

MENTIGA CORPORATION BERHAD

Company No. 197001001000 (10289-K)

Notes To The Condensed Consolidated Interim Financial Statements

For The Period Ended 31 December 2020

1 Basis of Preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 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 2019. 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 2019.

2 Changes in Accounting Policies

The accounting policies applied in this interim financial report is the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2019.

3 Auditors' Report on the Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2019 was not qualified.

4 Seasonal or Cyclical Factors

The businesses of the group are in oil palm plantation, 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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9 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 2019.

10 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 December 2020 up to the date of this report that have been reflected in the interim financial statements.

11 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.

12 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 2019.

13 Capital Commitments

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

14 Segmental Information

The Group is organised into three main business segments:

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

Period ended	Timber	Plantation	Mining	Others	Group
31 December 2020	Products				
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External sales	8,851	5,506	572	-	14,929
Results					
Segment results (external)	4,010	(2,782)	390	(14)	1,604
Finance cost					(113)
Profit from ordinary activities before tax					1,491
Tax expense					(660)
Profit for the financial year					831

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14 Segmental Information (con't)

Period ended 31 December 2019	Timber Products RM'000	Plantation RM'000	Mining RM'000	Others RM'000	Group RM'000
Revenue					
External sales	383	4,498	330	10,000	15,211
Results					
Segment results (external)	(6,033)	2,596	138	8,206	4,907
Finance cost					(238)
Profit from ordinary activities before tax					4,669
Tax expense					(1,470)
Profit for the financial year					3,199

15 Review of Performance

	<u>Quarter</u>			<u>Year To Date</u>		
	31.12.20 RM'000	31.12.19 RM'000	Change (%)	31.12.20 RM'000	31.12.19 RM'000	Change (%)
Revenue	1,614	11,624	(86%)	14,929	15,211	(2%)
Operating profit/(loss)	(132)	8,452	(>100%)	6,426	8,377	(23%)
Profit/(loss) before interest and tax	(998)	10,127	(>100%)	1,604	4,907	(67%)
Profit/(loss) before tax	(1,034)	10,093	(>100%)	1,491	4,669	(68%)
Profit/(loss) after tax	(1,691)	8,626	(>100%)	831	3,199	(74%)
Profit/(loss) attributable to ordinary equity holders of the parents	(1,691)	8,626	(>100%)	831	3,199	(74%)

The Group's revenue for the financial period ended 31 December 2020 was slightly lower at RM14.93 million compared to RM15.21 million for the corresponding period last year.

The Group recorded RM1.49 million profit before tax for the financial period ended 31 December 2020 as compared to RM4.67 million profit for the corresponding last year.

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

	Current Year Quarter 31.12.2020 RM'000	Immediate Preceding Quarter 30.09.2020 RM'000	Changes (%)
Revenue	1,614	11,016	(85%)
Operating profit/(loss)	(132)	9,613	(>100%)
Profit/(loss) before interest and tax	(998)	7,869	(>100%)
Profit/(loss) before tax	(1,034)	7,856	(>100%)
Profit/(loss) after tax	(1,691)	7,855	(>100%)
Profit/(loss) attributable to ordinary equity holders of the parents	(1,691)	7,855	(>100%)

For the quarter under review, the Group reported RM1.03 million loss before tax compared to RM7.86 million profit for the previous quarter. The significant profit before tax for the immediate preceding quarter was due to recognition income from timber extraction and trading in timber related products.

17 Taxation

	3 months ended		12 months ended	
	31 December		31 December	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Current tax:				
- Malaysian income tax	(657)	(1,467)	(660)	(1,470)
Total tax expenses	<u>(657)</u>	<u>(1,467)</u>	<u>(660)</u>	<u>(1,470)</u>

18 Prospects

For the next year, the Company expects revenue from oil palm plantation, timber related activities and mining activities 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 2021.

19 Variance from Profit Forecast/Profit Guarantee

Not applicable in this quarterly report.

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.

