

MENTIGA CORPORATION BERHAD

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

MENTIGA CORPORATION BERHAD
(Company No. 10289-K)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the first quarter and period ended 31 March 2017

(These figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current quarter ended 31 March 2017 RM'000	Comparative quarter ended 31 March 2016 RM'000	Current year to date 31 March 2017 RM'000	Comparative year to date 31 March 2016 RM'000
(a) Revenue		1,587	1,053	1,587	1,053
(b) Cost of sales		(966)	(1,335)	(966)	(1,335)
(c) Gross profit/ (loss)		621	(282)	621	(282)
(d) Other income		302	92	302	92
(e) Administrative expenses		(1,378)	(1,668)	(1,378)	(1,668)
(f) Finance costs		(69)	(1)	(69)	(1)
(g) Loss before tax		(524)	(1,859)	(524)	(1,859)
(h) Income tax expenses		(15)	(36)	(15)	(36)
(i) Loss for the period		(539)	(1,895)	(539)	(1,895)
(j) Other comprehensive income		-	-	-	-
(k) Total comprehensive loss for the period		(539)	(1,895)	(539)	(1,895)
(l) Loss for the year attributable to:					
Equity holders of the parent		(539)	(1,895)	(539)	(1,895)
Non-controlling interest		-	-	-	-
		(539)	(1,895)	(539)	(1,895)
(m) Total comprehensive loss attributable to:					
Equity holders of the parent		(539)	(1,895)	(539)	(1,895)
Non-controlling interest		-	-	-	-
		(539)	(1,895)	(539)	(1,895)
(n) Basic earning per share (based on weighted average 70,000,000 ordinary shares) (sen)	26	(0.77)	(2.71)	(0.77)	(2.71)

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the Interim Financial Statements)

MENTIGA CORPORATION BERHAD
(Company No. 10289-K)

Condensed Consolidated Statement of Financial Position (unaudited)
As at 31 March 2017

	Unaudited As at end of Current Quarter 31 March 2017 RM'000	Audited As at preceeding Financial Year Ended 31 December 2016 RM'000
1 Non-current assets		
Property, plant and equipment	171,428	171,231
Land held for development	2,637	2,637
	<u>174,065</u>	<u>173,868</u>
2 Current Assets		
Inventories	103	91
Receivables, deposits and prepayments	2,260	3,747
Tax recoverable	95	362
Cash and bank balances	2,500	2,741
	<u>4,958</u>	<u>6,941</u>
3 Total assets	<u>179,023</u>	<u>180,809</u>
EQUITY		
4 Capital and reserves attributable to equity holders of the Company		
Share Capital	70,000	70,000
Revaluation and other reserves	67,555	67,555
Accumulated loss	(6,017)	(5,478)
Equity attributable to equity holders of the parent	<u>131,538</u>	<u>132,077</u>
Minority interest	134	134
Total equity	<u>131,672</u>	<u>132,211</u>
LIABILITIES		
5 Non current liabilities		
Deferred tax liabilities	19,899	19,899
Borrowings (interest bearing)	19,762	19,945
	<u>39,661</u>	<u>39,844</u>
6 Current Liabilities		
Trade and other payables	5,942	6,858
Bank overdraft	451	583
Borrowings (interest bearing)	1,297	1,313
	<u>7,690</u>	<u>8,754</u>
7 Total liabilities	<u>47,351</u>	<u>48,598</u>
8 Total equity and liabilities	<u>179,023</u>	<u>180,809</u>
9 Net assets per share (RM)	1.88	1.89

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the Interim Financial Statements)

MENTIGA CORPORATION BERHAD
(Company No. 10289-K)

Condensed Consolidated Statement of Changes In Equity (unaudited)
For the period ended 31 March 2017

