**MENTIGA CORPORATION BERHAD**

(Company No. 10289-K)

**Selected Explanatory Notes On Quarterly Financial Report**

**For First Quarter Ended 31 March 2010**

1. **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 2009. 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 2009.

## 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 2009.

**A3 Auditors’ Report on the Preceding Annual Financial Statements**

The auditors’ report on the financial statements for the year ended 31 December 2009 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

There were no dividends paid or declared during the financial period.

## A9 Segmental Information

Current financial Comparative financial

period period

31 March 2010 31 March 2009

**Segment revenue** RM’000 RM’000

Plantation 995 747

Sales of exclusive logging works &

fellable timber - 7,900

Sales of iron ore 360 -

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1,355 8,647

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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 2009.

**A11** **Subsequent Events**

**T**here 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 2009.

## 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 March 2010 is as follows:

|  |  |
| --- | --- |
|  | RM |
| Approved and contracted for | 4,785,424 |

**B**. **Bursa Malaysia listing requirements (part A of Appendix 9B)**

### B1 Review of Performance

The revenue for the financial period ended 31 March 2010 was lower at RM1.35 million compared to RM8.65 million for the corresponding period last year. The decrease in revenue for the period is due to decrease on sales of exclusive logging works and fellable timber.

The Group’s profits before taxation decreased to RM1.38 million losses for the financial period as compared to RM5.43 million profits for the previous financial period. The substantial increase of profit in the previous period is due to increase on sales of exclusive logging works and fellable timber.

## B2 Material Change in the Quarterly Results

For the quarter under review, the Group reported profit before taxation decreased to RM1.38 million losses compared to RM2.06 million profits for the previous quarter. The increase of profit during the previous quarter is mainly due to realization of gain on disposal of Indera Mahkota Land.

## B3 Current Year Prospects

The Company expected the contribution from the plantation sector would increase marginally due to raising in the CPO prices. The plywood manufacturing operation has been suspended due to escalating increase in cost. The Company 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**

No taxation provided for the period due to loss incurred in the current quarter and there are sufficient brought forward tax losses to set off against the future profits.

## 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.

## B9 Group Borrowings

As at 31 March 2010, the Group borrowings are as follows:

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31 March 2010 31 March 2009

RM’000 RM’000

Borrowings:

Term loan (secured) 8,806 4,480

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## 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

No interim dividend has been recommended for the current financial to date.

## B13 Earnings per share

Current Comparative

quarter ended quarter ended

31 March 2010 31 March 2009

Basic earnings per share

Profit/(loss) for the period (RM’000) (1,381) 5,364

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) (2.30) 8.94

## B13 Earnings per share (Con’t)

Current Comparative

quarter ended quarter ended

31 March 2010 31 March 2009

Diluted earnings per share

Profit/(loss) for the period (RM’000) (1,381) 5,364

Add : RCPS interest 148 141

Profit for computation of diluted EPS (1,233) 5,505

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

Effect of conversion of ESOS at par value 7,969 7,969

Diluted earnings per share (sen) (1.58) 7.06

On behalf of the Board

**MENTIGA CORPORATION BERHAD**

YEAP KOK LEONG

Company Secretary

Kuala Lumpur