

**MHC Plantations Bhd (4060-V)**  
**Condensed Consolidated Statement of Comprehensive Income (Unaudited)**  
**For The First Quarter Ended 31 March 2023**

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31.3.2023 (Unaudited) RM' 000	31.3.2022 (Unaudited) RM'000	31.3.2023 (Unaudited) RM' 000	31.3.2022 (Unaudited) RM' 000
Revenue	106,987	153,353	106,987	153,353
Cost of sales	(98,092)	(124,536)	(98,092)	(124,536)
Gross profit	8,895	28,817	8,895	28,817
Other income	3,332	2,439	3,332	2,439
Administrative expenses	(3,388)	(2,899)	(3,388)	(2,899)
Other operating expenses	(1,324)	(1,414)	(1,324)	(1,414)
Operating profit	7,515	26,943	7,515	26,943
Finance costs	(456)	(537)	(456)	(537)
Profit/(Loss) before tax	7,059	26,406	7,059	26,406
Income tax expense	(2,538)	(4,669)	(2,538)	(4,669)
Profit/(Loss) after tax	4,521	21,737	4,521	21,737
Other comprehensive income				
Exchange difference on translation of foreign operations	(21)	105	(21)	105
Total comprehensive income for the period	4,500	21,842	4,500	21,842
Profit/(Loss) attributable to:				
Owners of the parent	2,818	11,472	2,818	11,472
Non-controlling interests	1,703	10,265	1,703	10,265
	4,521	21,737	4,521	21,737
Total comprehensive income attributable to:				
Owners of the parent	2,812	11,536	2,812	11,536
Non-controlling interests	1,688	10,306	1,688	10,306
	4,500	21,842	4,500	21,842
Weighted average number of shares in issue	196,544	196,544	196,544	196,544
Earnings per share in sen				
- Basic	1.43	5.84	1.43	5.84

**The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2022.**

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

**Condensed Consolidated Statement of Financial Position**  
**as at 31 March 2023**

	<b>As at 31.3.2023 (Unaudited) RM'000</b>	<b>As at 31.12.2022 (Audited) RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	469,714	472,094
Investment properties	45,264	45,264
Deferred tax assets	4,490	4,648
Investment in securities	281	281
Goodwill on consolidation	43,867	43,867
	<u>563,616</u>	<u>566,154</u>
<b>Current assets</b>		
Inventories	24,437	26,813
Biological assets	3,356	3,356
Trade and other receivables	23,816	23,523
Tax recoverable	2,807	1,176
Short term investments	43,236	42,816
Fixed deposits with licensed banks	53,646	41,942
Cash and bank balances	26,651	25,506
	<u>177,949</u>	<u>165,132</u>
<b>TOTAL ASSETS</b>	<u>741,565</u>	<u>731,286</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	196,544	196,544
Reserves	114,510	111,698
	<u>311,054</u>	<u>308,242</u>
<b>Non-controlling interests</b>	295,320	293,632
<b>Total equity</b>	<u>606,374</u>	<u>601,874</u>

**Condensed Consolidated Statement of Financial Position  
as at 31 March 2023 (Contd.)**

	<b>As at 31.3.2023 (Unaudited) RM'000</b>	<b>As at 31.12.2022 (Audited) RM'000</b>
<b>EQUITY AND LIABILITIES (CONTD.)</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	22,934	25,561
Deferred tax liabilities	50,552	50,636
Lease liabilities	2,887	2,868
	76,373	79,065
<b>Current liabilities</b>		
Trade and other payables	28,053	33,983
Loans and borrowings	26,700	10,948
Lease liabilities	1,003	1,025
Taxation	3,062	4,391
	58,818	50,347
<b>Total liabilities</b>	135,191	129,412
<b>TOTAL EQUITY AND LIABILITIES</b>	741,565	731,286
<b>Net Tangible Asset Per Share (RM)</b>	1.36	1.35
<b>Net Asset Per Share (RM)</b>	1.58	1.57