Group	Attributable to equity holders of the parent						Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Options Reserves RM'000	Revaluation Reserves RM'000	Share Premium Reserve RM'000	Accumulated Losses RM'000	Total RM'000		
At 31 December 2015	70,000	5,294	65,766	1,789	(13,654)	129,195	137	129,332
Other comprehensive income	-	-	-	-	-	-	-	-
Profit for the financial year	-	-	-	-	3,582	3,582	(4)	3,578
Total comprehensive income for the period	-	-	-	-	3,582	3,582	(4)	3,578
Dividend paid for the year ended 31 December 2015	-	-	-	-	(700)	(700)	-	(700)
Acquisition of subsidiaries	-	-	-	-	-	-	1	1
Transfer to Accumulated Losses upon expiration of ESOS scheme	-	(5,294)	-	-	5,294	-	-	-
At 31 December 2016	70,000	-	65,766	1,789	(5,478)	132,077	134	132,211
At 31 December 2016	70,000	-	65,766	1,789	(5,478)	132,077	134	132,211
Other comprehensive income	-	-	-	-	-	-	-	-
Loss for the financial year	-	-	-	-	(539)	(539)	-	(539)
Total comprehensive loss for the period	-	-	-	-	(539)	(539)	-	(539)
At 31 March 2017	70,000	-	65,766	1,789	(6,017)	131,538	134	131,672

(The Condensed Consolidated Statements of changes in equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the Interim Financial Statements)

MENTIGA CORPORATION BERHAD
(Company No. 10289-K)

Condensed Consolidated Statement of Cash Flow
For the financial period ended 31 March 2017
(These figures have not been audited)

	Current year to date 31 March 2017 RM'000	Comparative year to date 31 March 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year attributable to equity holders of Company	(539)	(1,895)
Adjustments for :		
Property, plant and equipment		
- depreciation	568	765
Reversal of impairment loss on receivables	(294)	-
Interest expense	69	1
Tax expense/(credit)	15	36
Operating loss before working capital changes	(181)	(1,093)
Changes in working capital		
-inventories	(12)	(109)
-receivables, deposits and prepayment	1,487	3,800
-payables	(916)	1,285
Cash flow from operations	378	3,883
Interest paid	(69)	(1)
Tax paid	(15)	(36)
Net cash flow generated from operating activities	293	3,846
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Acquisition	(39)	-
- Plantation expenditure	(760)	(1,382)
- Proceed from disposal of property, plant and equipment	44	-
Net cash flow used in investing activities	(754)	(1,382)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(137)	(288)
Proceed from term loan	-	550
Proceed from overdraft facility	451	-
Repayment of hire purchase creditors	(94)	(16)
Net cash flow (used in)/from financing activities	220	246
Net (decrease)/increase in Cash & Cash Equivalents	(241)	2,710
Cash & Cash Equivalents as at 1 January	2,741	2,617
Cash & Cash Equivalents at end of period	2,500	5,327

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the Interim Financial Statements)

MENTIGA CORPORATION BERHAD

(Company No. 10289-K)

Notes To The Condensed Consolidated Interim Financial Statements
For The Period Ended 31 March 2017

1 Basis of Preparation

The condensed consolidated interim 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 2016. 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 2016.

2 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 2016.

3 Auditors' Report on the Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2016 was not qualified.

4 Seasonal or Cyclical Factors

The businesses of the group are in oil palm development, timber related activities and mining. The group businesses are subjected to seasonal or cyclical factors.

5 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.

6 Material Changes in Estimated of Amounts Reported

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

7 Changes in Share Capital

There were no cancellations, repurchases, resale of equity securities for the current quarter.

8 Dividend Paid

No dividend was paid during the period.

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Notes To The Condensed Consolidated Interim Financial Statements
For The Period Ended 31 March 2017**9 Segmental Information**

The Group is organised into three main business segments:

- Timber Products - Timber extraction, trading in related timber products and reforestation project
Plantation - Oil palm plantation
Mining - Extraction and exploration of mining ores

Period ended 31 March 2017	Timber Products RM'000	Plantation RM'000	Mining RM'000	Others RM'000	Group RM'000
Revenue					
External sales	-	1,587	-	-	1,587
Results					
Segment results (external)	(676)	450	(181)	(48)	(455)
Finance cost					(69)
Loss from ordinary activities before tax					(524)
Tax expenses					(15)
Loss for the financial year					(539)

Period ended 31 March 2016	Timber Products RM'000	Plantation RM'000	Mining RM'000	Others RM'000	Group RM'000
Revenue					
External sales	-	1,053	-	-	1,053
Results					
Segment results (external)	(1,046)	(558)	(163)	(91)	(1,858)
Finance cost					(1)
Loss from ordinary activities before tax					(1,859)
Tax expenses					(36)
Loss for the financial year					(1,895)

10 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 2016.

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Notes To The Condensed Consolidated Interim Financial Statements

For The Period Ended 31 March 2017

11 Subsequent Events

Other than the matter mentioned in note 22 below relating to proposed surrender of Pekan land, there were no material events subsequent to the end of the current quarter financial period ended 31 March 2017 up to the date of this report that have been reflect in the interim financial statements.

