

MENTIGA CORPORATION BERHAD
(Company No. 10289-K)
Selected Explanatory Notes On Quarterly Financial Report
For Fourth Quarter Ended 31 December 2009

A. Explanatory Notes Pursuant to FRS 134

A1 Basis of Preparation

The financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The unaudited financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2008. These explanatory notes attached to the unaudited financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2008.

A2 Changes in Accounting Policies

The accounting policies, methods of computation and basis of consolidation adopted by the Group in this unaudited financial report are consistent with those used in the preparation of the audited financial statements for the financial year ended 31 December 2008.

A3 Auditors' Report on the Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2008 was not qualified.

A4 Seasonal or Cyclical Factors

The businesses of the group are in oil palm development and plywood manufacturing operation. The group businesses are subjected to seasonal or cyclical factors.

A5 Unusual Items Due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period.

A6 Material Changes in Estimated of Amounts

There were no material changes in estimates, which would materially affect the results of the current unaudited financial period.

A7 Changes in Debt and Equity Securities

There were no issuances, cancellation, repurchases, resale and repayments of debt and equity securities during the unaudited financial period.

A8 Dividend Paid

On 20 July 2009, the Company paid a first and final dividend of 2 sen per share on 60,000,000 ordinary shares, less income tax of 25% amounting to RM900,000 in respect of the financial year ended 31 December 2008. The dividend was approved by members at the AGM on 29 June 2009.

A9 Segmental Information

	Current financial period <u>31 December 2009</u>	Comparative financial period <u>31 December 2008</u>
Segment revenue	RM'000	RM'000
Plantation	3,385	4,895
Sales of exclusive logging works & fellable timber	11,272	17,753
Sales of iron ore	-	1,201
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	<u>14,657</u>	<u>23,849</u>
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A10 Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward, without amendment from the audited financial statements for the year ended 31 December 2008.

A11 Subsequent Events

Other than the matter mentioned in note B8 below relating to proposed sale of Indera Mahkota land, there were no material events subsequent to the end of the current quarter financial period ended 31 December 2009 up to the date of this report that have not been reflected in the interim financial statements.

A12 Changes in the Composition of the Group

There were no changes in composition of the Group for the current quarter including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

A13 Changes in Contingent Liabilities and Contingent Assets

There were no changes in other contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2008.

A14 Capital Commitments

The amount of commitments for the development cost for new area at Sungai Lembing Estate not provided for in the financial statements as at 31 December 2009 is as follows:

Approved and contracted for	RM <u>4,866,680</u>
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B. Bursa Malaysia listing requirements (part A of Appendix 9B)

B1 Review of Performance

For the full year, the Company's net profit before tax fell 31% to RM6.66 million on the back of RM14.66 million revenue against a net profit before tax of RM9.69 million on revenue of RM23.85 million a year earlier.

The decline in the full year revenue was a result of the significant drop in sale of exclusive logging works and fellable timber but partially offset by the realization of gain on disposal of non current asset held for sale i.e Land at Indera Mahkota, Kuantan, Pahang Darul Makmur. The profit realized was RM5.06 million. During the period the company also incurred an impairment loss on asset of RM1.49 million.

The revenue from its plantation activities reported a 30% drop in revenue to RM3.39 million from 4.90 million in the last corresponding period last year as a result of lower crude palm oil (CPO) prices as well as lower fresh fruit bunches (FFB) production. The average CPO price realized for the year were RM2,240 per tonne compared with RM2,852 in the corresponding year.

B2 Material Change in the Quarterly Results

For the quarter under review, the Group reported profit before taxation increased to RM2.06 million compared to RM1.99 million losses for the previous quarter. The increase of profit during the current quarter is mainly due to gain on disposal of Indera Mahkota Land.

B3 Current Year Prospects

The Company expected the contribution from the plantation sector would reduce marginally due to raising costs of production and the drop in the CPO prices. However, the yearly timber concession quota granted by the state will improve the Company's earnings for the current year. The plywood manufacturing operation is temporary suspended due to escalating increase in cost. The Company also expects the revenue from mining activities – iron ore will further improve the group's earning.

Barring any unforeseen circumstances, the Board of Directors is of the view that the Group will record favourable performance for the financial year ending 31 December 2010.

B4 Variance from Profit Forecast/Profit Guarantee

Not applicable in this quarterly report.

B5 Taxation

	3 months ended		12 months ended	
	2009	2008	2009	2008
Current tax:	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	-	43	-	199
Deferred tax	164	115	164	115
Total income tax expense	<u>164</u>	<u>158</u>	<u>164</u>	<u>314</u>

B6 Profit/Loss on sale of investments and / or properties

There were no profits or losses on sales of investments and / or properties for the current financial period.

B7 Particulars of purchase or disposal quoted securities

There was no purchase or disposal of quoted securities of the group for the financial period.

B8 Status of the Corporate Proposals

There were no corporate proposals announced from the date of the last quarterly report to the date of this announcement.

