

MHC Plantations Bhd (4060-V)
Condensed Consolidated Statement of Comprehensive Income
For The Financial Period Ended 30 September 2011

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Corresponding
	30 Sep 2011	30 Sep 2010	30 Sep 2011	30 Sep 2010
	RM' 000	RM'000	RM' 000	RM' 000
Revenue	8,596	7,824	26,291	19,222
Cost of sales	(2,947)	(2,602)	(8,017)	(7,145)
Gross profit	5,649	5,222	18,274	12,077
Other income	60	63	228	195
Administrative expenses	(1,042)	(834)	(2,891)	(2,896)
Operating profit	4,667	4,451	15,611	9,376
Finance costs	(279)	(239)	(803)	(678)
Share of profits in associates, net of tax	5,236	9,529	14,023	12,510
Profit before tax	9,624	13,741	28,831	21,208
Income tax expense	(1,098)	(1,123)	(3,743)	(2,355)
Profit net of tax	8,526	12,618	25,088	18,853
Other comprehensive income				
Net gain on available-for-sale financial assets				
- Gain on fair value changes	-	-	11	-
Total comprehensive income for the period	8,526	12,618	25,099	18,853
Profit attributable to:				
Owners of the parent	8,498	12,592	24,991	18,791
Minority interest	28	26	97	62
	8,526	12,618	25,088	18,853
Total comprehensive income attributable to:				
Owners of the parent	8,498	12,592	25,002	18,791
Minority interests	28	26	97	62
	8,526	12,618	25,099	18,853
Weighted average number of shares in issue	140,389	140,389	140,389	140,389
Earnings per share in sen	6.05	8.97	17.80	13.38

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 as at 30 September 2011

	As at 30 Sep 2011 RM'000	As at 31 December 2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	42,627	37,907
Investment properties	4,045	4,056
Biological assets	16,536	16,536
Investment in associates	202,098	189,940
Investment securities	449	456
Goodwill on consolidation	16,929	16,929
	<u>282,684</u>	<u>265,824</u>
Current assets		
Inventories	880	456
Trade and other receivables	13,126	4,775
Short term investments	8,446	4,788
Fixed deposits with licensed banks	456	456
Cash and bank balances	1,459	2,577
	<u>24,367</u>	<u>13,052</u>
TOTAL ASSETS	<u>307,051</u>	<u>278,876</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	140,389	84,233
Reserves	128,237	161,918
	<u>268,626</u>	<u>246,151</u>
Minority interest	1,351	1,368
Total equity	<u>269,977</u>	<u>247,519</u>

Condensed Consolidated Statement of Financial Position as at 30 September 2011 (Contd.)

	As at 30 Sep 2011 RM'000	As at 31 December 2010 RM'000
EQUITY AND LIABILITIES (CONTD.)		
Non-current liabilities		
Hire purchase payables	530	158
Borrowings	13,400	15,050
Deferred tax liabilities	3,054	3,072
	<u>16,984</u>	<u>18,280</u>
Current liabilities		
Payables	1,402	1,857
Hire purchase payables	170	217
Borrowings	17,200	10,200
Taxation	1,318	803
	<u>20,090</u>	<u>13,077</u>
Total liabilities	<u>37,074</u>	<u>31,357</u>
TOTAL EQUITY AND LIABILITIES	<u>307,051</u>	<u>278,876</u>
Net Tangible Asset Per Share (RM)	<u>1.79</u>	<u>2.72</u>
Net Asset Per Share (RM)	<u>1.91</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 30 September 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	Capital Reserve RM' 000	Retained Profits 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	-	-	-	-	-	-	18,791	18,791	62	18,853		
Dividends	-	-	-	-	-	-	(1,895)	(1,895)	-	(1,895)		
Dividend paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-		(1,895)
Closing balance at 30 September 2010	84,233	8,213	5,737	557	136	5,198	136,172	240,246	1,545	241,791	(42)	
Opening balance at 1 Jan 2011	84,233	8,213	5,737	557	201	5,198	142,012	246,151	1,368	247,519		
Bonus issue	56,156	(8,213)	-	-	-	-	(47,943)	-	-	-		
Total comprehensive income for the period	-	-	-	-	11	-	24,991	25,002	97	25,099		
Transfer	-	-	-	-	-	(2,496)	2,496	-	-	-		
Dividends	-	-	-	-	-	-	(2,527)	(2,527)	-	-		(2,527)
Dividend paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-		(114)
Closing balance at 30 September 2011	140,389	-	5,737	557	212	2,702	119,029	268,626	1,351	269,977	(114)	

