

MENTIGA CORPORATION BERHAD

Company No. 197001001000 (10289-K)

Notes To The Condensed Consolidated Interim Financial Statements

For The Period Ended 31 December 2023

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 2022. 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 2022.

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 for the year ended 31 December 2022.

3 Auditors' Report on the Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2022 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

During the quarter ended 31 December 2023, the Group has revised the estimate in relation to the timing of biological transformation of the Fresh Fruit Bunches ("FFB") to be in line with industry practice. The Group has accrued for the oil content in the three (3 months) prior to the harvesting in the prior year. During the quarter ended 31 December 2023, the Group accrued the oil content in one (1) month prior to the harvesting. The impact of the change in estimate to the current quarter and current financial year are as disclosed in notes 15.

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.

9 Valuation of Property, Plant and Equipment

The leasehold land and plantation had been revalued and was taken into financial statements giving net revaluation surplus of RM 64.26 million.

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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 2023 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 the 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 2022.

13 Capital Commitments

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

14 Segmental Information

The Group has three main business segments:

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

Period ended 31 December 2023	Timber Products RM'000	Plantation RM'000	Mining RM'000	Investments & Others RM'000	Group RM'000
Revenue					
External sales	9,150	16,185	1,158	-	26,493
Results					
Segment results (external)	9,150	(16,800)	690	(4,687)	(11,647)
Finance cost					(1,913)
Share of results of associates					(2)
Loss from ordinary activities before tax					(13,562)
Tax credit					1,139
Loss for the financial year					(12,423)

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14 Segmental Information (con't)

Period ended 31 December 2022	Timber Products RM'000	Plantation RM'000	Mining RM'000	Investments & Others RM'000	Group RM'000
Revenue					
External sales	300	13,319	1,142	-	14,761
Results					
Segment results (external)	300	(14,131)	774	(4,263)	(17,320)
Finance cost					(1,538)
Share of results of associates					(1)
Loss from ordinary activities before tax					(18,859)
Zakat					(1)
Tax credit					813
Loss for the financial year					(18,047)

15 Review of Performance

	<u>Quarter</u>			<u>Year To Date</u>		
	31.12.23 RM'000	31.12.22 RM'000	Change (%)	31.12.23 RM'000	31.12.22 RM'000	Change (%)
Revenue	4,200	3,251	29%	26,493	14,761	79%
Operating profit/(loss)	(1,974)	403	>100%	3,130	2,606	20%
Loss before interest and tax	(8,002)	(13,812)	42%	(11,647)	(17,320)	33%
Loss before tax	(8,378)	(14,267)	41%	(13,562)	(18,859)	28%
Loss after tax	(7,132)	(13,456)	47%	(12,423)	(18,047)	31%
Loss attributable to ordinary equity holders of the parents	(7,132)	(13,456)	47%	(12,423)	(18,047)	31%

The Group's revenue for the financial period ended 31 December 2023 was higher at RM26.49 million compared to RM14.76 million recorded in the previous year. The increase in revenue for the financial period was due to recognition of income from disposal of entire 30% of MCB's entitlement at Asiaprima Plantations (Kuantan) Sdn Bhd's reforestation project.

The Group recorded RM13.56 million loss before tax for the financial period ended 31 December 2023 as compared to RM18.86 million loss for the corresponding period last year. The loss for the financial period was due to the effect of changes on biological assets from 3 months to 1 month prior to the harvesting recognized in the income statement. There is also a write-off the plantation assets (Zone D) at Ulu Lepar Estate of RM1.94 million during the financial period.

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

	Current Year Quarter 31.12.2023 RM'000	Immediate Preceding Quarter 30.09.2023 RM'000	Changes (%)
Revenue	4,200	7,154	(41%)
Operating loss	(1,974)	(1,291)	53%
Loss before interest and tax	(8,002)	(3,404)	>100%
Loss before tax	(8,378)	(3,877)	>100%
Loss after tax	(7,132)	(3,917)	82%
Loss attributable to ordinary equity holders of the parents	(7,132)	(3,917)	82%

For the quarter under review, the Group reported a RM8.38 million loss before tax compared to RM3.88 million loss for the previous quarter. The higher loss for current quarter due to the effect of changes on biological assets from 3 months to 1 month prior to the harvesting recognized in the income statement.