12 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.

13 Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets since the last annual financial position as at 31 December 2016.

14 Capital Commitments

There were no capital commitments incurred by the company for the current financial period.

15 Review of Performance

	<u>Year to Date</u>	
	<u>31 March</u>	<u>31 March</u>
	<u>2017</u>	<u>2016</u>
	<u>RM'000</u>	<u>RM'000</u>
Revenue:		
Timber extraction, trading in related timber products and reforestation project	-	-
Iron ore	-	-
Oil palm – Fresh Fruit Bunches (“FFB”)	1,587	1,053
Group	<u>1,587</u>	<u>1,053</u>
Loss before tax		
Timber extraction, trading in related timber products and reforestation project	(677)	(1,046)
Iron ore	(181)	(164)
Oil Palm – Fresh Fruit Bunches (“FFB”)	421	(558)
Others	(87)	(91)
Group	<u>(524)</u>	<u>(1,859)</u>

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Notes To The Condensed Consolidated Interim Financial Statements

For The Period Ended 31 March 2017

15 Review of Performance (con't)

The Group's revenue for the quarter ended 31 March 2017 was higher at RM1.59 million compared to RM1.05 million for the corresponding period last year. The higher revenue for the financial period was due to increase of revenue from sales of fresh fruit bunches.

The Group recorded RM0.52 million loss before tax for the quarter ended 31 March 2017 as compared to RM1.90 million loss for the same quarter last year.

16 Material Changes in the Loss Before Taxation for the Quarter Compared to the Immediate Preceding Quarter

	<u>Individual Quarter</u>	
	<u>31 March</u> <u>2017</u> <u>RM'000</u>	<u>31 December</u> <u>2016</u> <u>RM'000</u>
Revenue:		
Timber extraction, trading in related timber products and reforestation project	-	-
Iron ore	-	-
Oil palm – Fresh Fruit Bunches (“FFB”)	1,587	1,778
Group	<u>1,587</u>	<u>1,778</u>
Loss before tax:		
Timber extraction, trading in related timber products and reforestation project	(677)	(1,511)
Iron ore	(181)	(186)
Oil Palm – Fresh Fruit Bunches (“FFB”)	421	1,052
Others	(87)	(27)
Group	<u>(524)</u>	<u>(672)</u>

For the quarter under review, the Group reported RM0.52 million loss before tax compared to RM0.67 million loss for the previous quarter. The lower losses was due to lower administrative cost incurred in beginning of 2017.

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For The Period Ended 31 March 2017

17 Prospects

For the current year, the Company expects revenue from oil palm will continue to contribute to the group's earnings.

Barring any unforeseen circumstances, the Board of Directors is of the view that the Group will record favorable performance for the financial year ending 31 December 2017.

18 Variance from Profit Forecast/Profit Guarantee

Not applicable in this quarterly report.

19 Taxation

	3 months ended		12 months ended	
	31 March		31 March	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current tax:				
- Malaysian income tax	(15)	(36)	(15)	(36)
Total tax credit	<u>(15)</u>	<u>(36)</u>	<u>(15)</u>	<u>(36)</u>

20 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.

21 Particulars of Purchase or Disposal Quoted Securities

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

22 Status of the Corporate Proposals

The corporate proposals were announced but not completed at the date of this report are as follows:

On 26 August 2011, the Company made an announcement that the State Government of Pahang has vide its letter dated 22 August 2011 (ref no. SUK.PHG/UPEN.002(s)/7.243JLD.2(37)), which was received on 24 August 2011, approved the following in relation to the Proposed Surrender of Pekan Land ("Approval Letter"):

- (a) Subject to the Mentiga shareholders' approval at an Extraordinary General Meeting ("EGM") to be convened later, the State Government of Pahang is agreeable to the proposed surrender of two (2) parcels of Land owned by Mentiga identified as HS(D) 145 PT 1449 and HS(D) 3364 PT2204 located at Mukim Langgar, District of Pekan, Pahang Darul Makmur ("Pekan Land") to the State

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For The Period Ended 31 March 2017

