

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”).

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 audited financial statements of the Group for financial year ended 30 June 2021 as well as 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 Audited Financial Statement of the Group for financial year ended 30 June 2021 including the adoption of the following, where applicable, during the financial period which were effective from 1 January 2021:

MFRS (including the consequential amendments)

- Interest Rate Benchmark Reform – Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)
- COVID-19 Related Rent Concession beyond 30 June 2021 (Amendment to MFRS 16 Leases)

Save as highlighted below, the application of the above changes did not have significant impact on this interim financial report.

The following MFRS and Amendments to MFRS have been issued by the Malaysian Accounting Standards Board but are not yet effective to the Group:

Effective for annual periods commencing on or after 1 January 2022

- Annual Improvements to MFRS Standards 2018 – 2020
- Amendments to MFRS 3 Reference to the Conceptual Framework
- Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137 Onerous Contracts – Cost of Fulfilling a Contract

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

- Amendments to MFRS 101 Classification of Liabilities as Current or Non-current
- MFRS 17 Insurance Contracts
- Amendments to MFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)
- Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Incomes Taxes)
- Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

A3. AUDITORS’ REPORT ON PRECEDING AUDITED FINANCIAL STATEMENTS

The preceding year’s audited financial statements, i.e., for financial year ended 30 June 2021, of the Company and the subsidiaries were not subject to any qualification.

A4. SEASONAL OR CYCLICAL FACTORS

The Group’s quarterly revenue and results are affected by seasonal crop production pattern and weather conditions.

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

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 material changes in estimates of amounts reported in previous financial years or previous quarter that have a material effect on the results for the current financial period under review.

A7. DEBT AND EQUITY SECURITIES

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 period under review.

A8. DIVIDEND PAID

On 7 January 2022, the Company paid a final single tier dividend of 0.20 sen per ordinary shares in respect of financial year ended 30 June 2021, amounted to approximately RM4.344 million in total.

**PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (“FRS”) 134:
INTERIM FINANCIAL REPORTING (CONT’D)**

A9. SEGMENTAL INFORMATION

The Group is primarily involved in the cultivation of oil palm and sale of fresh fruits bunches (“FFB”). 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 from the operation of the oil palm plantation.

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There is no valuation of the property, plant and equipment of the Group carried out during the financial quarter under review. The last valuation carried out appraised Larkin Investment Properties at a value of RM11.70 million as at 29 June 2021 which was reflected in the financial year ended 30 June 2021.

A11. CAPITAL COMMITMENTS

There are no capital commitments incurred by the Group as at 31 March 2022.

A12. EFFECT OF CHANGES IN COMPOSITION OF THE GROUP

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

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

There are no material events that occurred subsequent to the end of the current financial period.

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 period under review.

[The remainder of this page has been intentionally left blank]

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

B1. REVIEW OF PERFORMANCE

For the third financial quarter ended 31 March 2022, the Group recorded operating revenue of RM4.23 million as compared to RM3.13 million in the preceding year's corresponding quarter.

In comparison with the corresponding quarter in the previous financial year, the increase in operating revenue of RM1.10 million was due to the increase in average FFB prices. The FFB production for current quarter under review was 3,075 tonnes as compared to 3,779 tonnes in the corresponding quarter in preceding year, while the average FFB price realised increased from RM829 per tonne in the corresponding quarter in the preceding year to RM1,376 per tonne in the current quarter. The Group's gross profit ("GP") for the current quarter increased from RM2.59 million in the corresponding quarter in the preceding year to RM3.01 million for the current financial quarter under review.

The Group's other income for the current quarter was higher at RM0.84 million against RM0.66 million for the third quarter of FY2022 mainly due to additional interest income derived from cash received following the private placement exercises undertaken in mid-2021. The administration expenses remained relatively stable with a slight decrease of RM0.02 million as compared to the corresponding quarter in the preceding year.

The Group's profits before taxation for current quarter was higher at RM2.28 million as compared to RM1.73 million in the preceding year's corresponding quarter, i.e., an increase of about RM0.55 million. The increase is mainly derived from the increase in gross profit of RM0.42 million and increase in other income of RM0.18 million. The Group's profit after taxation for the current quarter was higher at RM1.60 million as compared to RM1.30 million in the corresponding quarter in the preceding year.