The status of outstanding corporate proposals at the date of this report are as follows:

(1) Proposed sale of Indera Mahkota land

The Board of Directors had on 28 May 2007 agreed to the proposed disposal of Indera Mahkota land which was held for long term investment to raise cash for working capital requirements for the Group.

The proposed disposal had been approved in the Company's Extraordinary General Meeting held on 18 February 2008.

The proposed disposal is expected to realise an estimated net gain after tax of approximately RM3.698 million at Group level.

The company had on 16 January 2008 announced that Pasdec Corporation Sdn Bhd ("PCSB") had consented to Mentiga's request for an extension of time of 4 months from 14 January 2008 to submit the application to the land office for the sub-division of the land.

Subsequently, the company had on 14 May 2008 announced that Pasdec Corporation Sdn Bhd ("PCSB") had consented to Mentiga's request for another extension of time of 4 months from 14 May 2008 for Mentiga to fulfill its obligation to submit the application to the land office for the sub-division of the land as per the terms of the sale and purchase agreement dated 3 December 2007 between PCSB and Mentiga.

The company had on 12 September 2008 announced that PCSB had consented to Mentiga's request for a further extension of time of 4 months from 13 September 2008 ("Third Extension") for Mentiga to fulfill its obligation to submit the application to the Land Office for the sub-division of the Land as per the terms of the sale and purchase agreement dated 3 December 2007 between PCSB and Mentiga. The Third Extension was requested by Mentiga as the final title for the Land, which is required for the application to the Land Office, has not been issued by the State Authority as at 12 September 2008.

The company had on 14 January 2009 announced that PCSB has consented to Mentiga's request for a further extension of time of 4 months from 14 January 2009 ("Fourth Extension") for Mentiga to fulfill its obligation to submit the application to the Land Office for the sub-division of the Land as per the terms of the sale and purchase agreement dated 3 December 2007 between PCSB and Mentiga. The Fourth Extension was requested by Mentiga as the final title for the Land, which is required for the application to the Land Office, has not been issued by the State Authority as at 14 January 2009.

B8 Status of the Corporate Proposals (Con't)

The company had on 13 May 2009 announced that PCSB has on 6 May 2009 consented to Mentiga's request for a further extension of time of 4 months from 14 May 2009 ("Fifth Extension") for Mentiga to fulfill its obligation to submit the application to the Land Office for the sub-division of the Land as per terms of the sale and purchase agreement dated 3 December 2007 between PCSB and Mentiga. The Fifth Extension was requested by Mentiga as the final title for the land, which is required for the application to the Land Office, has not been issued by the State Authority as at 13 May 2009.

The company had on 9 September 2009 announced that the sub-divided title in respect of the Land has been issued and is held under HS(D) 34944, PT 102786, Mukim Kuala Kuantan, District of Kuantan, State of Pahang Darul Makmur.

In view of the above, the sale and purchase agreement dated 3 December 2007 between PCSB and Mentiga for the Disposal has become unconditional.

The company had informed PCSB that the completion date and the extended completion date is 17 November 2009 and 17 December 2009 respectively.

B9 Group Borrowings

As at 31 December 2009, the Group borrowings are as follows:

	<u>31 December 2009</u> <u>RM'000</u>	<u>31 December 2008</u> <u>RM'000</u>
Borrowings:		
Term loan (secured)	8,806	8
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	8,806	8
	=====	=====

B10 Off Balance Sheet Financial Instruments

There is no financial instrument with off-balance sheet risk as at the date of this report.

B11 Material Litigation

The list of material litigation is attached as Annexure 1

B12 Dividend Payable

The Board of Directors had proposed the payment of first and final dividend of 2 sen per share on 60,000,000 ordinary shares, less income tax of 25%, amounting to RM900,000 for the year ended 31 December 2009. The proposed dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

B13 Earnings per share

	Current quarter ended <u>31 December 2009</u>	Comparative quarter ended <u>31 December 2008</u>
<u>Basic earnings per share</u>		
Profit for the period (RM'000)	1,901	2,744
Number of shares in issue during the period ('000)	60,000	60,000
Weighted average number of shares in issue ('000)	60,000	60,000
Basic earnings per share (sen)	3.17	4.62

	Current quarter ended <u>31 December 2009</u>	Comparative quarter ended <u>31 December 2008</u>
<u>Diluted earnings per share</u>		
Profit for the period (RM'000)	1,901	2,774
Add : RCPS interest	<u>140</u>	<u>163</u>
Profit for computation of diluted EPS	<u>2,041</u>	<u>2,937</u>
Weighted average number of shares in issue ('000)	60,000	60,000
Dilutive effect of conversion of Redeemable Convertible Preference Shares ('000)	10,000	10,000
Diluted earnings per share (sen)	2.92	4.20

On behalf of the Board
MENTIGA CORPORATION BERHAD

YEAP KOK LEONG
Company Secretary

Kuala Lumpur