

MHC Plantations Bhd (4060-V)
Condensed Consolidated Statement of Comprehensive Income (Unaudited)
For The First Quarter Ended 31 March 2024

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31.3.2024 (Unaudited) RM' 000	31.3.2023 (Unaudited) RM'000	31.3.2024 (Unaudited) RM' 000	31.3.2023 (Unaudited) RM' 000
Revenue	103,986	106,987	103,986	106,987
Cost of sales	(97,617)	(99,176)	(97,617)	(99,176)
Gross profit	6,369	7,811	6,369	7,811
Other income	4,579	3,332	4,579	3,332
Administrative expenses	(3,418)	(3,388)	(3,418)	(3,388)
Other operating expenses	(276)	(240)	(276)	(240)
Operating profit	7,254	7,515	7,254	7,515
Finance costs	(575)	(456)	(575)	(456)
Profit/(Loss) before tax	6,679	7,059	6,679	7,059
Income tax expense	(2,157)	(2,538)	(2,157)	(2,538)
Profit/(Loss) after tax	4,522	4,521	4,522	4,521
Other comprehensive income				
Exchange difference on translation of foreign operations	(15)	(21)	(15)	(21)
Total comprehensive income for the period	4,507	4,500	4,507	4,500
Profit/(Loss) attributable to:				
Owners of the parent	3,460	2,818	3,460	2,818
Non-controlling interests	1,062	1,703	1,062	1,703
	4,522	4,521	4,522	4,521
Total comprehensive income attributable to:				
Owners of the parent	3,455	2,812	3,455	2,812
Non-controlling interests	1,052	1,688	1,052	1,688
	4,507	4,500	4,507	4,500
Weighted average number of shares in issue	196,544	196,544	196,544	196,544
Earnings per share in sen				
- Basic	1.76	1.43	1.76	1.43

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2023.

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

Condensed Consolidated Statement of Financial Position
as at 31 March 2024

	As at 31.3.2024 (Unaudited) RM'000	As at 31.12.2023 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	472,185	472,836
Investment properties	45,264	45,264
Deferred tax assets	4,337	4,321
Investment in securities	252	251
Goodwill on consolidation	43,867	43,867
	<u>565,905</u>	<u>566,539</u>
Current assets		
Inventories	27,580	22,033
Biological assets	3,266	3,266
Trade and other receivables	27,396	25,926
Tax recoverable	986	881
Short term investments	40,987	41,443
Fixed deposits with licensed banks	41,773	33,766
Cash and bank balances	33,170	43,791
	<u>175,158</u>	<u>171,106</u>
TOTAL ASSETS	<u>741,063</u>	<u>737,645</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	196,544	196,544
Reserves	127,778	124,323
	<u>324,322</u>	<u>320,867</u>
Non-controlling interests	293,211	292,159
Total equity	<u>617,533</u>	<u>613,026</u>

**Condensed Consolidated Statement of Financial Position
as at 31 March 2024 (Contd.)**

	As at 31.3.2024 (Unaudited) RM'000	As at 31.12.2023 (Audited) RM'000
EQUITY AND LIABILITIES (CONTD.)		
Non-current liabilities		
Loans and borrowings	15,434	17,309
Deferred tax liabilities	48,853	49,068
Lease liabilities	8,463	9,716
	<u>72,750</u>	<u>76,093</u>
Current liabilities		
Trade and other payables	32,821	33,794
Loans and borrowings	11,200	8,700
Lease liabilities	3,808	2,124
Taxation	2,951	3,908
	<u>50,780</u>	<u>48,526</u>
Total liabilities	<u>123,530</u>	<u>124,619</u>
TOTAL EQUITY AND LIABILITIES	<u>741,063</u>	<u>737,645</u>
Net Tangible Asset Per Share (RM)	<u>1.43</u>	<u>1.41</u>
Net Asset Per Share (RM)	<u>1.65</u>	<u>1.63</u>

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2023.

