

MENTIGA CORPORATION BERHAD

Company No. 197001001000 (10289-K)

Notes To The Condensed Consolidated Interim Financial Statements

For The Period Ended 30 June 2024

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 2023. 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 2023.

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 2023.

3 Auditors' Report on the Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2023 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.

9 Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment have been brought forward, without amendment from the audited financial statements for the year ended 31 December 2023.

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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 30 June 2024 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 2023.

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 30 June 2024 | Timber Products RM'000 | Plantation RM'000 | Mining RM'000 | Investments & Others RM'000 | Group RM'000 |
|--|-----------------------------------|------------------------------|--------------------------|--|-------------------------|
| Revenue | | | | | |
| External sales | - | 9,614 | 590 | - | 10,204 |
| Results | | | | | |
| Segment results (external) | - | (3,681) | 348 | (2,176) | (5,509) |
| Finance cost | | | | | (1,122) |
| Loss from ordinary activities before tax | | | | | (6,631) |
| Tax expenses | | | | | (100) |
| Loss for the financial year | | | | | (6,731) |

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14 Segmental Information (con't)

| Period ended 30 June 2023 | Timber Products RM'000 | Plantation RM'000 | Mining RM'000 | Investments & Others RM'000 | Group RM'000 |
|---|---------------------------------------|------------------------------|--------------------------|--|-------------------------|
| Revenue | | | | | |
| External sales | 9,150 | 5,408 | 581 | - | 15,139 |
| Results | | | | | |
| Segment results (external) | - | (5,782) | 339 | 6,320 | 877 |
| Finance cost | | | | | (1,066) |
| Loss from ordinary activities before tax | | | | | (189) |
| Tax expenses | | | | | (67) |
| Loss for the financial year | | | | | (256) |

15 Review of Performance

| | Individual Quarter | | | Year To Date | | |
|--|----------------------------|----------------------------|-----------------------|----------------------------|----------------------------|-----------------------|
| | 30.06.24 RM'000 | 30.06.23 RM'000 | Change (%) | 30.06.24 RM'000 | 30.06.23 RM'000 | Change (%) |
| Revenue | 6,757 | 12,749 | (47%) | 10,204 | 15,139 | (33%) |
| Operating profit/(loss) | 1,101 | 6,451 | (83%) | (174) | 5,759 | >100% |
| (Loss)/profit before interest and tax | (1,690) | 3,478 | >100% | (5,509) | 877 | >100% |
| (Loss)/profit before tax | (2,089) | 2,988 | >100% | (6,631) | (189) | >100% |
| (Loss)/profit after tax | (2,141) | 2,948 | >100% | (6,731) | (256) | >100% |
| (Loss)/profit attributable to ordinary equity holders of the parents | (2,141) | 2,948 | >100% | (6,731) | (256) | >100% |

The Group's revenue for the financial period ended 30 June 2024 was lower at RM10.20 million compared to RM15.14 million in the 2Q2023. In the previous year, the revenue was higher due to recognition of income from disposal of entire 30% of MCB's entitlement at Asiaprima Plantations (Kuantan) Sdn Bhd's reforestation project amounted to RM9.0 million and the revenue from oil palm segment was RM5.41 million.

Meanwhile as at June 2024, the Group's revenue was mainly contributed from oil palm segment of RM9.10 million. The FFB production has increased to 11,014 MT (2Q2023: 6,787 MT) and higher CPO price at RM4,013 (2Q2023: RM3,924). However, the Group still recorded operating loss RM0.2 million due to increased of depreciation and amortization cost of RM1.1 million (2Q2024:RM3.8 million and 2Q2023:RM2.7 million).

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

| | Current Year Quarter 30.06.2024 RM'000 | Immediate Preceding Quarter 31.03.2024 RM'000 | Changes (%) |
|---|---|--|-----------------------------|
| Revenue | 6,757 | 3,447 | 96% |
| Operating profit/(loss) | 1,101 | (1,275) | >100% |
| Loss before interest and tax | (1,690) | (3,819) | 56% |
| Loss before tax | (2,089) | (4,542) | 54% |
| Loss after tax | (2,141) | (4,590) | 53% |
| Loss attributable to ordinary equity holders of the parents | (2,141) | (4,590) | 53% |

For the quarter under review, the Group reported RM2.09 million loss before tax compared to RM4.54 million loss for the previous quarter. The lower loss for the current quarter was due to increase in FFB production to 7,027 MT from 3,578 MT and supported by higher CPO price at RM4,013/MT compared to RM3,578/MT in the previous quarter.

17 Taxation

| | 3 months ended | | 6 months ended | |
|------------------------|----------------|-------------|----------------|-------------|
| | 30 June | | 30 June | |
| | 2024 | 2023 | 2024 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current tax: | | | | |
| - Malaysian income tax | (52) | (40) | (100) | (67) |
| Total tax expenses | <u>(52)</u> | <u>(40)</u> | <u>(100)</u> | <u>(67)</u> |

18 Prospects

The Company expects revenue from oil palm plantation will further improve in 3Q2024. Meanwhile, mining activities, lease rental from durian and oil palm plantation joint venture projects will continue to contribute similar revenue.

The Board of Directors is of the view that the Group is still facing very tight cash flows and challenging task to pay the payables. The Board anticipated that the performance will further improve in 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***Replacement land Penor and Gambang (830.29 acres)***

As of 31 December 2023, 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) | Land with title (acres) |
|------------|---------------------------------------|---------------------------------------|------------------------------------|
| 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 |

As of 30 June 2024, there is no change in the status of replacement land. The shortfall of 830.29 acres of replacement land is still pending the approvals from the Land Administrator.

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 30 June 2024, the Group borrowings are as follows:

| | As at 30.06.2024 | | |
|----------------|------------------|--------------|------------------|
| | Long term | Short term | Total borrowings |
| Secured | RM'000 | RM'000 | RM'000 |
| Term Loan | 29,223 | 1,767 | 30,990 |
| Hire Purchase | 1,467 | 181 | 1,648 |
| Grand Total | <u>30,690</u> | <u>1,948</u> | <u>32,638</u> |
| | As at 30.06.2023 | | |
| | Long term | Short term | Total borrowings |
| Secured | RM'000 | RM'000 | RM'000 |
| Term Loan | 22,397 | 3,318 | 25,715 |
| Hire Purchase | 980 | 235 | 1,215 |
| Total | <u>23,377</u> | <u>3,553</u> | <u>26,930</u> |
| Bank Overdraft | - | 764 | 764 |
| Grand Total | <u>23,377</u> | <u>4,317</u> | <u>27,694</u> |

24 Material Litigation

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

25 Dividend Payable

No interim dividend recommended.

26 Earnings Per Share

| | Individual Quarter 3 months ended | | Cumulative Quarter 6 months ended | |
|--|--------------------------------------|-------------------|--------------------------------------|-------------------|
| | <u>30.06.2024</u> | <u>30.06.2023</u> | <u>30.06.2024</u> | <u>30.06.2023</u> |
| <u>Basic earnings per share</u> | | | | |
| (Loss)/profit for the period (RM'000) | (2,141) | 2,948 | (6,731) | (256) |
| 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)/profit per share (sen) | (2.98) | 4.11 | (9.38) | (0.36) |

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27 Authorisation for Issue of Report

The unaudited interim financial statements were approved by the Board of Directors on 27 August 2024.

On behalf of the Board

MENTIGA CORPORATION BERHAD

LIM SECK WAH

Company Secretary

Kuala Lumpur