In terms of year to date, the profit before taxation of the Group was RM6.63 million for 3rd quarter of FY2022 as compared to RM5.14 million for third quarter FY2021 while the year-to-date profit after taxation of the Group was RM4.86 million for 3rd quarter FY2022 as compared to RM3.67 million for 3rd quarter FY2021.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S PROFIT BEFORE TAX

The Group reported profit before tax of RM2.28 million for the current quarter ended 31 March 2022 as compared to RM2.51 million for the immediate preceding quarter (i.e., quarter ended 31 December 2021) due to declined gross profit as a result of lower FFB sold in current quarter of 3,075 tonnes as compared to 3,910 tonnes in the immediate preceding quarter, i.e., quarter ended 31 December 2021.

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

B3. COMMENTARY ON PROSPECTS

Monthly CPO prices averaged at about RM6,051 per tonne for the quarter under review as compared to the average of RM5,154 per tonne in the last quarter, i.e., quarter ended 31 December 2021. For the financial year of the Company, the CPO prices have trended up from RM3,889 per tonne in early July 2021 to the high of RM8,077 per tonne in early March 2022.

Beyond March 2022, the CPO price continued to remain high with prices sustained above RM7,000 per tonne towards end of April 2022 and early May 2022. The strong CPO prices which underline favourable FFB prices going forward shall continue to boost the revenue for the Group in the event that the Group manages to maintain or enhance its total FFB production level.

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

On 1 November 2021, the Company announced that it has secured the approval of Bursa Securities for an extension of time to 2 May 2022 to complete the implementation of the Proposed Private Placement II. The implementation of the Proposed Private Placement II had lapsed on 29 April 2022 which was accordingly announced to Bursa Securities on even date.

On 6 May 2022, the Company announced that it proposes to undertake a private placement of up to 10% of the total number of issued shares of Matang to third party investor(s) to be identified later at an issue price to be determined later, pursuant to Sections 75 and 76 of the Companies Act 2016 ("Proposed Private Placement"). Further, the Company also announced on 9 May 2022 that it has the listing application in relation to the Proposed Private Placement has been submitted to Bursa Securities on even date.

Subject to the approval of the relevant authorities, i.e., Bursa Securities and availability of suitable places, amongst others, the Proposed Private Placement shall see issuance and listing of up to 217,200,025 shares in Matang upon implementation.

Save and except for Proposed Private Placement as set out above, there was no corporate proposal announced but not completed as at the date of this report.

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

B6. INCOME TAX EXPENSE

	Quarter ended 31 March 2022 RM	Year-to-date 31 March 2022 RM
Income tax expense		
- Current financial period	739,700	1,860,900
- Over provision in prior year	(55,212)	(55,212)
Deferred tax		
- Current financial period	-	26,098
- Over provision in prior year	-	(61,168)
Total tax expense	684,488	1,770,618

B7. UTILISATION OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING AND PRIVATE PLACEMENTS UNDERTAKEN

Public Issue of 130,000,000 Shares pursuant to Initial Public Offering (“Public Issue”)

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 RM16.90 million has been utilised in the following manner as at 17 January 2022, being the last date of the utilisation of the proceeds from the Public Issue further to the extension of timeframe pursuant to announcement of the Company on 26 November 2019:

Purposes	Approved utilisation RM'000	Actual utilisation RM'000	Deviation: surplus/ (deficit) RM'000	Balance unutilised RM'000	Time frame for utilisation from 17 January 2017
Replanting exercise	250	(250)	-	-	Within 24 months
Capital expenditure	1,786 ⁽¹⁾	(1,620)	-	166	Within 60 months ⁽¹⁾
General working capital					
(i) Day-to-day operational expense	6,888 ⁽¹⁾	(6,888)	-	-	Within 60 months
(ii) Purchase of fertilisers	5,800 ⁽¹⁾	(4,395)	-	1,405	Within 60 months
Estimated listing expenses	2,176	(2,176)	-	-	Within 3 months
Total	16,900	(15,329)	-	1,571	

Note:

(1) Kindly refer to the announcement made by the Company on 26 November 2019 for further details of the Variations (as defined therein the announcement) made.

