

MHC Plantations Bhd (4060-V)
Condensed Consolidated Statement of Comprehensive Income (Unaudited)
For The Fourth Quarter and Year Ended 31 December 2011

	3 months ended		12 months ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM' 000	RM'000	RM' 000	RM' 000
Revenue	7,401	8,115	33,692	27,337
Cost of sales	(2,881)	(2,795)	(10,898)	(9,940)
Gross profit	4,520	5,320	22,794	17,397
Other income	207	77	435	272
Administrative expenses	(1,604)	(1,245)	(4,495)	(4,141)
Operating profit	3,123	4,152	18,734	13,528
Finance costs	(317)	(299)	(1,120)	(977)
Share of profits in associates, net of tax	5,065	3,263	19,088	15,773
Profit before tax	7,871	7,116	36,702	28,324
Income tax expense	(1,229)	(1,249)	(4,972)	(3,604)
Profit net of tax	6,642	5,867	31,730	24,720
Other comprehensive income				
Net gain on available-for-sale financial assets				
- Gain on fair value changes	6	65	17	65
Total comprehensive income for the period	6,648	5,932	31,747	24,785
Profit attributable to:				
Owners of the parent	6,627	5,840	31,618	24,631
Minority interest	15	27	112	89
	6,642	5,867	31,730	24,720
Total comprehensive income attributable to:				
Owners of the parent	6,633	5,905	31,635	24,696
Minority interests	15	27	112	89
	6,648	5,932	31,747	24,785
Weighted average number of shares in issue	140,389	140,389	140,389	140,389
Earnings per share in sen	4.72	4.16	22.52	17.54

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 (Unaudited)
as at 31 December 2011

	As at 31.12.2011 RM'000	As at 31.12.2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	52,165	37,907
Investment properties	4,041	4,056
Biological assets	16,536	16,536
Investment in associates	206,988	189,940
Investment securities	473	456
Goodwill on consolidation	16,929	16,929
	<u>297,132</u>	<u>265,824</u>
Current assets		
Inventories	645	456
Trade and other receivables	5,566	4,775
Tax recoverable	49	-
Short term investments	1,646	4,788
Fixed deposits with licensed banks	465	456
Cash and bank balances	3,078	2,577
	<u>11,449</u>	<u>13,052</u>
TOTAL ASSETS	<u>308,581</u>	<u>278,876</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	140,389	84,233
Reserves	134,904	161,918
	<u>275,293</u>	<u>246,151</u>
Minority interest	366	1,368
Total equity	<u>275,659</u>	<u>247,519</u>

**Condensed Consolidated Statement of Financial Position (Unaudited)
as at 31 December 2011 (Contd.)**

	As at 31.12.2011 RM'000	As at 31.12.2010 RM'000
EQUITY AND LIABILITIES (CONTD.)		
Non-current liabilities		
Hire purchase payables	543	158
Borrowings	12,850	15,050
Deferred tax liabilities	3,116	3,072
	16,509	18,280
Current liabilities		
Payables	5,668	1,857
Hire purchase payables	184	217
Borrowings	9,800	10,200
Taxation	761	803
	16,413	13,077
Total liabilities	32,922	31,357
TOTAL EQUITY AND LIABILITIES	308,581	278,876
Net Tangible Asset Per Share (RM)	1.84	2.72
Net Asset Per Share (RM)	1.96	2.92

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 Statements of Changes in Equity (Unaudited)
For The Year Ended 31 December 2011

	Attributable to the equity holders of the parent										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	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	-	-	-	-	65	-	24,631	24,696	89	24,785	
Dividends	-	-	-	-	-	-	(1,895)	(1,895)	-	(1,895)	
Dividend paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	(246)	(246)	
Closing balance at 31 December 2010	84,233	8,213	5,737	557	201	5,198	142,012	246,151	1,368	247,519	
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)	-	-	-	
Selective capital repayment by a subsidiary	-	-	(266)	232	-	-	68	34	(1,042)	(1,008)	
Total comprehensive income for the period	-	-	-	-	17	-	31,618	31,635	112	31,747	
Transfer	-	-	-	-	-	(2,496)	2,496	-	-	-	
Dividends	-	-	-	-	-	-	(2,527)	(2,527)	-	(2,527)	
Dividend paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	(72)	(72)	
Closing balance at 31 December 2011	140,389	-	5,471	789	218	2,702	125,724	275,293	366	275,659	

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 (Unaudited)
For The Year Ended 31 December 2011