MHC Plantations Bhd (4060-V)
Condensed Consolidated Statements of Changes in Equity (Unaudited)
For The First Quarter Ended 31 March 2024

	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			
Opening balance at 1 Jan 2023	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
Closing balance at 31 March 2023	<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>
Opening balance at 1 Jan 2024	196,544	5,737	(32,670)	789	(91)	(284)	8	150,834	320,867	292,159	613,026
Total comprehensive income for the period	-	-	-	-	-	(5)	-	3,460	3,455	1,052	4,507
Closing balance at 31 March 2024	<u>196,544</u>	<u>5,737</u>	<u>(32,670)</u>	<u>789</u>	<u>(91)</u>	<u>(289)</u>	<u>8</u>	<u>154,294</u>	<u>324,322</u>	<u>293,211</u>	<u>617,533</u>

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2023.

MHC Plantations Bhd (4060-V)
Condensed Consolidated Statement of Cash Flows (Unaudited)
For The First Quarter Ended 31 March 2024

	3 months ended	
	31.3.2024	31.3.2023
	(Unaudited)	(Unaudited)
	RM' 000	RM' 000
Operating activities		
Profit before taxation	6,679	7,059
Adjustments for:		
Depreciation and amortisation	7,861	7,560
Reversal of allowance for expected credit losses	(36)	(66)
Interest expense	575	456
(Gain)/Loss on disposal of property, plant and equipment	-	(9)
Property, plant and equipment written off	95	49
Interest income	(672)	(600)
Dividend income	(1)	-
Total adjustments	7,821	7,390
Operating cash flows before changes in working capital	14,500	14,449
Changes in working capital:		
Inventories	(5,546)	2,376
Receivables	(1,429)	(773)
Payables	(965)	(5,374)
Total changes in working capital	(7,941)	(3,771)
Cash generated from operations	6,560	10,678
Interest received	672	600
Interest paid	(575)	(456)
Tax paid	(3,450)	(5,424)
Net cash flows from/(used in) operating activities	3,208	5,398
Investing activities		
Dividend received	1	-
Purchase of property, plant and equipment	(6,067)	(4,827)
Net change in short term investments	455	(421)
Proceeds from disposal of unquoted investments	-	53
Net cash flows (used in)/from investing activities	(5,611)	(5,195)
Financing activities		
Drawdown of revolving credit	2,500	15,000
Repayment of revolving credit	-	(300)
Repayment of term loan	(1,875)	(1,575)
Repayment of lease liabilities	(689)	(339)
Net cash flows from/(used in) financing activities	(64)	12,786
Net increase/(decrease) in cash and cash equivalents	(2,467)	12,989
Effect on exchange rate changes on cash and cash equivalents	(27)	(32)
Cash and cash equivalents as at 1 January	73,728	62,827
Cash and cash equivalents as at 31 March	71,234	75,784
Cash and cash equivalents :		
Fixed deposits with licensed banks	41,773	53,646
Cash and bank balances	33,170	26,651
	74,943	80,297
Less : Fixed deposits pledged	(3,709)	(4,513)
	71,234	75,784

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2023.

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 2024 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 2023.

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 2023. 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 2023.

2. Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2023.

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:

Amendments to MFRSs	Effective Date
• Amendments to MFRS 121: Lack of Exchangeability	1 Jan 2025
• Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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 2024.

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 2024.

8. Dividend paid

No dividend has been paid during the current quarter ended 31 March 2024.

9. Segment information

The Group has three reportable segments, as described below, which are the Group's strategic 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

	Results for 3 months ended 31 March							
	Plantation		Oil Mill		Power Plant		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	3,799	6,627	59,339	92,654	9,244	7,490	72,382	106,771
Inter-segment revenue	19,808	17,008	-	-	-	-	19,808	17,008
Segment profit/(loss)	6,250	7,004	486	2,300	834	(1,308)	7,570	7,996

	3 months ended 31.3.2024 (Unaudited)	3 months ended 31.3.2023 (Unaudited)
	RM'000	RM'000
Segment profit is reconciled to consolidated profit before tax as follows:		
Segment profit	7,570	7,996
Other non-reportable segments	260	(25)
Amortisation of group land cost	(631)	(631)
Elimination of inter-segment profits	33	157
Unallocated corporate (expenses)/income	(553)	(438)
Consolidated profit/(loss) before tax	<u>6,679</u>	<u>7,059</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 2024.