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

After 17 January 2022, the Company has further utilised RM39,250 of proceeds allocated for capital expenditure (in February 2022) and RM373,646 (in various tranches from 20 January 2022 to 28 March 2022) for the purchase of fertilisers.

As at the date of this report, the Company has re-allocated the nett balance of proceeds from the Public Issue for capital expenditure of RM127,024 for purpose of general working capital usage of Matang Estate, i.e., for the purchase of fertilisers. Hence, going forward beyond 31 March 2022, the Company shall utilise all the balance from the proceeds from the Public Issue, i.e., RM1,158,516 for the purchase of fertilisers for Matang Estate.

Issuance of 362,000,000 Shares pursuant to the Private Placements undertaken in 2021 (“PP 2021”)

Based on the issue price of RM0.1108 per Share for 362,000,000 placement shares issued and listed pursuant to PP 2021, the total gross proceeds amounting to RM40.11 million has been utilised in the following manner:

Purposes	Approved utilisation	Actual utilisation	Deviation: surplus/ (deficit)	Balance unutilised	Estimated time frame for utilisation⁽¹⁾
	RM'000	RM'000	RM'000	RM'000	
Future acquisitions	23,635 ⁽²⁾	(-)	-	23,635	Within 18 months
For working capital	16,265 ⁽³⁾	(546)	2 ⁽⁴⁾	15,721	Within 18 months
Estimated expenses	210	(208)	(2) ⁽⁴⁾	-	Immediate
Total	40,110	(754)	0	39,356	

The utilisation of proceeds as disclosed for the PP 2021 should be read in conjunction with the Circular to the Shareholders of the Company dated 12 May 2021 (“Circular”). Abbreviation used in the Notes below shall have the same meaning as referred to in the Circular.

Notes:

- (1) From the date of receipt of the funds on 8 June 2021 for RM20.05 million (in respect of Proposed Private Placement I) and on 19 May 2021 for RM20.05 million (in respect of Proposed Private Placement II).
- (2) Out of which RM17.00 million from the Proposed Private Placement I and RM6.64 million from the Proposed Private Placement II have been allocated for potential future acquisitions of oil palm plantation(s), durian plantation(s) and/or additional land bank for the development of new oil palm and/or durian plantation(s) within Malaysia.
- (3) Out of which:
 - RM0.96 million has been earmarked for payment of third-party contractor fees for the upkeep, maintenance and management of First Durian Plantation.
 - RM4.50 million shall be used for the development and operational expenditure (including upkeep and maintenance costs) of new/ additional hectareage of durian plantation within the Matang Estate.

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

- RM10.80 million shall be used for development and operational expenditure (including upkeep and maintenance costs) for oil palm and durian plantation(s) acquired and/ or new land bank acquired for such plantation(s).
- (4) RM2,400 balance unutilised for estimated expenses has subsequently been re-allocated for the working capital purposes.
- (5) As set out in the Circular, the proceeds earmarked for working capital maybe partly reallocated towards the amount earmarked for potential acquisitions and vice versa, depending on the Group's operational requirements at the time of utilisation, which can only be determined at a later stage and the terms and conditions of potential acquisitions, which have yet to be determined or finalised.

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 2022.

B9. MATERIAL LITIGATION

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

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 2022	Year-to-date 31 March 2022
Net profit attributable to ordinary equity holders of the Company (RM'000)	1,597	4,863
Number of ordinary shares in issue (unit)	2,172,000,256	2,172,000,256
Basic EPS (sen) ⁽¹⁾	0.07	0.22

Note:

- (1) Diluted EPS of the Company for the quarter and year to date ended 31 March 2022 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 and other comprehensive income of the Group for the financial period is arrived at after charging/(crediting) the following expense/(income):

	Quarter ended 31 March 2022 RM'000	Year-to-date 31 March 2022 RM'000
Interest income	(399)	(1,175)
Rental income	(208)	(587)
Depreciation and amortisation	519	1,625

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

B13. AUTHORISATION FOR ISSUE

The interim financial report was authorised for issue by the Board of Directors on 31 May 2022.

**BY ORDER OF THE BOARD OF DIRECTORS
31 MAY 2022**