

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

	3 months ended		12 months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM' 000	RM'000	RM' 000	RM' 000
Revenue	5,538	7,401	28,089	33,703
Cost of sales	(4,299)	(2,881)	(12,936)	(10,869)
Gross profit	1,239	4,520	15,153	22,834
Other income	202	207	429	394
Administrative expenses	(1,585)	(1,604)	(4,287)	(4,495)
Operating (loss)/profit	(144)	3,123	11,295	18,733
Finance costs	(176)	(317)	(958)	(1,120)
Share of profits in associates, net of tax	1,375	5,065	8,959	19,088
Profit before tax	1,055	7,871	19,296	36,701
Income tax expense	(37)	(1,229)	(2,712)	(4,972)
Profit net of tax	1,018	6,642	16,584	31,729
Other comprehensive income				
Available-for-sale financial assets				
- Disposal	(113)	-	(113)	-
- (Loss)/Gain on fair value changes	(54)	6	(11)	17
Total comprehensive income for the period	851	6,648	16,460	31,746
Profit attributable to:				
Owners of the parent	1,012	6,627	16,540	31,617
Non-controlling interests	6	15	44	112
	1,018	6,642	16,584	31,729
Total comprehensive income attributable to:				
Owners of the parent	845	6,633	16,416	31,634
Non-controlling interests	6	15	44	112
	851	6,648	16,460	31,746
Weighted average number of shares in issue	196,544	196,544	196,544	196,544
Earnings per share in sen	0.51	3.37	8.42	16.09

**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 December 2012

	As at 31.12.2012 RM'000	As at 31.12.2011 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	82,825	52,165
Investment properties	4,026	4,041
Biological assets	16,536	16,536
Investment in associates	211,782	206,988
Investment securities	333	473
Goodwill on consolidation	16,929	16,929
	<u>332,431</u>	<u>297,132</u>
<b>Current assets</b>		
Inventories	1,326	645
Trade and other receivables	2,633	5,566
Tax recoverable	852	49
Short term investments	953	1,646
Fixed deposits with licensed banks	474	465
Cash and bank balances	3,427	3,078
	<u>9,665</u>	<u>11,449</u>
<b>TOTAL ASSETS</b>	<u>342,096</u>	<u>308,581</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	196,544	140,389
Reserves	91,757	134,904
	<u>288,301</u>	<u>275,293</u>
<b>Non-controlling interests</b>	353	366
<b>Total equity</b>	<u>288,654</u>	<u>275,659</u>

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

	<b>As at 31.12.2012 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	570	543
Borrowings	35,150	12,850
Deferred tax liabilities	3,089	3,116
	38,809	16,509
<b>Current liabilities</b>		
Payables	7,876	5,668
Hire purchase payables	242	184
Borrowings	6,300	9,800
Taxation	215	761
	14,633	16,413
<b>Total liabilities</b>	<b>53,442</b>	<b>32,922</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>342,096</b>	<b>308,581</b>
 <b>Net Tangible Asset Per Share (RM)</b>	 <b>1.38</b>	 <b>1.84</b>
<b>Net Asset Per Share (RM)</b>	<b>1.47</b>	<b>1.96</b>

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 Fourth Quarter Ended 31 December 2012

	I-----Equity attributable to owners of the Company-----I										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 January 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	-	-	-	-	17	-	31,617	31,634	112	31,746		
Selective capital repayment scheme by a subsidiary company	-	-	-	216	-	(248)	41	9	(974)	(965)		
Acquisition of non-controlling interest	-	-	-	16	-	(18)	28	26	(68)	(42)		
Transactions with owners:												
Bonus issue	56,156	(8,213)	-	-	-	-	(47,943)	-	-	-		
Dividends	-	-	-	-	-	-	(2,527)	(2,527)	-	(2,527)		
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(72)	(72)		
Total transactions with owners	56,156	(8,213)	-	-	-	(2,496)	(50,470)	(2,527)	(72)	(2,599)		
Transfer to retained earnings	-	-	-	-	-	(2,496)	2,496	-	-	-		
Closing balance at 31 December 2011	140,389	-	5,737	789	218	2,436	125,724	275,293	366	275,659		
Opening balance at 1 January 2012	140,389	-	5,737	789	218	2,435	125,725	275,293	366	275,659		
Total comprehensive income for the period	-	-	-	-	(124)	-	16,540	16,416	44	16,460		
Transactions with owners:												
Bonus issue	56,155	-	-	-	-	-	(56,155)	-	-	-		
Expenses incurred for bonus issue	-	-	-	-	-	-	(249)	(249)	-	(249)		
Dividends	-	-	-	-	-	-	(3,159)	(3,159)	-	(3,159)		
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(57)	(57)		
Total transactions with owners	56,155	-	-	-	-	-	(59,563)	(3,408)	(57)	(3,465)		
Transfer to retained earnings	-	-	-	-	-	(2,427)	2,427	-	-	-		
Closing balance at 31 December 2012	196,544	-	5,737	789	94	8	85,129	288,301	353	288,654		