22 Status of the Corporate Proposals (con't)

- (a) Government of Pahang, in accordance with Section 197 of the National Land Code. In consideration thereto, the State Government of Pahang will compensate Mentiga with the following four (4) parcels of land with an aggregate land size of 13,112.00 acres valued at not less than RM20.00 million for the development of oil palm estate ("Consideration Land"):
- (i) Two (2) parcels of land with land area of 4,767.00 acres and 1,833.00 acres respectively located at Mukim Ulu Lepar, District of Kuantan, Pahang Darul Makmur valued at RM1,525.00 per acre;
 - (ii) One (1) parcel of land with land area of 3,881.00 acres located at Mukim Hulu Cheka, District of Jerantut, Pahang darul Makmur valued at RM1,525.00 per acre; and
 - (iii) One (1) parcel of land with land area of 2,631.00 acres located at Mukim Penor, District of Kuantan, Pahang Darul Makmur valued at RM1,525.00 per acre,
- (herein referred to as "Proposed Surrender of Pekan Land")
- (b) Mentiga to convene an EGM to obtain shareholders' approval in relation to the Proposed Surrender of Pekan Land expeditiously;
- (c) The Directors of Lands and Minerals of Pahang to remove and uplift the Malay Reserve restriction on the 3,881 acres land located in Hulu Cheka, District of Jerantut, Pahang Darul Makmur and the aforementioned status to be accorded on a replacement land to be identified later by the said Department; and
- (d) Mentiga to procure assistance from the Land Administration of the District of Jerantut to resolve the illegal development on the land located in Hulu Cheka, District of Jerantut, Pahang Darul Makmur.

Premised on the abovementioned decision, Mentiga is to undertake the following:

- (a) Mentiga to convene an EGM to obtain shareholders' approval in relation to the Proposed Surrender of Pekan Land expeditiously;
- (b) Subject to the EGM's decision, Mentiga is to:
 - (i) Submit Form 12A Application for Surrender of Land to the Land Administrator of District of Pekan;
 - (ii) Submit Form 1 Application for State Land to the relevant Land Administrator for the development of oil palm estate on the Consideration Land: and

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Notes To The Condensed Consolidated Interim Financial Statements
For The Period Ended 31 March 2017

22 Status of the Corporate Proposals (con't)

- (iii) Apply officially to the Director of Lands and Minerals of Pahang to obtain approval for early access into the Consideration Land for survey and pre-development works.

On 30 September 2011, OSK Investment Bank Berhad had, on behalf of the Board of Directors of Mentiga, announced the details of the Proposed Surrender of Pekan Land to Bursa Malaysia Securities Berhad.

The proposed Surrender of Pekan Land had been approved in the Company's Extraordinary General Meeting held on 15 December 2011.

On 26 June 2012, OSK Investment Bank Berhad had, on behalf of the Board of Directors of Mentiga, announced that all relevant applications in relation to the alienation of the Consideration Land has been submitted to the relevant authorities and are currently pending the approval for the alienation of the Consideration Land in favour of Mentiga by the Director of Land and Minerals of Pahang. Following thereto, the Proposed Surrender of Pekan Land is expected to be completed by the fourth quarter of calendar year 2012 as opposed to the second quarter of calendar year 2012 as disclosed in the Circular.

On 31 December 2012, OSK Investment Bank Berhad had, on behalf of the Board of Directors of Mentiga, announce that as the date of this announcement, some of the requisite approvals for the alienation of the Consideration Land in favour of Mentiga by the Director of Land and Minerals of Pahang are still pending. Following thereto, the Proposed Surrender of Pekan Land is expected to be completed by the second quarter of calendar year 2013 as opposed to the fourth quarter of calendar year 2012 which was announced on 26 June 2012.

On 28 June 2013, on behalf of the Board of Directors of Mentiga ("Board"), RHB Investment Bank Berhad ("RHBIB") wishes to announce that as at the date of this announcement, some of the requisite approvals for the alienation of the Consideration Land in favour of Mentiga by the Director of Land and Minerals of Pahang are still pending. Following thereto, the Proposed Surrender of Pekan Land is expected to be completed by the fourth quarter of calendar year 2013 as opposed to the second quarter of calendar year 2013 which was announced on 31 December 2012.

On 27 December 2013, on behalf of the Board of Directors of Mentiga ("Board"), RHB Investment Bank Berhad ("RHBIB") wishes to announce that as at the date of this announcement, some of the requisite approvals for the alienation of the Consideration Land in favour of Mentiga by the Director of Land and Minerals of Pahang are still pending. Following thereto, the Proposed Surrender of Pekan Land is expected to be completed by the fourth quarter of calendar year 2014 as opposed to the fourth quarter of calendar year 2013 which was announced on 28 June 2013.