**The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2022.**

**MHC Plantations Bhd (4060-V)**  
**Condensed Consolidated Statements of Changes in Equity (Unaudited)**  
**For The First Quarter Ended 31 March 2023**

	Non-Distributable						Distributable		Total	Non-controlling Interests	Total Equity
	Share Capital RM' 000	Capital Reserve RM' 000	Other Reserve RM' 000	Revaluation Reserve RM' 000	Fair value adjustment reserve RM'000	Foreign currency translation reserve RM'000	Capital Reserve RM' 000	Retained Profits RM' 000			
<b>Opening balance at 1 Jan 2022</b>	196,544	5,737	(32,523)	789	(63)	(292)	8	115,041	285,241	281,898	567,139
Total comprehensive income for the period	-	-	-	-	-	66	-	11,472	11,538	10,306	21,844
<b>Closing balance at 31 March 2022</b>	<u>196,544</u>	<u>5,737</u>	<u>(32,523)</u>	<u>789</u>	<u>(63)</u>	<u>(226)</u>	<u>8</u>	<u>126,513</u>	<u>296,779</u>	<u>292,204</u>	<u>588,983</u>
<b>Opening balance at 1 Jan 2023</b>	196,544	5,737	(32,670)	789	(61)	(298)	8	138,193	308,242	293,632	601,874
Total comprehensive income for the period	-	-	-	-	-	(6)	-	2,818	2,812	1,688	4,500
<b>Closing balance at 31 March 2023</b>	<u>196,544</u>	<u>5,737</u>	<u>(32,670)</u>	<u>789</u>	<u>(61)</u>	<u>(304)</u>	<u>8</u>	<u>141,011</u>	<u>311,054</u>	<u>295,320</u>	<u>606,374</u>

**The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2022.**

**MHC Plantations Bhd (4060-V)**  
**Condensed Consolidated Statement of Cash Flows (Unaudited)**  
**For The First Quarter Ended 31 March 2023**

	<b>3 months ended</b>	
	<b>31.3.2023</b> <b>(Unaudited)</b> <b>RM' 000</b>	<b>31.3.2022</b> <b>(Unaudited)</b> <b>RM' 000</b>
<b>Operating activities</b>		
Profit before taxation	7,059	26,406
Adjustments for:		
Depreciation and amortisation	7,560	7,437
Reversal of allowance for expected credit losses	(66)	(3)
Interest expense	456	537
(Gain)/Loss on disposal of property, plant and equipment	(9)	-
Property, plant and equipment written off	49	308
Interest income	(600)	(185)
Total adjustments	7,390	8,093
<b>Operating cash flows before changes in working capital</b>	<b>14,449</b>	<b>34,499</b>
Changes in working capital:		
Inventories	2,376	(3,024)
Receivables	(773)	(4,521)
Payables	(5,374)	(5,050)
Total changes in working capital	(3,771)	(12,595)
Cash generated from operations	10,678	21,904
Interest received	600	185
Interest paid	(456)	(541)
Tax paid	(5,424)	(5,515)
<b>Net cash flows from/(used in) operating activities</b>	<b>5,398</b>	<b>16,034</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(4,827)	(3,149)
Net change in short term investments	(421)	(1,381)
Proceeds from disposal of unquoted investments	53	-
<b>Net cash flows (used in)/from investing activities</b>	<b>(5,195)</b>	<b>(4,530)</b>
<b>Financing activities</b>		
Drawdown of revolving credit	15,000	7,500
Drawdown of term loan	-	100
Repayment of revolving credit	(300)	-
Repayment of term loan	(1,575)	(4,125)
Repayment of lease liabilities	(339)	(288)
<b>Net cash flows from/(used in) financing activities</b>	<b>12,786</b>	<b>3,187</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>12,989</b>	<b>14,691</b>
Effect on exchange rate changes on cash and cash equivalents	(32)	105
<b>Cash and cash equivalents as at 1 January</b>	<b>62,827</b>	<b>46,440</b>
<b>Cash and cash equivalents as at 31 March</b>	<b>75,784</b>	<b>61,236</b>
<b>Cash and cash equivalents :</b>		
Fixed deposits with licensed banks	53,646	22,279
Cash and bank balances	26,651	43,572
	80,297	65,851
Less : Fixed deposits pledged	(4,513)	(4,615)
	75,784	61,236

**The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2022.**

## Notes to the condensed consolidated interim financial statements

### 1. Basis of preparation

The condensed consolidated interim financial statements for the financial period ended 31 March 2023 have been prepared in compliance with Malaysian Financial Reporting Standards (“MFRS”) 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2022.