	12 months ended	
	31.12.2011 RM' 000	31.12.2010 RM' 000
Operating activities		
Profit before taxation	36,702	28,324
Adjustments for:		
Depreciation of property, plant and equipment	1,051	997
Depreciation of investment property	15	15
Interest expense	1,120	977
Loss on disposal of property, plant and equipment	180	45
Property, plant and equipment written off	54	71
Share of profits in associated companies, net of tax	(19,088)	(15,773)
Tax exempt interest from short term investments	(90)	(66)
Interest income	(75)	(11)
Dividend income	(18)	(65)
Total adjustments	(16,851)	(13,810)
Operating cash flows before changes in working capital	19,851	14,514
Changes in working capital:		
(Increase)/decrease in inventories	(190)	286
(Increase)/decrease in receivables	(791)	(2,466)
Increase/(Decrease) in payables	(73)	355
Total changes in working capital	(1,054)	(1,825)
Cash generated from/(used in) operations	18,797	12,689
Interest received	165	77
Interest paid	(1,120)	(977)
Tax paid	(5,016)	(3,311)
Net cash flows from/(used in) operating activities	12,826	8,478
Investing activities		
Dividend received	3,464	1,772
Purchase of investment properties	-	(3,425)
Purchase of property, plant and equipment	(11,326)	(3,942)
Additional investment in an associated company	(1,409)	(4,593)
Additional placement of pledged fixed deposits	(9)	(7)
Proceeds from disposal of property, plant and equipment	360	135
Proceeds from disposal of unquoted investments	-	3,000
Selective capital repayment of a subsidiary company	(1,008)	-
Net cash flows (used in)/from investing activities	(9,928)	(7,060)
Financing activities		
(Repayment)/Drawdown of revolving credit	(400)	2,400
Repayment of term loan	(2,200)	(2,200)
Repayment of hire purchase obligations	(340)	(199)
Dividends paid to shareholders	(2,527)	(1,895)
Dividends paid to minority shareholders	(72)	(246)
Net cash flows (used in)/financing activities	(5,539)	(2,140)
Net (decrease)/increase in cash and cash equivalents	(2,641)	(722)
Cash and cash equivalents as at 1 January	7,400	8,122
Cash and cash equivalents as at 31 December	4,759	7,400
Cash and cash equivalents :		
Fixed deposits with licensed banks	465	456
Short term investments	1,646	4,788
Cash and bank balances	3,078	2,577
	5,189	7,821
Less : Fixed deposits pledged	(430)	(421)
	4,759	7,400

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

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.

The adoption of the above FRSS, Amendments to FRSS, IC Interpretations and Amendments to IC Interpretations does not have any significant financial impact on the Group.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called ‘Transitioning Entities’).

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2013. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

At the date of this financial statement, the Company has not completed its quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Company expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2013.

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 December 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 December 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 31 December 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. Changes in the composition of the Group

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

11. Contingent Assets and Liabilities

There were no contingent assets and contingent liabilities at the end of this quarter and as at the date of this report.

12. Capital commitments

	RM'000
Capital expenditure	
Approved and contracted for	33,139
Approved but not contracted for	<u>-</u>
	<u>33,139</u>

13. 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 was 9% lower than the preceding year corresponding quarter mainly due to decrease in prices of Fresh Fruit Bunches ("FFB") by 11% despite an increase in FFB production by 4%. Nevertheless, the Group's revenue for the current cumulative quarter is higher than the preceding year cumulative quarter mainly due to the increase in prices of FFB and yield by 23% and 2% respectively.

Profit before tax for the current quarter is higher than the preceding year corresponding quarter as there was recognition of negative goodwill of RM1.27 million which arose from the acquisition of additional shares in an associate during the current 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 lower than the immediate preceding quarter mainly due to decrease in FFB production and price by 10% and 4% respectively.

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 and strong demand of palm oil.

4. Profit forecast

Not applicable as there was no profit forecast published.

5. Profit before taxation

This is arrived at after crediting/ (charging):

	3 months ended		12 months ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM '000	RM '000	RM '000	RM '000
Interest income	78	22	165	77
Interest expense	(317)	(299)	(1,120)	(977)
Depreciation and amortisation	(298)	(325)	(1,066)	(1,012)
Dividend	9	64	18	65
Rental income	29	30	107	121
Loss on disposal of property, plant and equipment	-	-	(180)	(45)
Property, plant and equipment written off	(54)	-	(54)	(71)

Save as disclosed above, the other items as required under Appendix 9B, Part A (16) of the Bursa Listing Requirements are not applicable.

6. Income tax expense

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

	3 months ended		12 months ended	
	31.12.2001 RM'000	31.12.2010 RM'000	31.12.2001 RM'000	31.12.2010 RM'000
Malaysian income tax	1,145	1,300	4,924	3,331
Deferred tax	32	(51)	14	150
	<u>1,177</u>	<u>1,249</u>	<u>4,938</u>	<u>3,481</u>
Under/(Over) provision in prior year				
- Malaysian income tax	22	-	4	120
- Deferred tax	30	-	30	3
	<u>1,229</u>	<u>1,249</u>	<u>4,972</u>	<u>3,604</u>

The effective tax rate for the current quarter was higher than the statutory tax rate of 25% principally due to certain expenses was disallowed for tax purposes.

7. Corporate proposal

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

8. 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	7,600
Term loan	2,200

	<u>9,800</u>
 <u>Non-current - Secured</u>	 <u>RM'000</u>
Term loan	<u>12,850</u>
 Total borrowings	 <u>22,650</u>

9. Disclosure of derivatives

The Group did not enter into any derivative contact and accordingly there were no outstanding derivatives (including financial instruments designated as hedging instruments) as at 31 December 2011.

10. Changes in material litigation

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

11. Dividend payable

No interim ordinary dividend has been declared for the financial period ended 31 December 2011 (31 December 2010: Nil).

12. 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.

13. 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 31.12. 2011 RM' 000	As at 31.12.2010 RM' 000
Total retained profits of the Company and its subsidiaries		
- Realised	64,361	96,970
- Unrealised	(3,116)	(3,072)
	<hr/> 61,245	<hr/> 93,898
Total retained profits of associated companies		
- Realised	93,932	75,408
- Unrealised	(18,471)	(16,835)
Less: Consolidation adjustments	(10,982)	(10,459)
Total group retained profits as per consolidation accounts	<hr/> 125,724	<hr/> 142,012

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 28 February 2012.