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

Condensed Consolidated Statement of Cash Flows (Unaudited)  
For The Fourth Quarter Ended 31 December 2012

	12 months ended	
	31.12.2012 RM' 000	31.12.2011 RM' 000
<b>Operating activities</b>		
Profit before taxation	19,296	36,701
Adjustments for:		
Depreciation of property, plant and equipment	1,121	1,051
Depreciation of investment property	15	15
Interest expense	958	1,120
Gain on disposal of investment securities	(145)	-
Loss on disposal of property, plant and equipment	40	179
Property, plant and equipment written off	-	54
Share of profits in associated companies, net of tax	(8,959)	(19,088)
Tax exempt interest from short term investments	(14)	(90)
Interest income	(19)	(75)
Dividend income	(76)	(18)
Total adjustments	(7,079)	(16,852)
<b>Operating cash flows before changes in working capital</b>	<b>12,217</b>	<b>19,849</b>
Changes in working capital:		
Inventories	(681)	(190)
Receivables	2,934	(791)
Payables	2,208	3,799
Total changes in working capital	4,461	2,818
Cash generated from/(used in) operations	16,678	22,667
Interest received	33	165
Interest paid	(958)	(1,120)
Tax paid	(4,088)	(5,016)
<b>Net cash flows from/(used in) operating activities</b>	<b>11,665</b>	<b>16,696</b>
<b>Investing activities</b>		
Acquisition of non-controlling interest	-	(42)
Dividend received	4,240	3,465
Proceeds from disposal of property, plant and equipment	40	360
Proceeds from disposal of investment securities	162	-
Purchase of property, plant and equipment	(31,621)	(15,215)
Additional investment in an associated company	-	(1,409)
Additional placement of pledged fixed deposits	(9)	(9)
<b>Net cash flows (used in)/from investing activities</b>	<b>(27,188)</b>	<b>(12,850)</b>
<b>Financing activities</b>		
Drawdown of revolving credit	20,400	21,900
Repayment of revolving credit	(23,900)	(22,300)
Drawdown of term loan	24,500	-
Repayment of term loan	(2,200)	(2,200)
Repayment of hire purchase obligations	(155)	(339)
Bonus issue expenses	(249)	-
Selective capital repayment of a subsidiary company	-	(949)
Dividends paid to shareholders	(3,159)	(2,527)
Dividends paid to non-controlling shareholders	(58)	(72)
<b>Net cash flows from/(used in) financing activities</b>	<b>15,179</b>	<b>(6,487)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(344)</b>	<b>(2,641)</b>
<b>Cash and cash equivalents as at 1 January</b>	<b>4,759</b>	<b>7,400</b>
<b>Cash and cash equivalents as at 31 December</b>	<b>4,415</b>	<b>4,759</b>
<b>Cash and cash equivalents :</b>		
Fixed deposits with licensed banks	474	465
Short term investments	953	1,646
Cash and bank balances	3,427	3,078
	4,854	5,189
Less : Fixed deposits pledged	(439)	(430)
	4,415	4,759

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  
FRS 124: Related Party Disclosures

The adoption of the above revised FRSSs, 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.

On 30 June 2012, MASB has decided to allow agriculture and real estate companies (Transitioning Entities) to defer the adoption of the MFRS Framework for another year. MFRS will therefore be mandated for all companies for annual periods beginning on or after 1 January 2014. This decision comes after an extensive deliberation by the Board and taking into account both local and international developments affecting these standards.