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 2022. 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 2022.

### 2. Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2022.

At the date of authorization of these interim financial statements, the following MFRSs were issued but not yet effective and have not been applied by the Group:

<b>Amendments to MFRSs</b>	<b>Effective Date</b>
• Amendments to MFRS 101: Presentation of Financial statements (Classification of Liabilities as Current or Non-current)	1 Jan 2024
• Amendments to MFRS 16: Leases (Lease Liability in a Sale and Leaseback)	1 Jan 2024
• Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 Jan 2024

### 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 2023.

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 2023.

8. Dividend paid

No dividend has been paid during the current quarter ended 31 March 2023.

9. Segment information

The Group has three reportable segments, as described below, which are the Group's strategies business units. The strategic business units offer different products and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each of the Group's reportable segments:

- a. Plantation - Cultivation of oil palm
- b. Oil Mill - Milling and sales of oil palm products
- c. Power Plant – Power Generation and sales of biomass by-products

Information about reportable segments

		<b>Results for 3 months ended 31 March</b>							
		<b>Plantation</b>		<b>Oil Mill</b>		<b>Power Plant</b>		<b>Total</b>	
		<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
External revenue		6,627	10,474	92,654	128,478	7,490	14,006	106,771	152,958
Inter-segment revenue		17,008	26,342	-	-	-	-	17,008	26,342
Segment profit/(loss)		7,004	21,887	2,300	(197)	(1,308)	5,570	7,996	27,260

9. Segment information (Cont'd)

<b>Segment profit is reconciled to consolidated profit before tax as follows:</b>	<b>3 months ended 31.3.2022 (Unaudited)</b>	<b>3 months ended 31.3.2021 (Unaudited)</b>
	<b>RM'000</b>	<b>RM'000</b>
Segment profit	7,996	27,260
Other non-reportable segments	(25)	791
Amortisation of group land cost	(631)	(631)
Elimination of inter-segment profits	157	(654)
Unallocated corporate (expenses)/income	(438)	(360)
Consolidated profit/(loss) before tax	<u>7,059</u>	<u>26,406</u>

10. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter ended 31 March 2023.

11. Contingent Assets and Liabilities

There were no changes in other contingent liabilities or contingent assets since the last annual statement of financial position as at 31 December 2022.

12. Capital commitments

	RM'000
Capital expenditure:	
Approved and contracted for	39,703
Approved but not contracted for	<u>35,359</u>
	<u>75,062</u>

13. Subsequent event

There were no material subsequent events to the end of the current quarter.



## Information required by BMSB Listing Requirements

### 1. Review of performance

#### Financial review for current quarter and financial year to date

		<b>Individual Period</b>		
		<b>(First Quarter)</b>		
		<b>Current year</b>	<b>Preceding Year</b>	<b>Changes</b>
		<b>Quarter</b>	<b>Corresponding</b>	<b>(%)</b>
		<b>31.3.2023</b>	<b>31.3.2022</b>	
		<b>(Unaudited)</b>	<b>(Unaudited)</b>	
		<b>RM'000</b>	<b>RM'000</b>	
Revenue		106,987	153,353	-30%
Operating profit		7,515	26,943	-72%
Profit before tax		7,059	26,406	-73%
Profit after tax		4,521	21,737	-79%
Profit attributable to ordinary equity holders of the Parent		2,818	11,472	-75%
<b>Operational Statistics</b>				
Production:				
FFB	(mt)	32,253	29,642	9%
CPO	(mt)	20,052	18,081	11%
PK	(mt)	5,314	5,071	5%
Average selling price:				
FFB	(RM/mt)	718	1,222	-41%
CPO	(RM/mt)	3,980	5,780	-31%
PK	(RM/mt)	2,039	4,584	-56%
Quantity sold:				
CPO	(mt)	20,718	18,215	14%
PK	(mt)	5,000	5,059	-1%
Oil Extraction Rate (%)		18.95	18.63	2%
Electricity Export(MWh)		10,709	14,485	-26%

