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 fourth interim financial report on the consolidated results for the fourth quarter ended 30 June 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 affect the Group's revenue and business operations are 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.

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 A10 and 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

During the financial quarter under review, the Company has carried out valuation of its investment properties in Kawasan Perindustrian Larkin, i.e., the land measuring 1.3 hectares or 3.2 acres held under title HSD 8796, Lot No. TLO 703, Town of Bandar Johor Bahru, District of Johor Bahru, State of Johor Darul Takzim bearing postal address No. 83, Jalan Langkasuka, Kawasan Perindustrian Larkin, 80350 Johor Bahru, Johor Darul Takzim, together with three units of detachable industrial buildings (namely Block A, Block B and Block C) erected thereon ("Larkin Investment Properties").

The aforesaid valuation has resulted in a net gain of RM850,000 recognised as fair value surplus arising from investment properties in arriving at the Total Comprehensive Income of the Group for the current financial quarter under review.

A11. CAPITAL COMMITMENTS

There are no capital commitments incurred by the Group as at 30 June 2017.

A12. EFFECT OF CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial quarter under review.

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

Save as disclosed below, there are no material events that occurred subsequent to the end of the current financial period.

(a) The Company has on 18 July 2017 announced that it had entered into a letter of intent which sets out the intention for the Company's wholly-owned subsidiary, Matang Holdings Berhad ("MHB") or its nominees to acquire the following assets from Raub Mining & Development Company Sdn Bhd ("RMDC") and Raub Oil Mill Sdn Bhd ("ROM") for a total indicative purchase consideration of RM180 million (inclusive of applicable Goods and Services Taxes) ("Letter of Intent").

- two contiguous parcels of leasehold agricultural land identified as PT 23120 and PT 22468, Mukim Gali, Daerah Raub, Negeri Pahang, Malaysia held respectively under HS(D) 10803 and HSM 10940 measuring in total 4,219.79 acres or 1,707.69 hectares together with the oil palm plantation existing thereon ("Estate");

- a 60-tonnes per hour palm oil mill ("Mill");

- the buildings, quarters, plant and machinery, equipment, vehicles and stocks of the Estate and of the Mill ("Ancillary Structures and Items")

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

The Estate, the Mill and the Ancillary Structures and Items are herein collectively referred to as "Assets".

The Letter of Intent is not intended to be legally binding upon the parties until and unless a formal definitive agreement and other relevant documentation reflecting the sale and purchase of the Assets are entered into by the parties. Upon the acceptance of the Letter of Intent by RMDC and ROM, the parties shall commence the process of due diligence and negotiations in good faith to finalise and agree on the sale and purchase agreement and other related documentation for the purchase of the Assets.

A14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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 fourth financial quarter ended 30 June 2017, the Group recorded operating revenue of RM2.218 million as compared to RM2.691 million in the preceding quarter. The decrease in revenue of about 17.58% for this financial quarter ended 30 June 2017 was mainly due to drop in average FFB sale price from RM721.69 per tonne in the immediate preceding quarter to about RM601.90 per tonne for the financial quarter under review together with a slight decrease (1.17%) in FFB production.

The FFB production for the financial quarter under review was 3,685.00 tonnes compared to 3,728.74 tonnes for the immediate preceding quarter. Due largely to the FFB price erosion in the financial quarter under review, the gross profit margin of the Group for the financial quarter under review was about 64.29% compared to 71.27% for the previous quarter ended 31 March 2017. Operationally, the Group's operating expenses for the financial quarter under review was RM1.546 million compared to RM3.150 million of the immediate preceding quarter, the latter of which comprised RM1.622 million expenses in relation to the listing exercise of Matang Berhad.

For the financial quarter under review, the Group registered a pre-tax profit of RM1.190 million and a post-tax profit of RM0.462 million after also accounting for (as part of the other income) a fair value surplus of RM0.850 million from the Larkin Investment Properties in Johor. In comparison, for the preceding quarter ended 31 March 2017, the Group registered RM0.199 million pre-tax profit and RM0.041 million post-tax profit after accounting for (as part of the other income) a one-off net gain of RM0.960 million from the disposal of part of land of Matang Estate in Tangkak and Segamat pursuant to the compulsory acquisition by Jabatan Kerja Raya ("JKR") for road work and after charging out listing expenses of RM1.622 million.

