

**MHC Plantations Bhd (4060-V)**  
**Condensed Consolidated Statement of Comprehensive Income (Unaudited)**  
**For The First Quarter Ended 31 March 2012**

	3 months ended		3 months ended	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
	RM' 000	RM'000	RM' 000	RM' 000
Revenue	7,162	8,983	7,162	8,983
Cost of sales	(2,494)	(2,319)	(2,494)	(2,319)
Gross profit	4,668	6,664	4,668	6,664
Other income	71	83	71	83
Administrative expenses	(862)	(761)	(862)	(761)
Operating profit	3,877	5,986	3,877	5,986
Finance costs	(299)	(250)	(299)	(250)
Share of profits in associates, net of tax	2,709	3,245	2,709	3,245
Profit before tax	6,287	8,981	6,287	8,981
Income tax expense	(945)	(1,454)	(945)	(1,454)
Profit net of tax	5,342	7,527	5,342	7,527
Other comprehensive income				
Net gain on available-for-sale financial assets				
- Gain on fair value changes	26	10	26	10
Total comprehensive income for the period	5,368	7,537	5,368	7,537
Profit attributable to:				
Owners of the parent	5,328	7,490	5,328	7,490
Non-controlling interests	14	37	14	37
	5,342	7,527	5,342	7,527
Total comprehensive income attributable to:				
Owners of the parent	5,354	7,500	5,354	7,500
Non-controlling interests	14	37	14	37
	5,368	7,537	5,368	7,537
Weighted average number of shares in issue	140,389	140,389	140,389	140,389
Earnings per share in sen	3.80	5.34	3.80	5.34

**The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2011.**

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

**Condensed Consolidated Statement of Financial Position (Unaudited)**  
**as at 31 March 2012**

	As at 31.3.2012 RM'000	As at 31.12.2011 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	56,591	52,165
Investment properties	4,037	4,041
Biological assets	16,536	16,536
Investment in associates	209,696	206,988
Investment securities	499	473
Goodwill on consolidation	16,929	16,929
	304,288	297,132
<b>Current assets</b>		
Inventories	499	645
Trade and other receivables	5,558	5,566
Tax recoverable	218	49
Short term investments	5,654	1,646
Fixed deposits with licensed banks	465	465
Cash and bank balances	974	3,078
	13,368	11,449
<b>TOTAL ASSETS</b>	<b>317,656</b>	<b>308,581</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	140,389	140,389
Reserves	140,258	134,904
	280,647	275,293
<b>Non-controlling interests</b>	322	366
<b>Total equity</b>	<b>280,969</b>	<b>275,659</b>

**Condensed Consolidated Statement of Financial Position (Unaudited)  
as at 31 March 2012 (Contd.)**

	<b>As at 31.3.2012 RM'000</b>	<b>As at 31.12.2011 RM'000</b>
<b>EQUITY AND LIABILITIES (CONTD.)</b>		
<b>Non-current liabilities</b>		
Hire purchase payables	497	543
Borrowings	12,300	12,850
Deferred tax liabilities	3,110	3,116
	15,907	16,509
<b>Current liabilities</b>		
Payables	4,614	5,668
Hire purchase payables	172	184
Borrowings	15,800	9,800
Taxation	194	761
	20,780	16,413
<b>Total liabilities</b>	36,687	32,922
<b>TOTAL EQUITY AND LIABILITIES</b>	317,656	308,581
<b>Net Tangible Asset Per Share (RM)</b>	1.88	1.84
<b>Net Asset Per Share (RM)</b>	2.00	1.96

**The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2011.**

MHC Plantations Bhd (4060-V)

Condensed Consolidated Statements of Changes in Equity (Unaudited)  
For The First Quarter Ended 31 March 2012

	Equity attributable to owners of the Company										Non-controlling Interests	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	RM' 000		
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 to retained earnings	-	-	-	-	-	(2,498)	2,498	-	-	-		
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(106)	(106)		
Closing balance at 31 March 2011	84,233	8,213	5,737	557	211	2,700	152,000	253,651	1,299	254,950		
Opening balance at 1 Jan 2012	140,389	-	5,737	789	218	2,435	125,725	275,293	366	275,659		
Total comprehensive income for the period	-	-	-	-	26	-	5,328	5,354	14	5,368		
Transfer to retained earnings	-	-	-	-	-	(2,427)	2,427	-	-	-		
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(58)	(58)		
Closing balance at 31 March 2012	140,389	-	5,737	789	244	8	133,480	280,647	322	280,969		

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2011.