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 2023.

12. Capital commitments

	RM'000
Capital expenditure:	
Approved and contracted for	23,970
Approved but not contracted for	<u>17,731</u>
	<u>41,701</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

		Individual Period		
		(First Quarter)		
		Current year	Preceding Year	Changes
		Quarter	Corresponding	(%)
		31.3.2024	31.3.2023	
		(Unaudited)	(Unaudited)	
		RM'000	RM'000	
Revenue		103,986	106,987	-3%
Operating profit		7,254	7,515	-3%
Profit before tax		6,679	7,059	-5%
Profit after tax		4,522	4,521	0%
Profit attributable to ordinary equity holders of the Parent		3,460	2,818	23%
Operational Statistics				
Production:				
FFB	(mt)	31,877	32,253	-1%
CPO	(mt)	21,235	20,052	6%
PK	(mt)	5,348	5,314	1%
Average selling price:				
FFB	(RM/mt)	741	733	1%
CPO	(RM/mt)	3,912	3,980	-2%
PK	(RM/mt)	2,194	2,039	8%
Quantity sold:				
CPO	(mt)	20,126	20,718	-3%
PK	(mt)	5,468	5,000	9%
Oil Extraction Rate (%)		18.50	18.95	-2%
Electricity Export(MWh)		12,190	10,709	14%

1. Review of performance (Cont'd)

Current Quarter vs. Previous Year Corresponding Quarter

For the current quarter, the Group recorded a revenue of RM103.99 million which was 3% lower as compared to RM106.99 million in the preceding year's corresponding quarter. The decrease in revenue was mainly due to the lower sales volume of crude palm oil (CPO) by 3%.

The Group's profit before tax at RM6.68 million for the current quarter was lower by 5% as compared to RM7.06 million in the preceding year's corresponding quarter mainly due to the lower contribution from the plantation and oil mill segments.

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 decrease in Segment profit by RM0.75 million (11%) from RM7.00 million to RM6.25 million was mainly due to the higher costs of production in the current quarter as a result of higher field maintenance and labour costs.
- (ii) Oil Mill – The substantial decrease in Segment profit by RM1.81 million (79%) from RM2.30 million to RM0.49 million was mainly due to a drop in mill processing margin as a result of a lower Oil Extraction Rate (OER).
- (iii) Power Plant – The substantial improves in Segment profit by RM2.14 million (>100%) from a Segment loss of RM1.31 million to a Segment profit of RM0.83 million was mainly attributable to increases in revenue from EFB oil sales by RM1.24 million (40%) and power sales to SESB by RM0.43 million (12%). The increase in EFB oil sales was contributed by an increase in both the average selling price of EFB oil (by 9%) and the volume of EFB oil sold (by 28%). The increase in power sales was due to a decline in the export of power to SESB in the preceding year's corresponding quarter, which was caused by the shutdown maintenance and repair of the biomass plant from October 2022 to February 2023.

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

			Current quarter 31.3.2024 (Unaudited) RM'000	Immediate Preceding Quarter 31.12.2023 (Unaudited) RM'000	Changes (%)
Revenue			103,986	128,263	-18.9%
Operating profit			7,254	16,498	-56%
Profit before tax			6,679	15,952	-58%
Profit/(Loss) after tax			4,522	11,298	-60%
Profit attributable to ordinary equity holders of the Parent			3,460	6,847	-49%
Operational Statistics					
Production:					
FFB	(mt)		31,877	43,234	-26%
CPO	(mt)		21,235	25,514	-17%
PK	(mt)		5,348	6,697	-20%
Average selling price:					
FFB	(RM/mt)		741	662	12%
CPO	(RM/mt)		3,912	3,670	7%
PK	(RM/mt)		2,194	1,980	11%
Quantity sold:					
CPO	(mt)		20,126	25,457	-21%
PK	(mt)		5,468	6,963	-21%
Oil Extraction Rate (%)			18.50	19.24	-4%
Electricity Export(MWh)			12,190	15,425	-21%