1. Review of performance (Cont'd)

**Current Quarter vs. Previous Year Corresponding Quarter**

The Group recorded a revenue of RM106.99 million and profit before tax of RM7.06 million for the current quarter ended 31 March 2023 as compared to a revenue of RM153.35 million and profit before tax of RM26.41 million in the preceding year corresponding quarter ended 31 March 2022. The significant decreases in revenue and profit before tax were mainly due to:

- a) Decreases in average selling prices of CPO, PK, FFB and EFB Oil by 31%, 56%, 41% and 33% respectively; and
- b) A 44 % decrease in the sales volume of EFB Oil.

Performance of the respective operating business segments for this quarter under review as compared to the previous corresponding quarter was analysed as follows:

- (i) Plantation – The substantial decrease in Segment profit by RM14.89 million (68%) from RM21.89 million to RM7.00 million was mainly due to a 41% decrease in average FFB selling price despite an increase in FFB production by 9%.
- (ii) Oil Mill – The increase in Segment profit by RM2.50 million (>100%) from a Segment loss of RM0.20 million to a Segment profit of RM2.30 million was mainly due to an increase in FFB processed volume by 9% and more favourable OER Margin for the quarter under review.
- (iii) Power Plant – The substantial decrease in Segment profit by RM6.88 million (>100%) from a Segment profit of RM5.57 million to a Segment loss of RM1.31 million mainly due to a decrease in revenue from EFB oil sales by RM5.18 million (62%) and power sales to SESB by RM1.22 million (26%). The decrease in EFB oil sales was caused by a decrease in both the average selling price of EFB oil (by 33%) and the sales volume of EFB oil (by 44%). The decrease in power sales was due to a decline in the export of power to SESB, which was caused by the shutdown maintenance and repair of the biomass plant since October 2022. The biomass power plant has since resumed operation as of 15 February 2023.

2. Financial review for current quarter compared with immediate preceding quarter

			<b>Current quarter 31.3.2023 (Unaudited) RM'000</b>	<b>Immediate Preceding Quarter 31.12.2022 (Unaudited) RM'000</b>	<b>Changes (%)</b>
Revenue			106,987	119,571	-10.5%
Operating profit			7,515	5,751	31%
Profit before tax			7,059	5,244	35%
Profit/(Loss) after tax			4,521	(1,713)	-364%
Profit attributable to ordinary equity holders of the Parent			2,818	218	1193%
<b><i>Operational Statistics</i></b>					
Production:					
FFB	(mt)		32,253	36,584	-12%
CPO	(mt)		20,052	23,694	-15%
PK	(mt)		5,314	6,456	-18%
Average selling price:					
FFB	(RM/mt)		718	704	2%
CPO	(RM/mt)		3,980	3,898	2%
PK	(RM/mt)		2,039	2,072	-2%
Quantity sold:					
CPO	(mt)		20,718	23,290	-11%
PK	(mt)		5,000	6,366	-21%
Oil Extraction Rate (%)			18.95	19.21	-1%
Electricity Export(MWh)			10,709	8,915	20%

The Group recorded a profit before tax of RM7.06 million in the quarter under review as compared to a profit before tax of RM5.24 million in the immediate preceding quarter. The increase in profit before tax was mainly due to a fair value loss on biological assets of RM2.47 million recorded in the immediate preceding quarter.

3. Commentary on prospects

Palm oil prices have eased from the historical high in 2022 due to tighter monetary policies and a global economic slowdown. However, the Group expects that CPO prices could remain relatively high for the year 2023 compared to prices seen three years ago.