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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 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.

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22 Status of the Corporate Proposals (con't)

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
 - (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 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.

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22 Status of the Corporate Proposals (con't)

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.

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.

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22 Status of the Corporate Proposals (con't)

On 28 December 2017, 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 2018 as opposed to the fourth quarter of calendar year 2017 which was announced on 30 December 2016.

On 3 January 2019, 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 2019 as opposed to the fourth quarter of calendar year 2018 which was announced on 28 December 2017.

On 26 February 2020, 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 2020 as opposed to the fourth quarter of calendar year 2019 which was announced on 3 January 2019.

On 26 January 2021, 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 2021 as opposed to the fourth quarter of calendar year 2020 which was announced on 26 February 2020.

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For The Period Ended 31 December 2020**23 Group Borrowings**

As at 31 December 2020, the Group borrowings are as follows:

	As at 31.12.2020		
	Long term	Short term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
Term Loan	23,460	2,553	26,013
Hire Purchase	15	14	29
Total	<u>23,475</u>	<u>2,567</u>	<u>26,042</u>
Bank Overdraft	-	987	987
Grand Total	<u>23,475</u>	<u>3,554</u>	<u>27,029</u>

	As at 31.12.2019		
	Long term	Short term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
Term Loan	21,373	2,429	23,802
Hire Purchase	46	39	85
Total	<u>21,419</u>	<u>2,468</u>	<u>23,887</u>
Bank Overdraft	-	830	830
Grand Total	<u>21,419</u>	<u>3,298</u>	<u>24,717</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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26 Earnings Per Share

	Individual Quarter 3 months ended		Comparative Quarter 12 months ended	
	<u>31.12.2020</u>	<u>31.12. 2019</u>	<u>31.12.2020</u>	<u>31.12.2019</u>
<u>Basic earnings per share</u>				
Profit/(loss) for the period (RM'000)	(1,691)	8,626	831	3,199
Number of shares in issue during the period (RM'000)	71,789	71,789	71,789	71,789
Weighted average number of shares in issues (RM'000)	71,789	71,789	71,789	71,789
Basic profit/(loss) per share (sen)	(2.36)	12.02	1.16	4.46

27 Prior year adjustments

During the year, the adjustment presented below was made retrospectively relating to the prior financial year were mainly due to under recognition of right-of use assets and revenue as at prior year's reporting date.

<u>As at 31 December 2019</u>	As previously stated RM'000	Adjustment RM'000	As restated RM'000
Statement of financial position			
Right-of-use assets	-	136	136
Contract asset	-	500	500
Retained earnings	3,351	493	3,844
Lease liabilities	-	143	143
Statement of profit or loss			
Administrative expenses	(7,866)	10	(7,856)
Finance expenses	(225)	(13)	(238)
Statement of cash flows			
Operating activities			
Depreciation of right-of use assets	-	50	50
Interest expenses	225	13	238
Interest paid	(225)	(13)	(238)
Financing activities			
Repayment of lease liabilities	-	(47)	(47)

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27 Prior year adjustments (con't)

As at 1 January 2019	As previously stated RM'000	Adjustment RM'000	As restated RM'000
Statement of financial position			
Right-of-use assets	-	186	186
Contract asset	-	500	500
Retained earnings	147	496	643
Lease liabilities	-	190	190
Statement of profit or loss			
Revenue	16,122	500	16,622
Administrative expenses	(8,162)	-	(8,162)
Finance expenses	(282)	-	(282)
Statement of cash flows			
Operating activities			
Depreciation of right-of use assets	-	-	-
Interest expenses	282	-	282
Interest paid	(282)	-	(282)
Financing activities			
Repayment of lease liabilities	-	-	-

28 Authorisation for Issue of Report

The unaudited interim financial statements were authorised for issue on 16 March 2021 by the Board of Directors.

On behalf of the Board

MENTIGA CORPORATION BERHAD

YEAP KOK LEONG

Company Secretary

Kuala Lumpur