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Notes To The Condensed Consolidated Interim Financial Statements
For The Period Ended 31 March 2017

22 Status of the Corporate Proposals (con't)

On 31 December 2014, On behalf of the Board of Directors of Mentiga, RHB Investment Bank Berhad wishes to announce that as at the date of this announcement, some of the requisite approvals for the alienation of the Consideration Land in favour of Mentiga by the Director of Land and Minerals of Pahang are still pending. Following thereto, the Proposed Surrender of Pekan Land is expected to be completed by fourth quarter of calendar year 2015 as opposed to the fourth quarter of calendar year 2014 which was announced on 27 December 2013.

On 30 December 2015, the Board of Directors of Mentiga Corporation Berhad ("Mentiga" or "the Company") wishes to announce that as at the date of this announcement, some of the requisite approvals for the alienation of the Consideration Land in favour of Mentiga by the Director of Land and Minerals of Pahang are still pending. Following thereto, the Proposed Surrender of Pekan Land is expected to be completed by second quarter of calendar year 2016 as opposed to the fourth quarter of calendar year 2015 which was announced on 31 December 2014.

On 30 June 2016, the Board of Directors of Mentiga Corporation Berhad ("Mentiga" or "the Company") wishes to announce that as at the date of this announcement, some of the requisite approvals for the alienation of the Consideration Land in favour of Mentiga by the Director of Land and Minerals of Pahang are still pending. Following thereto, the Proposed Surrender of Pekan Land is expected to be completed by fourth quarter of calendar year 2016 as opposed to the second quarter of calendar year 2016 which was announced on 30 December 2015.

On 30 December 2016, the Board of Directors of Mentiga Corporation Berhad ("Mentiga" or "the Company") wishes to announce that as at the date of this announcement, some of the requisite approvals for the alienation of the Consideration Land in favour of Mentiga by the Director of Land and Minerals of Pahang are still pending. Following thereto, the Proposed Surrender of Pekan Land is expected to be completed by fourth quarter of calendar year 2017 as opposed to the fourth quarter of calendar year 2016 which was announced on 30 June 2016.

23 Group Borrowings

As at 31 March 2017, the Group borrowings are as follows:

	<u>31 March 2017</u>	<u>31 March 2016</u>
	<u>RM'000</u>	<u>RM'000</u>
Borrowings:		
Term loan (secured)	20,922	21,965
Hire Purchase Liabilities (secured)	137	166
	<u>21,059</u>	<u>22,131</u>

24 Material Litigation

There is no material litigation for the current financial period to date.

25 Dividend Payable

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

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Notes To The Condensed Consolidated Interim Financial Statements

For The Period Ended 31 March 2017

26 Earnings Per Share

	Individual Quarter 3 months ended		Comparative Quarter 12 months ended	
	<u>31.3.2017</u>	<u>31.3.2016</u>	<u>31.3.2017</u>	<u>31.3.2016</u>
<u>Basic earnings per share</u>				
Loss for the period (RM'000)	(539)	(1,895)	(539)	(1,895)
Number of shares in issue during the period (RM'000)	70,000	70,000	70,000	70,000
Weighted average number of shares in issues (RM'000)	70,000	70,000	70,000	70,000
Basic earnings per share (sen)	(0.77)	(2.71)	(0.77)	(2.71)

27 Realised and Unrealised Profit or Losses Disclosure

	As at <u>31 March 2017</u>	As at <u>31 March 2016</u>
Total accumulated losses of the Company and it's subsidiaries		
-Realised (RM'000)	25	(29,332)
-Unrealised (RM'000)	(19,899)	-
	<u>(19,874)</u>	<u>(29,332)</u>
Consolidation adjustments	13,857	13,783
Total group accumulated losses as per consolidated accounts (RM'000)	<u>(6,017)</u>	<u>(15,549)</u>

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(Company No. 10289-K)

Notes To The Condensed Consolidated Interim Financial Statements
For The Period Ended 31 March 2017

28 Authorisation for Issue of Report

The unaudited interim financial statements were authorised for issue on 25 May 2017 by the Board of Directors.

On behalf of the Board

MENTIGA CORPORATION BERHAD

YEAP KOK LEONG
Company Secretary

Kuala Lumpur