The Group faces challenges from the high production costs such as fertiliser and labour costs and shortage of foreign labour in the palm oil industry. To combat this, the Group will continue to focus on improving our operating efficiency and productivity, particularly through increased mechanisation and improving the maturity profile of its oil palm trees.

Overall, the Group expects a challenging year for the FY2023 due to high production costs alongside the softening of palm oil prices.

4. Profit forecast

Not applicable as there was no profit forecast published.

5. Profit/(Loss) before taxation

This is arrived at after crediting/ (charging):

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Gain/(Loss) on disposal of plant and equipment	9	-	9	-
Reversal of allowance for expected credit losses	66	3	66	3
Interest income	600	185	600	185
Interest expense	(456)	(537)	(456)	(537)
Depreciation and amortisation	(7,560)	(7,437)	(7,560)	(7,437)
Property, plant and equipment written off	(49)	(308)	(49)	(308)

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		Cumulative quarter	
	3 months ended		3 months ended	
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Current tax:				
-Malaysian income tax	2,500	4,775	2,500	4,775
-Under/(over) provision of tax	(35)	224	(35)	224
	2,465	4,999	2,465	4,999
Deferred tax				
- relating to origination and reversal of temporary differences	29	(177)	29	(177)
- under/(over) provision of tax	44	(153)	44	(153)
	73	(330)	73	(330)
Total income tax expense	2,538	4,669	2,538	4,669

The Group's effective tax rate for current quarter was higher than the statutory tax rate of 24% due to the non-recognition of deferred tax asset arising from losses in certain subsidiaries.

7. Corporate proposal

There was no corporate proposal for the current quarter under review.

8. Borrowings

The total borrowings incurred by the Group and outstanding as at end of the current quarter are as follows:

	As at	
	31.3.2023	31.12.2022
	(Unaudited)	(Audited)
	RM'000	RM'000
<b>Short term borrowings</b>		
Secured:		
Term loans	7,800	6,748
Short term revolving credits	18,800	4,100
Unsecured:		
Short term revolving credits	100	100
	26,700	10,948
<b>Long term borrowings</b>		
Secured:		
Term loans	22,934	25,561
<b>Total borrowings</b>		
Secured:		
Term loans	30,734	32,309
Short term revolving credits	18,800	4,100
Unsecured:		
Short term revolving credits	100	100
	49,634	36,509

## 9. Trade and Other Receivables

		As at	
		31.3.2023	31.12.2022
		(Unaudited)	(Audited)
		RM'000	RM'000
<b>Current</b>			
Trade receivables:			
- Non-related parties		12,933	13,432
Less: Allowance for doubtful debts		(219)	(224)
		12,714	13,208
Other receivables, net		11,102	10,315
		23,816	23,523

The credit period of trade receivables is generally for a period of one month.

The ageing analysis of trade receivables is as follows:

		As at	
		31.3.2023	31.12.2022
		(Unaudited)	(Audited)
		RM'000	RM'000
Neither past due nor impaired		12,714	13,208
1 - 30 days past due not impaired		-	-
31 - 60 days past due not impaired		-	-
61 - 90 days past due not impaired		-	-
More than 90 days past due not impaired		219	224
		219	224
Impaired		(219)	(224)
		12,714	13,208

## 10. 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 2023.

## 11. Changes in material litigation

There are no pending material litigations as at the date of this report.

## 12. Dividend payable

On 31 March 2023, the Board approved the following single-tier dividend:

(i) A single-tier interim dividend of 3.0 sen per ordinary share totalling RM5,896,319 in respect for the financial year ending 31 December 2023 and payable on 9 May 2023; and

(ii) A single-tier “bumper profit” special dividend of 3.0 sen per ordinary share totalling RM5,896,319 in respect for the financial year ended 31 December 2022 and payable on 9 May 2023.

## 13. 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 (2018 – 196,543,970) in issue during the financial period.

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) attributable to the owners of the Company	2,818	11,472	2,818	11,472
Weighted average number of ordinary shares in issue	196,544	196,544	196,544	196,544
Basic earnings per share (sen)	1.43	5.84	1.43	5.84

### b) Diluted

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

## 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 24 May 2023.