For the financial year ended 30 June 2017, the Group's revenue from the sales of FFB improved about 34.91% from RM7.169 million in preceding financial year to RM9.672 million for the financial year ended 30 June 2017. The total FFB sold for financial year ended 30 June 2017 was 15,924.47 tonnes compared to 14,876.74 tonnes for the financial year ended 30 June 2016, reflecting an increase of 7.04% in FFB production.

For the financial year ended 30 June 2017, the Group registered unaudited pre-tax profit of RM2.582 million (FYE 30 June 2016: RM2.205 million) and post-tax profit of RM1.257 million (FYE 30 June 2016: RM1.594 million) with 67.03% gross profit margin achieved (FYE 30 June 2016: 63.54%). Assuming that the one-off gain of RM0.960 million from disposal of land to JKR, the fair value gain of RM0.850 million from Larkin Investment Properties and listing expenses of RM1.622 million are excluded, the Group's unaudited pre-tax profit and post-tax profit for the financial year ended 30 June 2017 would have been RM2.394 million and RM1.069 million respectively.

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

B2. COMPARISON WITH PRECEDING QUARTER'S FINANCIAL RESULT

The Group reported post-tax profit of RM0.462 million for the current quarter ended 30 June 2017 as compared to the post-tax profit of RM0.04 million for the immediate preceding quarter.

B3. COMMENTARY ON PROSPECTS

The FFB productions of the Group for the financial year ending 30 June 2017 was about 15,924.47 tonnes which was about 7.04% higher than the level achieved by the Group for the financial year ended 30 June 2016. The Group expects to achieve operating cash flows for the financial year ended 30 June 2017 in line with the preceding financial year in spite of the slightly lower profit after tax for financial year ended 30 June 2017 as a result of the listing expenses of RM1.622 million incurred.

Going forward, the Group expects to be able to achieve higher FFB production for financial year ending 30 June 2018 barring unforeseen adverse weather conditions and disruption in the supply of workers.

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 30 June 2017 RM	**Year-to-date 30 June 2017 RM**
Income tax expense		
- Current financial period	744,000	1,276,000
- (Over)/under provision in prior year	5,894	5,894
Deferred tax		
- Current financial period	3,000	68,000
- (Over)/under provision in prior year	(25,000)	(25,000)
Total tax expense	727,894	1,324,894
Effective tax rate	63.0%	49.6%

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

The effective tax rate for the current and financial year to date ended 30 June 2017 is higher than the statutory tax rate of 24% due to non-tax deductible expenses.

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

Based on the issue price of RM0.13 per share for the Public Issue of the Company on 17 January 2017, 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	(463)	-	2,087	Within 36 months
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**			**13,814**	

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 30 June 2017.

B8. GROUP'S BORROWINGS AND DEBT SECURITIES

The Group has no borrowing and the Group has no debt securities in issue as at 30 June 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.

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

B10. DIVIDEND

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

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 30 June 2017	**Year-to-date 30 June 2017**
Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)	462	1,257
Number of ordinary shares in issue ('000)	1,810,000	1,810,000
Basic EPS (sen)(1)	0.03	0.07
Diluted EPS (sen)(2)	0.03	0.07

Notes:

(1) Basic EPS is calculated based on the shares in issue of 1,810,000,256 of RM0.10 each in the Company as at 30 June 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 30 June 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.

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

Profit/(loss) and other comprehensive income of the Group for the financial period is arrived at after charging/(crediting) the following expense/(income):

	Quarter ended 30 June 2017 RM'000	Year-to-date 30 June 2017 RM'000
Depreciation of bearer plants	465	1,933
Depreciation of property, plant and equipment	51	138
Stamp duty paid for Exchange of Shares	-	504
Fair value gain on agriculture produce	405	175
Rental income	(256)	(980)
Interest income	(292)	(575)
Share registration income	-	(28)
Net fair value (gain)/loss from investment properties	(850)	(850)
Net (gain)/loss from disposal of land	-	(960)
Net fair value (gain)/loss from quoted investment	(302)	(302)

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 30 June 2017 are analysed as follows:

	Unaudited as at 30 June 2017	Audited as at 30 June 2016
Total retained profits of the Group		
- Realised	111,181	108,584
- Unrealised	(2,462)	(1,414)
Total retained profits of the Group	**108,719**	**107,170**

B14. AUTHORISATION FOR ISSUE

The interim financial report was authorised for issue by the Board of Directors on 24 August 2017.

BY ORDER OF THE BOARD OF DIRECTORS
24 August 2017