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 2014. 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 2014.

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 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 December 2012 except as disclosed below:

On 3 August 2012, the Company issued the following equity:

- 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; 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.

8. Dividend paid

A final single-tier dividend of 2.25% in respect of the current financial year ended 31 December 2011 on 140,388,550 ordinary shares, amounting to a dividend payable of RM3,158,742 (2.25 sen per share) was paid on 8 June 2012.

No interim dividend was declared and paid for the current quarter.

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	8,962
Approved but not contracted for	<u>-</u>
	<u>8,962</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 ended 31 December 2012 was 25% lower than the preceding year corresponding quarter ended 31 December 2011 mainly due to decrease in prices of Fresh Fruit Bunches ("FFB") by 34% despite an increase of FFB production by 10%. The Group's revenue for the cumulative quarter ended 31 December 2012 decreased by 17% from the preceding year cumulative quarter ended 31 December 2011 mainly due to decrease in prices of Fresh Fruit Bunches ("FFB") by 18%.

Profit before tax for the current quarter and the current cumulative quarter decreased by 87% and 47% respectively as a result of lower FFB prices, higher application of fertilizers, accelerated replanting, infrastructure repairs and pre-operating costs of a new oil mill integrated with a biogas power plant and lower contribution from the associated companies as compare to the preceding year quarter and the preceding year cumulative quarter. The lower contribution from the associated companies is also mainly due to lower FFB prices and yield, resulting from oil palm tree stress.

#### 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 prices and production by 29% and 10% respectively, higher application of fertilizers, accelerated replanting, infrastructure repairs and pre-operating costs of a new oil mill integrated with a biogas power plant and lower contribution from associated companies.

#### 3. Current year prospects

Barring any unforeseen circumstances, the Board is optimistic on the Group's prospects in view that currently palm oil prices have stabilised around RM2,500 per MT.

#### 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	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Interest income	16	78	33	165
Interest expense	(176)	(317)	(958)	(1,120)
Depreciation and amortisation	(333)	(298)	(1,136)	(1,066)
Gain on disposal of investment securities	145	-	145	-
Loss on disposal of proprty, plant and equipment	(40)	-	(40)	(179)
Dividend	10	9	76	18
Rental income	10	29	107	107

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 12 months ended	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
Malaysian income tax	(39)	1,145	2,763	4,924
Deferred tax	66	32	(38)	14
	<u>27</u>	<u>1,177</u>	<u>2,725</u>	<u>4,938</u>
Under/(Over) provision in prior year				
- Malaysian income tax	(1)	22	(24)	4
- Deferred tax	11	30	11	30
	<u>37</u>	<u>1,229</u>	<u>2,712</u>	<u>4,972</u>

The effective tax rate for the current quarter and the cumulative quarter ended 31 December 2012 was higher than the statutory tax rate of 25% principally due to certain expenses were 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	4,100
Term loan	2,200
	-----
	<u>6,300</u>
 <u>Non-current - Secured</u>	 <u>RM'000</u>
Term loan	<u>35,150</u>
 Total borrowings	 <u>41,450</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 December 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 December 2012 (31 December 2011: Nil).

12. Earnings per share

(a) Basic

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 196,543,970 (2011 – on the enlarged share capital of 196,543,970 after the bonus issue of 56,155,420 ordinary shares of RM1 each) in issue during the financial period.

	3 months ended		12 months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Profit attributable to the owners of the Company	1,012	6,627	16,540	31,617
Weighted average number of ordinary shares in issue	196,544	196,544	196,544	196,544
Basic earnings per share (sen)	0.51	3.37	8.42	16.09

(b) Diluted

The Group has no potential ordinary shares in issue as at balance sheet and therefore, diluted earnings per share have not been presented.

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. 2012 RM' 000	As at 31.12.2011 RM' 000
Total retained profits of the Company and its subsidiaries		
- Realised	20,026	64,361
- Unrealised	(3,370)	(3,116)
	16,656	61,245
Total retained profits of associated companies		
- Realised	59,270	93,932
- Unrealised	(18,577)	(18,471)
Consolidation adjustments	27,780	(10,982)
Total group retained profits as per consolidation accounts	85,129	125,724

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 February 2013.