MHC Plantations Bhd (4060-V)

Condensed Consolidated Statement of Cash Flows (Unaudited)  
For The First Quarter Ended 31 March 2012

	3 months ended	
	31.3.2012 RM' 000	31.3.2011 RM' 000
<b>Operating activities</b>		
Profit before taxation	6,287	8,981
Adjustments for:		
Depreciation of property, plant and equipment	263	249
Depreciation of investment property	4	2
Interest expense	299	250
Share of profits in associated companies, net of tax	(2,709)	(3,245)
Tax exempt interest from short term investments	(3)	(26)
Interest income	(3)	(1)
Dividend income	-	(9)
Total adjustments	(2,149)	(2,780)
<b>Operating cash flows before changes in working capital</b>	<u>4,138</u>	<u>6,201</u>
Changes in working capital:		
Inventories	146	(234)
Receivables	8	(472)
Payables	(1,051)	(687)
Total changes in working capital	(897)	(1,393)
Cash generated from/(used in) operations	3,241	4,808
Interest received	6	27
Interest paid	(299)	(250)
Tax paid	(1,686)	(1,002)
<b>Net cash flows from/(used in) operating activities</b>	<u>1,262</u>	<u>3,583</u>
<b>Investing activities</b>		
Dividend received	-	9
Purchase of property, plant and equipment	(4,692)	(524)
<b>Net cash flows (used in)/from investing activities</b>	<u>(4,692)</u>	<u>(515)</u>
<b>Financing activities</b>		
Drawdown of revolving credit	6,000	5,500
Repayment of revolving credit	-	(1,200)
Repayment of term loan	(550)	(550)
Repayment of hire purchase obligations	(58)	(63)
Dividends paid to non-controlling shareholders	(58)	(106)
<b>Net cash flows from/(used in) financing activities</b>	<u>5,334</u>	<u>3,581</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>1,904</u>	<u>6,649</u>
<b>Cash and cash equivalents as at 1 January</b>	<u>4,759</u>	<u>7,400</u>
<b>Cash and cash equivalents as at 31 December</b>	<u>6,663</u>	<u>14,049</u>
<b>Cash and cash equivalents :</b>		
Fixed deposits with licensed banks	465	456
Short term investments	5,654	11,720
Cash and bank balances	974	2,294
	<u>7,093</u>	<u>14,470</u>
Less : Fixed deposits pledged	(430)	(421)
	<u>6,663</u>	<u>14,049</u>

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2011.

## **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 2011.

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 2011. 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 2011.

#### **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 2011, except for the adoption of the following:

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

IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments  
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement

Effective for financial periods beginning on or after 1 January 2012:

Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters  
Amendments to FRS 7: Disclosures – Transfers of Financial Assets  
Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets

The adoption of the above revised FRSS, IC Interpretation and Amendments do not have any significant financial impact on the Group.

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 venture (herein called 'Transitioning Entities').

2. Changes in accounting policies (Contd.)

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.

The Group 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 March 2012.

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 2012.

8. Dividend paid

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	29,677
Approved but not contracted for	<u>-</u>
	<u>29,677</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 lower prices of Fresh Fruit Bunches ("FFB") by 17%.

Profit before tax for the current quarter is lower than the preceding year corresponding quarter mainly due to lower 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 lower contribution from the associated companies as a result of lower palm oil 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 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):

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
	RM'000	RM'000	RM'000	RM'000
Interest income	6	27	6	27
Interest expense	(299)	(250)	(299)	(250)
Depreciation and amortisation	(267)	(251)	(267)	(251)
Dividend	-	9	-	9
Rental income	39	41	39	41

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.

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31.3.2012 RM'000	31.3.2011 RM'000	31.3.2012 RM'000	31.3.2011 RM'000
Malaysian income tax	951	1,460	951	1,460
Deferred tax	(6)	(6)	(6)	(6)
	<u>945</u>	<u>1,454</u>	<u>945</u>	<u>1,454</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

On 21 March 2012, the Company proposed 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 five (5) existing MHC Shares held on an entitlement date to be determined later ("Entitlement Date"); and
- ii. a bonus issue of 56,155,420 Warrants on the basis of two (2) free Warrants for every five (5) existing MHC Shares held on the Entitlement Date.

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Board expects the Proposed Bonus Issue to be completed by the second quarter of 2012.

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	13,600
Term loan	2,200
	-----
	<u>15,800</u>
 <u>Non-current - Secured</u>	 <u>RM'000</u>
Term loan	<u>12,300</u>
 Total borrowings	 <u>28,100</u>

9. Disclosure of derivatives

The Group did not enter into any derivative contract and accordingly there were no outstanding derivatives (including financial instruments designated as hedging instruments) as at 31 March 2012.

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 March 2012 (31 March 2011: 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 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.

	<b>As at 31.3. 2012 RM' 000</b>	<b>As at 31.3.2011 RM' 000</b>
Total retained profits of the Company and its subsidiaries		
- Realised	70,102	103,931
- Unrealised	(3,110)	(3,305)
	<hr/> 66,992	<hr/> 100,626
Total retained profits of associated companies		
- Realised	56,969	78,511
- Unrealised	(18,440)	(16,693)
Consolidation adjustments	27,959	(10,446)
Total group retained profits as per consolidation accounts	<hr/> 133,480	<hr/> 151,998

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 26 April 2012.