17 Taxation

	3 months ended 31 December		12 months ended 31 December	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current tax:				
- Malaysian income tax	1,246	811	1,139	813
Total tax credit	<u>1,246</u>	<u>811</u>	<u>1,139</u>	<u>813</u>

18 Prospects

The Company expects revenue from oil palm plantation, mining activities, lease rental from durian and oil palm plantation joint venture projects will continue to contribute to the group's earnings.

The Board of Directors is of the view that the Group is still facing very tight cash flows and a challenging task to pay the payables. The Board anticipated to improve better performance for the financial year ending 31 December 2024.

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 above mentioned, the Company has obtained shareholders' approval in relation to the Proposed Surrender of Pekan Land on 15 December 2011.

The current status of the Consideration Land is as follow:

(a) Penor Land

The Land Administrator had, on 21 May 2013, issued the land title for the Penor Land of 2,631.00 acres in favour of Mentiga.

(b) Hulu Cheka Land

The Land Administrator had, on 10 August 2017, issued the land title for the Hulu Cheka Land of 3,881.00 acres in favour of Mentiga.

(c) Ulu Lepar Land I, Ulu Lepar Land II and Replacement Land

The Land Administrator had, on 29 October 2013 and 9 September 2013, issued the land titles for the Ulu Lepar Land I and Ulu Lepar Land II of 4,165.00 acres and 1,604.71 acres respectively in favour of Mentiga.

As of 31st December 2022, MCB had been issued land with titles for 12,281.71 acres or 94% of the agreed acreage. Summary of land that had been issued with the titles and replacement land are as follows:

No.	Location	Consideration Land (acres) as at 31/12/2023	Land with title (acres) as at 31/12/2022
1	Penor	2,631.00	2,631.00
2	Hulu Cheka	3,881.00	3,881.00
3	Ulu Lepar:		
	a) Ulu Lepar I	4,165.00	4,165.00
	b) Ulu Lepar II	1,604.71	1,604.71
4	Replacement Land Penor and Gambang	830.29	-
	Total	13,112.00	12,281.71

The shortfall of 830.29 acres of the Replacement Land is still pending the approvals from the Land Administrator for the replacement and, alienation to Mentiga and the issuance of the land title in favour of Mentiga.

The Company, upon obtaining the abovesaid letter(s) or any further information thereto in relation to the completion of the Proposed Surrender of Pekan Land will endeavor to make the relevant announcement(s).

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23 Group Borrowings

As at 31 December 2023, the Group borrowings are as follows:

	As at 31.12.2023		Total borrowings RM'000
	Long term RM'000	Short term RM'000	
Secured			
Term Loan	26,217	1,035	27,252
Hire Purchase	1,255	331	1,586
Total	<u>27,472</u>	<u>1,366</u>	<u>28,838</u>
Bank Overdraft	-	757	757
Grand Total	<u>27,472</u>	<u>2,123</u>	<u>29,595</u>

	As at 31.12.2022		Total borrowings RM'000
	Long term RM'000	Short term RM'000	
Secured			
Term Loan	25,762	4,340	30,102
Hire Purchase	372	122	494
Total	<u>26,134</u>	<u>4,462</u>	<u>30,596</u>
Bank Overdraft	-	736	736
Grand Total	<u>26,134</u>	<u>5,198</u>	<u>31,332</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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	Individual Quarter 3 months ended		Comparative Quarter 12 months ended	
	<u>31.12.2023</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2022</u>
<u>Basic earnings per share</u>				
Loss for the period (RM'000)	(7,132)	(13,456)	(12,423)	(18,047)
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 loss per share (sen)	(9.93)	(18.74)	(17.30)	(25.14)

27 Authorisation for Issue of Report

The unaudited interim financial statements were authorised for issue on 29 February 2024 by the Board of Directors.

On behalf of the Board

MENTIGA CORPORATION BERHADLIM SECK WAH
Company Secretary
Kuala Lumpur