PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS ("FRS") 134: INTERIM FINANCIAL REPORTING

A1. BASIS OF PREPARATION

The interim financial report of Matang Berhad ("Matang" or the "Company") and its subsidiaries (the "Group") are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") No. 134 – Interim Financial Reporting, paragraph 9.22 and Appendix 9B of the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

This is the third interim financial report on the consolidated results for the third quarter ended 31 March 2017 announced by the Company in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding year's corresponding period.

The consolidated interim financial report has been prepared using the principles of merger accounting whereby it is assumed that the transaction constituting the Group had occurred from the earliest date presented in this report and that the Group has operated as a single entity throughout the financial periods presented in this report. The interim financial report should be read in conjunction with the accompanying explanatory notes attached to this interim financial report.

A2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted as disclosed in the Accountants' Report in the Prospectus of the Company dated 19 December 2016 except for the adoption of the following during the financial period which is effective from 1 January 2016:

MFRS (including the consequential amendments)
- MFRS 14 Regulatory Deferral Accounts
- Amendments to MFRS 10, MFRS 12, MFRS 128 Investment Entities: Applying the Consolidation Exception
- Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations Amendments to MFRS 101 Disclosure Initiative
- Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants
- Amendments to MFRS 127 Equity Method in Separate Financial Statements
- Amendments to MFRS Annual Improvement to MFRSs 2012 - 2014 Cycle

The application of the above changes did not have significant impact on this interim financial report.

PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS ("FRS") 134: INTERIM FINANCIAL REPORTING (CONT'D)

A3. AUDITORS' REPORT ON PRECEDING AUDITED FINANCIAL STATEMENTS

The preceding year's audited financial statements of the Company and the subsidiaries of the Company were not subject to any qualification.

A4. SEASONAL OR CYCLICAL FACTORS

The seasonal factors that affects the Group's revenue and business operations is mainly the weather conditions which affect the oil palm production. In the event of an El Nino phenomenon, insufficient rainfall results in moisture stress in oil palms which can adversely affect the fresh fruit bunches ("FFB") production. Conversely, periods of heavy rainfall such as monsoons or La Nina phenomenon can be disruptive towards the harvesting and transportation operations, thus affecting the amount of FFBs harvested.

Generally, the Group experiences higher FFB production during the second and third quarter of the year, attributed to favourable weather and rainfall patterns in Johor during these times. However, the Group is not materially affected by seasonal or cyclical factors during the current financial period under review.

A5. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS.

Save as disclosed under item A13 herein, there was no material unusual exceptional item that occurred during the current financial quarter and financial period under review which affected the profit or loss and cash flows of the Group.

A6. MATERIAL CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported in previous financial years that have a material effect on the results for the current financial period under review.

A7. DEBT AND EQUITY SECURITIES

Save as disclosed under item A12 herein, there were no issuance and repayment of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares during this financial quarter.

A8. DIVIDEND PAID

There was no dividend paid during the current financial period under review.

A9. SEGMENTAL INFORMATION

The Group is primarily involved in the cultivation of oil palm and sale of fresh fruit bunches. The Group operates an oil palm plantation estate in Johor, Malaysia and as such the operating revenue reflected in the financial quarter under review was derived entirely from the operation of the oil palm plantation.

PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS ("FRS") 134: INTERIM FINANCIAL REPORTING (CONT'D)

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no valuation of property, plant and equipment in the current financial period under review.

A11. CAPITAL COMMITMENTS

There are no capital commitments incurred by the Group as at 31 March 2017.

A12. EFFECT OF CHANGES IN COMPOSITION OF THE GROUP

(a) Public Issue and Listing

The Company has successfully undertaken a public issue of 130,000,000 new Matang Berhad shares of RM0.10 each ("Matang Shares" or "Shares") at an issue price of RM0.13 per share (representing 7.18% of the enlarged issued and paid-up capital of the Company) ("Public Issue"), payable in full upon application in conjunction with the listing and quotation of the entire and enlarged issued and paid-up share capital of RM181,000,025.60 comprising 1,810,000,256 Shares on the ACE Market of Bursa Securities. The Public Issue Shares have been fully allotted to the new shareholders of the Company on 13 January 2017.

(b) Listing

The effects on the results of the Group arising from (a) above have been reflected in the Unaudited Combined Statements of Profit or Loss and Other Comprehensive Income and the Unaudited Consolidated Statements of Financial Position of the Group included in this interim financial report. The Company's issued and paid-up capital comprising 1,810,000,256 Shares have been listed and quoted on the ACE Market of Bursa Securities on 17 January 2017.

A13. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE CURRENT FINANCIAL PERIOD

(a) The subsidiary of the Company, Matang Realty Sdn Bhd ("MRSB"), had in January 2017 accepted the compensation proposed by Petadbir Tanah Segamat for part of Lot 6185 Geran 37583 and part of Lot 6187 Geran 37585 (both lots of which are located in Mukim Jementah, Daerah Segamat) as well as Pentadbir Tanah Tangkak for part of Lot 984 Geran 2752 Mukim Tangkak, Daerah Tangkak.

PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS ("FRS") 134: INTERIM FINANCIAL REPORTING (CONT'D)

The details of the affected lands and the compensation sum are shown in the table below.

Particulars of title	Land area for compulsory acquisition (hectares)	% land area for compulsory acquisition over Matang Estate (%)	NBV^ (as at 30 June 2016) (RM)	Compensation Sum (RM)
Lot 6185, Geran 37583 (Mukim Jementah, Daerah Segamat)	0.7418	0.07%	94,928	432,464
Lot 6187, Geran 37585 (Mukim Jementah, Daerah Segamat)	1.2994	0.12%	166,284	767,212
Lot 984, Geran 2752 (Mukim Tangkak, Daerah Tangkak)	0.1116	0.01%	14,281	41,000
Total	**2.1528**	**0.20%**	**275,493**	**1,240,676**

Note:
^ Net book value for land areas to be acquired under the compulsory acquisitions, the value of which is arrived at in proportion to total NBV of RM140,293,501 as at 30 June 2016 for the total land area of 1,096.3 hectares.

(b) MRSB had on 5 April 2017 received the payment for compensation sum of RM1,199,676 (together with Borang K, Notice of Formal Possession) from Pejabat Tanah Segamat for the total land of 2.0412 hectares acquired by Jabatan Kerja Raya ("JKR") in Daerah Segamat acquired as above. On 16 May 2017, MRSB received the payment for compensation of RM41,000 (together with Borang K, Notice of Formal Possession) from Pejabat Tanah Tangkak.

(c) As a result of the above, Matang Group registered a net gain of RM959,644 from the disposal of lands arising from the compulsory land acquisition by JKR for the upgrading and expansion of Jalan Muar-Segamat-Tangkak. The aforesaid gain of RM959,644 has been reflected as in the Unaudited Condensed Combined Statement of Profit or Loss and Other Comprehensive Income of the Group for the third quarter ended 31 March 2017.

A14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities nor contingent assets as at the date of this report.

PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS ("FRS") 134: INTERIM FINANCIAL REPORTING (CONT'D)

A15. RELATED PARTY TRANSACTIONS

There is no related party transaction that had been entered into in the normal course of the business of the Group during the financial quarter under review.

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PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. REVIEW OF PERFORMANCE

For the third financial quarter ended 31 March 2017, the Group recorded an operating revenue of RM2.691 million as compared to RM2.795 million in the preceding quarter of the same financial year. The slight decrease in revenue (i.e., 3.72%) for this financial quarter ended 31 March 2017 from the previous quarter was mainly due to the decrease in fresh fruit bunches ("FFB") production of 3,728.74 tonnes compared to 4,143.58 tonnes for the immediate preceding quarter.

While the FFB produced in this quarter under review declined about 10.01% from immediate preceding quarter, the gross profit margin of the Group for the financial quarter under review was about 71% in comparison to 66% for the previous quarter ended 31 December 2016 as a result of the increase of the average price per tonne of FFB sold.

The Group registered a pre-tax profit of RM0.199 million and a post-tax profit of about RM41,000 for the financial quarter under review while the operating expenses increased from RM2.183 million in the preceding quarter to RM3.150 million in the quarter under review.

The increase in operating expenses for the quarter under review was attributable primarily to the increase in the expenses in connection with the Listing exercise (RM1.622 million which was charged out to the Statement of Profit of Loss and Other Comprehensive Income) completed on 17 January 2017. The increase in other income from RM0.533 million in the preceding quarter to RM1.431 million in this quarter under review was largely due to the one-off net gain of approximately RM0.960 million from the disposal of 2.1528 hectares land due to compulsory acquisition by JKR for road work purpose.

In terms of other income of RM1.431 million captured within the quarter under review, RM0.256 million was rental income from the investment properties of the Group located in Kawasan Perindustrian Larkin (also known as Dato' Onn Industrial Estate) and RM0.118 million interest income plus RM0.960 million one-off net gain from the disposal of land under compulsory acquisition as explained under Section A13 above.

Due to the above, the Group registered post-tax profit of RM0.794 million for 9-months ended 31 March 2017 and earnings per share ("EPS") of 0.04 sen. Without both the Listing expenses of RM1.622 million charged out and one-off net gain of RM0.960 million from the disposal of land under the compulsory acquisition by JKR, the Group would have registered a post-tax profit of RM0.704 million for the financial quarter under review, 9-months post-tax profit of RM1.456 million and the resulting 9-month EPS level would be 0.08 sen.

B2. COMPARISON WITH PRECEDING QUARTER'S FINANCIAL RESULT

The Group reported post-tax profit of RM41,000 as for the current quarter ended 31 March 2017 as compared to the post-tax profit of RM65,000 for the immediate preceding quarter. The decline in profit for this financial quarter under review was mainly due to one-off Listing expenses and IPO related expenses amounted to approximately RM1.622 million in total for the quarter under review.

PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

B3. COMMENTARY ON PROSPECTS

The FFB yield of the Group for the financial year ending 30 June 2017 is expected to be in line with level achieved by the Group for the whole of preceding financial year.