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 30 September 2011**

	9 months ended	
	30.9.2011	30.9.2010
	RM' 000	RM' 000
Net cash flows from operating activities	3,315	69
Net cash used in investing activities	(3,188)	(3,751)
Net cash from/(used in) financing activities	2,413	(48)
Net increase/(decrease) in cash and cash equivalents	<u>2,540</u>	<u>(3,730)</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>9,940</u></u>	<u><u>4,392</u></u>
Fixed deposits with licensed banks	456	449
Short term investments	8,446	2,583
Cash and bank balances	<u>1,459</u>	<u>1,774</u>
	<u>10,361</u>	<u>4,806</u>
Less : Fixed deposits pledged	<u>(421)</u>	<u>(414)</u>
	<u><u>9,940</u></u>	<u><u>4,392</u></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-V)

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 30 September 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 30 September 2011.

8. Dividend paid

Dividends paid on 10 June 2011 were declared on 12 May 2011, being a final dividend and a final single tier dividend in respect of the financial year ended 31 December 2010, of 1.4% less 25% taxation and of 1.95% respectively on 84,233,130 ordinary shares, amounting to a dividend payables of RM884,448 and RM1,642,546 respectively (1.05 sen and 1.95 sen net per share respectively).

No dividend was paid out during the current quarter ended 30 September 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

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

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	38,712
Approved but not contracted for	<u>-</u>
	<u>38,712</u>

14. Subsequent event

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

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 September 2011 and the cumulative quarter ended 30 September 2011 improved by 10% and 37% respectively from the preceding year quarter ended 30 September 2010 and the preceding year cumulative quarter ended 30 September 2010 mainly due to higher prices of Fresh Fruit Bunches ("FFB").

Profit before tax for the current quarter is lower than the preceding year quarter as there was recognition of negative goodwill of RM6.23 million which arose from the acquisition of additional shares in an associate in the preceding year quarter. Profit before tax for the current cumulative quarter is higher than the preceding year cumulative quarter mainly due to higher FFB prices and contribution from the associated companies.

2. Variation of results against preceding quarter

The profitability for the current quarter is slightly lower than the immediate preceding quarter mainly due to decrease in FFB price by 11% despite an increase in yield by 12%.

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 due to strong demand.

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 Sep 2011 RM' 000	Preceding Year Corresponding Quarter 30 Sep 2010 RM'000	Current Year To Date 30 Sep 2011 RM' 000	Preceding Year Corresponding Period 30 Sep 2010 RM' 000
Current tax:				
Malaysian income tax	1,124	946	3,779	2,031
Deferred tax	(8)	82	(18)	204
	1,116	1,028	3,761	2,235
Under/(Over) provision of Malaysian income tax in prior years	(18)	95	(18)	120
	1,098	1,123	3,743	2,355

The effective tax rate for the current quarter and the cumulative quarter ended 30 September 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.

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>258,768</u>
Market value	RM <u>258,768</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	15,000
Term loan	2,200

	<u>17,200</u>
 <u>Non-current - Secured</u>	 <u>RM'000</u>
Term loan	<u>13,400</u>
 Total borrowings	 <u>30,600</u>

10. Disclosure of derivatives

There were no outstanding derivatives (including financial instruments designated as hedging instruments) as at 30 September 2011.

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 September 2011 (30 September 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 140,388,550 (2010 – on the enlarged share capital of 140,388,550 after the bonus issue of 56,155,420 ordinary shares of RM1 each) in issue during the financial 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 30 September 2011 RM' 000	As at 30 June 2011 RM' 000
Total retained profits of the Company and its subsidiaries		
- Realised	61,901	58,579
- Unrealised	(3,054)	(3,062)
	58,847	55,517
Total retained profits of associated companies		
- Realised	89,045	82,268
- Unrealised	(17,185)	(16,841)
Less: Consolidation adjustments	(11,678)	(10,413)
Total group retained profits as per consolidation accounts	119,029	110,531

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 27 October 2011.