The Group recorded a profit before tax of RM6.68 million in the quarter under review as compared to a profit before tax of RM15.95 million in the immediate preceding quarter. The significant decrease in profit before tax was mainly due:

- a) Decrease in FFB production by 26%;
- b) Decreases in sales volume of CPO and PK by 21% respectively and a decline in mill processing margin as a result of a lower OER; and
- c) Decreases in power export and EFB oil sales by 21% and 42% respectively.

3. Commentary on prospects

The Group anticipates an increase in FFB production in the remaining quarters in line with seasonal trends and the improvement in labour shortages.

The Group expects CPO prices to remain firm this year in view of tight palm oil supplies.

The Group will continue to face challenges from the increase in production costs and shortage of foreign labour in the palm oil industry. As such, the Group remains focused on improving cost efficiencies, increasing yields and enhancing productivity through mechanization efforts, and the replanting of older and less productive oil palm stands.

Based on the above, we expect the Group to perform satisfactorily for the financial year 2024.

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	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023
	(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	36	66	36	66
Interest income	672	600	672	600
Interest expense	(575)	(456)	(575)	(456)
Depreciation and amortisation	(7,861)	(7,560)	(7,861)	(7,560)
Dividend	1	-	1	-
Property, plant and equipment written off	(95)	(49)	(95)	(49)

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	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Current tax:				
-Malaysian income tax	2,137	2,500	2,137	2,500
-Under/(over) provision of tax	251	(35)	251	(35)
	2,388	2,465	2,388	2,465
Deferred tax				
- relating to origination and reversal of temporary differences	(231)	29	(231)	29
- under/(over) provision of tax		44		44
	(231)	73	(231)	73
Total income tax expense	2,157	2,538	2,157	2,538

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	
	31.3.2024	31.12.2023
	(Unaudited)	(Audited)
	RM'000	RM'000
Short term borrowings		
Secured:		
Term loans	7,500	7,500
Short term revolving credits	3,600	1,100
Unsecured:		
Short term revolving credits	100	100
	11,200	8,700
Long term borrowings		
Secured:		
Term loans	15,434	17,309
Total borrowings		
Secured:		
Term loans	22,934	24,809
Short term revolving credits	3,600	1,100
Unsecured:		
Short term revolving credits	100	100
	26,634	26,009

9. Trade and Other Receivables

		As at	
		31.3.2024	31.12.2023
		(Unaudited)	(Audited)
		RM'000	RM'000
Current			
Trade receivables:			
- Non-related parties		13,781	12,486
Less: Allowance for doubtful debts		(220)	(220)
		13,561	12,266
Other receivables, net		13,835	13,660
		27,396	25,926

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	
		31.3.2024	31.12.2023
		(Unaudited)	(Audited)
		RM'000	RM'000
Neither past due nor impaired		13,324	11,844
1 - 30 days past due not impaired		156	415
31 - 60 days past due not impaired		65	-
61 - 90 days past due not impaired		16	4
More than 90 days past due not impaired		220	223
		457	642
Impaired		(220)	(220)
		13,561	12,266

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 2024.

11. Changes in material litigation

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

12. Dividend payable

On 29 March 2024, 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 2024 and payable on 7 May 2024; and

(ii) A single-tier special dividend of 3.0 sen per ordinary share totalling RM5,896,319 in respect for the financial year ended 31 December 2023 and payable on 7 May 2024.

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	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) attributable to the owners of the Company	3,460	2,818	3,460	2,818
Weighted average number of ordinary shares in issue	196,544	196,544	196,544	196,544
Basic earnings per share (sen)	1.76	1.43	1.76	1.43

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 23 May 2024.