As disclosed in the Prospectus of the Company dated 19 December 2016, the Group has targeted to carry out replanting exercise involving 16.4 hectares in 2017. The replanting exercise together with the greater use of fertilisers, and quality germinated seeds will extend the long term fundamental growth of Matang Estate with enhancing FFB yield.

B4. PROFIT FORECASTS AND PROFIT GUARANTEES

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement during the current financial period under review.

B5. STATUS OF CORPORATE PROPOSALS

There was no other corporate proposals announced but not completed as at the date of this report.

B6. INCOME TAX EXPENSE

	Quarter ended 31 March 2017 RM	Year-to-date 31 March 2017 RM
Income tax expense		
- Current financial period	156,000	591,000
Deferred tax		
- Current financial period	2,000	5,000
- Prior year period	0	1,000
Total tax expense	158,000	597,000
Effective tax rate	79.4%	57.7%

The effective tax rate for the current and financial year to date ended 31 March 2017 is higher than the statutory tax rate of 24% due to non-tax deductible expenses.

PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

B7. UTILISATION OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING ("IPO")

Based on the issue price of RM0.13 per share for the Public Issue (details of which have been more fully explained under A12(a) above), the gross proceeds arising from the Public Issue amounting to RM16.9 million has been utilised in the following manner:

Purposes	Proposed utilisation	Actual utilisation	Deviation: surplus/ (deficit)	Balance unutilised	Estimated time frame for utilisation[(1)]
	RM'000	RM'000	RM'000	RM'000	
Replanting exercise	250	-	-	250	Within 24 months
Capital expenditure	2,550	-	-	2,550	Within 36months
General working capital	11,924	(447)[(2)]	-	11,477	Within 60 months
Estimated listing expenses	2,176	(2,623)	(447)	-	Within 3 months
Total	**16,900**			**14,277**	

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 19 December 2016.

Note:

(1) From the date of listing of the Company on the ACE Market of Bursa Securities was on 17 January 2017.

(2) RM447,000 from the proceeds allocated for general working capital has been utilised to cover the deficit arising from the utilisation for Listing expenses in such manner as allowed under Section 3.10.1(v) of the Prospectus of the Company dated 19 December 2016. The remaining balance of proceeds allocated for general working capital is RM11,477,000 as at 31 March 2017.

B8. GROUP'S BORROWINGS AND DEBT SECURITIES

The Group has no borrowing and the Group has no debt securities in issue as at 31 March 2017.

B9. MATERIAL LITIGATION

There is no litigation or arbitration which has a material effect on the financial position of the Group and as at the date of this report and the Board of Directors is not aware of any proceedings pending or threatened, or of any fact that likely to give rise to any proceedings as at the date of this report.

B10. DIVIDEND

The Board of Directors does not recommend any dividend for the current financial quarter under review.

PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

B11. EARNINGS PER SHARE ("EPS")

The basic and diluted EPS for the current financial quarter and financial year-to-date are computed as follows:

	Quarter ended 31 March 2017	**Year-to-date 31 March 2017**
Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)	41	794
Number of ordinary shares in issue ('000)	1,810,000	1,810,000
Basic EPS (sen)(1)	0.002	0.044
Diluted EPS (sen)(2)	0.002	0.044

Notes:

(1) Basic EPS is calculated based on the shares in issue of 1,810,000,256 Matang Shares in the Company as at 31 March 2017 after the completion of the Exchange of Shares on the basis of 14 Matang Shares for every one (1) MHB Share and after the Public Issue.

(2) Diluted EPS of the Company for the quarter and year to date ended 31 March 2017 is equivalent to the basic EPS as the Company does not have convertible options and securities as at the end of the reporting period.

B12. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Profit for the financial period is arrived at after charging/(crediting) the following expense/(income):

	Quarter ended 31 March 2017 RM'000	**Year-to-date 31 March 2017 RM'000**
Depreciation of bearer plants	478	1,468
Depreciation of property, plant and equipment	(6)#	87
Stamp duty paid for Exchange of Shares	-	504
Fair value gain on agriculture produce	16	245
Rental income	(256)	(724)
Interest income	(118)	(278)
Share registration income	0	(28)
Net gain from disposal of land^	(960)	(960)

Note:
Crediting of depreciation of PPE for the quarter under review due to over depreciation in the previous quarter ended 31 December 2016.
^ Arising from the compulsory land acquisition by JKR as more fully explained under item A13 above.

PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Securities are not applicable.

B13. DISCLOSURES OF REALISED AND UNREALISED PROFIT OR LOSSES

The realised and unrealised retained earnings of the Group as at 31 March 2017 are analysed as follows:

	Unaudited as at 31 March 2017	**Audited as at 30 June 2016**
Total retained profits of the Group		
- Realised	109,623	108,584
- Unrealised	(1,659)	(1,414)
Total retained profits of the Group	**107,964**	**107,170**

B14. AUTHORISATION FOR ISSUE

The interim financial report was authorised for issue by the Board of Directors on 31 May 2017.

BY ORDER OF THE BOARD OF DIRECTORS
31 May 2017