seasonal and cyclical factors

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

5. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period ended 30 June 2010.

6. Changes in estimates

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

7. Equity and debt securities

There were no issuance, cancellation, resale, repurchase and repayment of equity or debt securities during the financial period ended 30 June 2010.

8. Dividend paid

Dividends paid on 27 May 2010 were declared on 29 April 2010, in respect of the year ended 31 December 2009 being a final dividend of 3% less 25% taxation on 84,233,130 ordinary shares, amounting to RM1,895,243.

9. Segment information

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

10. Property, plant and equipment

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

11. Subsequent event

There was no material event subsequent to the end of the reporting quarter.

12. Changes in the composition of the Group

There were no changes in the composition of the Group since the end of the reporting quarter.

13. There was no outstanding contingent liability as at end of this quarter and as at the date of this report.

14. Capital commitments

	RM'000
Capital expenditure	
Approved and contracted for	1,003
Approved and but not contracted for	<u>          </u>
	<u>1,003</u>



## MHC Plantations Bhd. (4060-V)

### Information required by BMSB Listing Requirements

#### 1. Review of performance

The Group's revenue for the current quarter ended 30 June 2010 is lower than the preceding year quarter ended 30 June 2009 mainly due to a lower production of Fresh Fruit Bunches ("FFB") as a result of replanting activities carried out during 2009 and 2010.

The Group's revenue for the cumulative quarter ended 30 June 2010 is slightly higher than the preceding year cumulative quarter ended 30 June 2009 mainly due to increased FFB prices of 15% despite a decrease in FFB production by 11%.

Profit before tax for the current quarter is lower than the preceding year quarter mainly due to lower contribution from the associated companies.

#### 2. Variation of results against preceding quarter

The profitability for the current quarter is higher than the immediate preceding quarter mainly due to FFB production was up by 22%.

#### 3. Current year prospects

Barring any unforeseen circumstances, the Board is confident that the Group's prospects do remain satisfactory in view of the 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 Quarter 30 June 2010 RM' 000	Preceding Year Corresponding Quarter 30 June 2009 RM'000	Current Year To Date 30 June 2010 RM' 000	Preceding Year Corresponding Period 30 June 2009 RM' 000
Current tax:				
Malaysian income tax	733	732	1,085	1,103
Deferred tax	50	(5)	122	(23)
	<hr/> 783	<hr/> 727	<hr/> 1,207	<hr/> 1,080
Under/(Over) provision of Malaysian income tax in prior years	25	-	25	
	<hr/> 808	<hr/> 727	<hr/> 1,232	<hr/> 1,080

The effective tax rate for the current quarter and the cumulative quarter ended 30 June 2010 was higher than the statutory tax rate of 25% principally due to certain expenses were disallowed for tax purposes.

6. Unquoted investments and properties

There was no acquisition or disposal of unquoted investments and properties for the current quarter and financial year to date.

7. Quoted investments

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

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

At cost	RM <u>233,994</u>
At carrying value	RM <u>173,994</u>
Market value	RM <u>223,430</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	4,900
Term loan	2,200
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	<u>7,100</u>
 <u>Non-current - Secured</u>	 <u>RM'000</u>
Term loan	<u>16,150</u>
 Total borrowings	 <u>23,250</u>

10. Disclosure of derivatives

There were no outstanding derivatives (including financial instruments designated as hedging instruments) as at 30 June 2010.

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 30 June 2010 (30 June 2009: 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 of 84,233,130 (2009 – 84,233,130) 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 30 July 2010.