

MHC Plantations Bhd (4060-V)
Condensed Consolidated Statement of Comprehensive Income
For The Financial Period Ended 31 March 2011

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31 March 2011	Preceding Year Corresponding Quarter 31 March 2010	Current Year To Date 31 March 2011	Preceding Year Corresponding Period 31 March 2010
	RM' 000	RM'000	RM' 000	RM' 000
Revenue	8,983	5,115	8,983	5,115
Cost of sales	(2,319)	(2,331)	(2,319)	(2,331)
Gross profit	6,664	2,784	6,664	2,784
Other income	83	61	83	61
Administrative expenses	(761)	(1,078)	(761)	(1,078)
Operating profit	5,986	1,767	5,986	1,767
Finance costs	(250)	(208)	(250)	(208)
Share of profits in associates, net of tax	3,245	1,932	3,245	1,932
Profit before tax	8,981	3,491	8,981	3,491
Income tax expense	(1,454)	(424)	(1,454)	(424)
Profit net of tax	7,527	3,067	7,527	3,067
Other comprehensive income				
Net gain on available-for-sale financial assets				
- Gain on fair value changes	10	-	10	-
Total comprehensive income for the period	7,537	3,067	7,537	3,067
Profit attributable to:				
Owners of the parent	7,490	3,049	7,490	3,049
Minority interest	37	18	37	18
	7,527	3,067	7,527	3,067
Total comprehensive income attributable to:				
Owners of the parent	7,500	3,049	7,500	3,049
Minority interests	37	18	37	18
	7,537	3,067	7,537	3,067
Weighted average number of shares in issue	84,233	84,233	84,233	84,233
Earnings per share in sen	8.89	3.62	8.89	3.62

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2010.

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

Condensed Consolidated Statement of Financial Position at at 31 March 2011

	As at 31 March 2011 RM'000	As at 31 December 2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	38,180	37,907
Investment property	4,054	4,056
Biological assets	16,536	16,536
Investment in associates	193,185	189,940
Investment securities	466	456
Goodwill on consolidation	16,929	16,929
	269,350	265,824
Current assets		
Inventories	690	456
Trade and other receivables	5,208	4,775
Short term investments	11,720	4,788
Fixed deposits with licensed banks	456	456
Cash and bank balances	2,294	2,577
	20,368	13,052
TOTAL ASSETS	289,718	278,876
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	84,233	84,233
Reserves	169,418	161,918
	253,651	246,151
Minority interest	1,299	1,368
Total equity	254,950	247,519

Condensed Consolidated Statement of Financial Position at at 31 March 2011 (Contd.)

	As at 31 March 2011 RM'000	As at 31 December 2010 RM'000
EQUITY AND LIABILITIES (CONTD.)		
Non-current liabilities		
Hire purchase payables	95	158
Borrowings	14,500	15,050
Deferred tax liabilities	3,066	3,072
	<u>17,661</u>	<u>18,280</u>
Current liabilities		
Payables	1,170	1,857
Hire purchase payables	217	217
Borrowings	14,500	10,200
Taxation	1,220	803
	<u>17,107</u>	<u>13,077</u>
Total liabilities	<u>34,768</u>	<u>31,357</u>
TOTAL EQUITY AND LIABILITIES	<u>289,718</u>	<u>278,876</u>
Net Tangible Asset Per Share (RM)	<u>2.81</u>	<u>2.72</u>
Net Asset Per Share (RM)	<u>3.01</u>	<u>2.92</u>

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2010.

MHC Plantations Bhd (4060-Y)

**Condensed Consolidated Statements of Changes in Equity
For The Financial Period Ended 31 March 2011**

	Attributable to the equity holders of the parent										Minority Interest	Total Equity
	Non-distributable					Distributable						
	Share Capital RM' 000	Share Premium RM' 000	Capital Reserve RM' 000	Revaluation Reserve RM' 000	Fair value adjustment reserve RM'000	Capital Reserve RM' 000	Retained Profits RM' 000	Total RM' 000	Minority Interest RM' 000	Total Equity RM' 000		
Opening balance at 1 Jan 2010	84,233	8,213	5,737	557	136	5,198	119,276	223,350	1,525	224,875		
Total comprehensive income for the period	-	-	-	-	-	-	3,049	3,049	18	3,067		
Closing balance at 31 March 2010	84,233	8,213	5,737	557	136	5,198	122,325	226,399	1,543	227,942		
Opening balance at 1 Jan 2011	84,233	8,213	5,737	557	201	5,198	142,012	246,151	1,368	247,519		
Total comprehensive income for the period	-	-	-	-	10	-	7,490	7,500	37	7,537		
Transfer	-	-	-	-	-	(2,496)	2,496	-	-	-		
Dividend paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	(106)	(106)		
Closing balance at 31 March 2011	84,233	8,213	5,737	557	211	2,702	151,998	253,651	1,299	254,950		

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2010.

MHC Plantations Bhd (4060-V)

**Condensed Consolidated Statement of Cash Flows
For The Financial Period Ended 31 March 2011**

	3 months ended	
	31.3.2011	31.3.2010
	RM' 000	RM' 000
Net cash flows from/(used in) operating activities	3,542	(311)
Net cash used in investing activities	(515)	(1,620)
Net cash from financing activities	3,622	19,086
Net increase in cash and cash equivalents	<u>6,649</u>	<u>17,155</u>
Cash and cash equivalents at beginning of financial period	7,400	8,122
Cash and cash equivalents at end of financial period	<u><u>14,049</u></u>	<u><u>25,277</u></u>
Fixed deposits with licensed banks	456	449
Short term investments	11,720	23,912
Cash and bank balances	2,294	1,330
	<u>14,470</u>	<u>25,691</u>
Less : Fixed deposits pledged	(421)	(414)
	<u><u>14,049</u></u>	<u><u>25,277</u></u>

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2010.

Notes to the condensed consolidated interim financial statements

1. Basis of preparation

The condensed consolidated interim financial statements have 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 2010.

The accounting policies used in the preparation of condensed consolidated interim financial statements are consistent with those previously adopted in the audited financial statements of the Group for the year ended 31 December 2010. 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 2010.

2. Changes in accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2010, except for the adoption of the following:

Effective for financial periods beginning on or after 1 March 2010:

Amendments to FRS 132: Financial Instruments: Presentation (paragraphs 11, 16 and 97E relating to classification of Right Issues)

Effective for financial periods beginning on or after 1 July 2010:

FRS 1: First-time Adoption of Financial Reporting Standards

FRS 3: Business Combinations (revised)

Amendments to FRS 2: Share-based Payment

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

Amendments to FRS 127: Consolidated and Separate Financial Statements

Amendments to FRS 138: Intangible Assets

Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

IC Interpretation 12: Service Concession Arrangements

IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17: Distributions of Non-cash Assets to Owners

Effective for financial periods beginning on or after 31 August 2010:

Amendments to IC Interpretation 15: Agreements for the Construction of Real Estate

Effective for financial periods beginning on or after 1 January 2011:

Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 1: Additional Exemptions for First-time Adopters

Amendments to FRS 2: Group Cash - Settled Share-based Payment Transactions

Amendments to FRS 7: Improving Disclosures about Financial Instruments

IC Interpretation 4 : Determining whether an Arrangement Contains a Lease

IC Interpretation 18: Transfer of Assets from Customers

Technical Release 3: Guidance on Disclosures of Transition to IRFSs

2. Changes in accounting policies (Contd.)

The Malaysian Accounting Standards Board also issued “Improvements to FRSs (2010)” which contain amendments to eleven FRSs and are effective for financial periods beginning on or after 1 January 2011.

Unless otherwise described below, the above pronouncements are expected to have no significant impact to the financial statements of the Group upon their initial application:

Revised FRS 3 *Business Combinations* and Amendments to FRS 127 *Consolidated and Separate Financial Statements*

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 *Statement of Cash Flows*, FRS 112 *Income Taxes*, FRS 121 *The Effects of Changes in Foreign Exchange Rates*, FRS 128 *Investments in Associates* and FRS 131 *Interests in Joint Ventures*. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to early adopt.

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 31 March 2011.

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 31 March 2011.

8. Dividend paid

No dividend was paid out during the current quarter ended 31 March 2011.

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. Changes in the composition of the Group

The Company had on 9 February 2011 acquired the entire issued and paid up share capital of Citarasa Lestari Sdn. Bhd. (CLSB) comprising 2 ordinary shares of RM1/- each for a total consideration of RM2/-, resulting in CLSB becoming a wholly-owned subsidiary of the Company. The intended principal activity of CLSB is investment holding.

The fair values of the identifiable assets and liabilities of CLSB as at the date of acquisition were:

	RM
Cash and cash equivalents, representing net identified asset	2
Consideration settled in cash	<u>(2)</u>
Net cash outflow on acquisition	<u>-</u>

From the date of acquisition, CLSB has contributed a net loss of RM2,579 to the Group's profit net of tax.

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

13. Capital commitments

	RM'000
Capital expenditure	
Approved and contracted for	<u>18,305</u>

14. Subsequent event

At the Extraordinary General Meeting held on 12 May 2011, the Company obtained the approval from the shareholders of the Company to undertake the following:

- i) a bonus issue of 56,155,420 new MHC Shares to be credited as fully paid-up on the basis of two (2) Bonus Shares for every three (3) existing MHC Shares held on an entitlement date to be determined later;
- ii) to increase the authorised share capital of MHC from RM100,000,000 comprising 100,000,000 MHC Shares to RM500,000,000 comprising 500,000,000 MHC Shares; and
- iii) amendment to the Memorandum of Association of MHC.

Barring any unforeseen circumstances, the Board expects the Proposals to be completed by the second quarter of 2011.

Information required by BMSB Listing Requirements

1. Review of performance

The Group's revenue for the current quarter ended 31 March 2011 improved by 76% from the preceding year quarter ended 31 March 2010 mainly due to higher prices of Fresh Fruit Bunches ("FFB") and yield.

Profit before tax for the current quarter is higher than the preceding year quarter mainly due to higher FFB prices, yield and 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 higher FFB prices.

3. Current year prospects

Barring any unforeseen circumstances, the Board is confident that the Group's prospects do remain satisfactory in view of 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 31 Mar 2011 RM' 000	Preceding Year Corresponding Quarter 31 Mar 2010 RM'000	Current Year To Date 31 Mar 2011 RM' 000	Preceding Year Corresponding Period 31 Mar 2010 RM' 000
Current tax:				
Malaysian income tax	1,460	353	1,460	353
Deferred tax	(6)	72	(6)	72
	<hr/> 1,454	<hr/> 424	<hr/> 1,454	<hr/> 424

The effective tax rate for the current quarter ended 31 March 2011 was slightly higher than the statutory tax rate of 25% principally due to certain expenses were disallowed for tax purposes.

6. Unquoted investments and properties

There were no sales of unquoted investments and properties during the current quarter.

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There were no sales of unquoted investments and properties during the current quarter.

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>275,579</u>
Market value	RM <u>275,579</u>

8. Corporate proposal

At the Extraordinary General Meeting held on 12 May 2011, the Company obtained the approval from the shareholders of the Company to undertake the following:

- i) a bonus issue of 56,155,420 new MHC Shares to be credited as fully paid-up on the basis of two (2) Bonus Shares for every three (3) existing MHC Shares held on an entitlement date to be determined later;
- ii) to increase the authorised share capital of MHC from RM100,000,000 comprising 100,000,000 MHC Shares to RM500,000,000 comprising 500,000,000 MHC Shares; and
- iii) amendment to the Memorandum of Association of MHC.

Barring any unforeseen circumstances, the Board expects the Proposals to be completed by the second quarter of 2011.

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	12,300
Term loan	2,200

	<u>14,500</u>
 <u>Non-current - Secured</u>	 <u>RM'000</u>
Term loan	<u>14,500</u>
 Total borrowings	 <u>29,000</u>

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 March 2011 (31 March 2010: 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. Breakdown of retained profits into realised and unrealised

The breakdown of the retained profits of the Group into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	As at 31 March 2011 RM' 000	As at 31 Dec 2010 RM' 000
Total retained profits of the Company and its subsidiaries		
- Realised	103,931	96,970
- Unrealised	(3,305)	(3,072)
	<hr/> 100,626	<hr/> 93,898
Total retained profits of associated companies		
- Realised	78,511	75,408
- Unrealised	(16,693)	(16,835)
Less: Consolidation adjustments	(10,446)	(10,459)
Total group retained profits as per consolidation accounts	<hr/> 151,998	<hr/> 142,012

15. 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 12 May 2011.