

**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 2022 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 2022 including the adoption of the following, where applicable, during the financial period which were effective from 1 January 2022:

MFRS (including the consequential amendments)

- 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

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 2023

- MFRS 17 Insurance Contracts
- Amendments to MFRS 17 Insurance Contracts
- Initial Application of MFRS 17 and MFRS 9 – Comparative Information (Amendment to MFRS 17 Insurance Contract)
- Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)

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

- 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)

**A3. AUDITORS’ REPORT ON PRECEDING AUDITED FINANCIAL STATEMENTS**

The preceding year’s audited financial statements, i.e., for financial year ended 30 June 2022, 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**

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 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.

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

**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 RM11.00 million as at 13 June 2022 which was reflected in the financial year ended 30 June 2022.

**A11. CAPITAL COMMITMENTS**

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

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

### **B1. REVIEW OF PERFORMANCE**

For the second financial quarter ended 31 December 2022, the Group recorded operating revenue of RM3.88 million as compared to RM4.46 million in the preceding year's corresponding quarter.

In comparison with the corresponding quarter in the previous financial year, the decrease in operating revenue of RM0.58 million was due to the decrease in average FFB prices realised. The FFB production increased from 3,910 tonnes in the corresponding quarter in preceding year to 4,760 tonnes in the current quarter under review. The average FFB price realised decreased from RM1,140 per tonne in the corresponding quarter in the preceding year to RM815 per tonne in the current quarter.

The cost of sales increased from RM1.16 million in the corresponding quarter in the preceding year to RM1.70 million in the current quarter due to the higher harvesting and cultivation costs as a result of higher wages for harvesting as well as higher cost recorded for fertilisers. As a result, the Group's gross profit ("GP") decreased from RM3.30 million in the corresponding quarter in the preceding year to RM2.18 million for the current financial quarter under review, i.e., reflecting a decrease of RM1.12 million.

The Group's other income for the current quarter was higher at RM0.98 million against RM0.71 million for the corresponding quarter in the preceding year mainly due to additional interest income derived from cash received following the private placement exercise undertaken in 2022. The administration expenses registered an increase from RM1.48 million in the corresponding quarter in the preceding year to RM1.85 million for the current quarter mainly due to the fair value loss on agriculture produce of RM0.42 million registered for the current quarter under review and the increase in expenditure incurred on recruitment of foreign workers and work permits for the same.

The Group's profits before taxation ("PBT") for current quarter was lower at RM1.30 million as compared to RM2.51 million in the preceding year's corresponding quarter, i.e., a decreased of about RM1.21 million. The decrease was mainly due to the drop in gross profit of RM1.12 million which was compensated by the increase in other income of RM0.27 million while the administration expenses increased by about RM0.36 million. The Group's profit after taxation ("PAT") for the current quarter was lower at RM0.95 million as compared to RM1.84 million in the corresponding quarter in the preceding year.

In terms of year to date ("YTD"), the YTD PBT of the Group was RM3.74 million for 2<sup>nd</sup> quarter of FY2023 as compared to RM4.35 million for second quarter FY2022 while the YTD PAT of the Group was RM3.08 million for 2<sup>nd</sup> quarter FY2023 as compared to RM3.27 million for 2<sup>nd</sup> quarter FY2022.

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

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

The Group reported PBT of RM1.30 million for the current quarter ended 31 December 2022 as compared to RM2.44 million for the immediate preceding quarter (i.e., quarter ended 30 September 2022) primarily due to the decreased GP for current quarter arising from the lower FFB production of 4,760 tonnes in current quarter as compared to 5,604 tonnes in the immediate preceding quarter. In addition, the FFB price realised for the current quarter was RM815 per tonne as compared to RM844 per tonne in the immediate preceding quarter.

**B3. COMMENTARY ON PROSPECTS**

Monthly CPO prices averaged at about RM3,910 per tonne for the quarter under review as compared to the average of RM3,990 per tonne in the last quarter, i.e., quarter ended 30 September 2022. Beyond December 2022, the average CPO price recorded for January 2023 was RM3,922 per tonne and the daily CPO prices hovered between RM3,691 per tonne and RM3,887 per tonne in early to mid-February 2023.

The CPO prices may remain volatile in the near future in view of a number of fundamental factors that include stockpile level of CPO in importing countries as well as potential developments in Indonesia, the world largest palm oil producer. Notwithstanding that, the Group remain focused in its effort and operation 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**

The Company had on 10 February 2023 announced that it entered into a conditional sale and purchase agreement with Star Media Group Berhad ("Star Media") and SMG Land Sdn Bhd ("SMG Land"), a wholly-owned subsidiary of Star Media to acquire two (2) units of double-storey semi-detached factory and warehouse annexed with a one-and-a-half (1 ½) storey office building and other ancillary buildings to be erected upon part of the land held under Geran 204624, Lot 78658, Mukim Damansara, Daerah Petaling, Negeri Selangor ("Property") for a total purchase consideration of RM33 million to be satisfied via the allotment and issuance of 357,000,000 new ordinary shares in Matang to SMG Production & Distribution Sdn Bhd, a wholly-owned subsidiary of the SMG Land at an issue price of RM0.0809 each and cash payment amounting to approximately RM4.12 million ("Proposed Acquisition").

The Proposed Acquisition is deemed as a related party transaction under Rule 10.08 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad which is subject to, amongst others, shareholders' approval of the Company to be sought in a general meeting of the Company at a later date.

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

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

**B6. INCOME TAX EXPENSE**

	Quarter ended 31 December 2022 RM	Year-to-date 31 December 2022 RM
Income tax expense		
- Current financial period	346,700	1,136,500
Deferred tax		
- Current financial period	-	(479,028)
- Over provision in prior year	-	-
Total tax expense	346,700	657,472

**B7. UTILISATION OF PROCEEDS FROM PRIVATE PLACEMENT EXERCISES**

**Issuance of 362,000,000 Matang shares pursuant to the private placements undertaken in 2021 ("PP 2021")**

Based on the issue price of RM0.1108 per Matang 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	Revised expected time frame for utilisation
	RM'000	RM'000	RM'000	RM'000	
Future acquisitions	23,635 <sup>(2)</sup>	(-)	-	23,635	Within 30 months <sup>(1)</sup>
For working capital	16,265 <sup>(3)</sup>	(2,921)	2 <sup>(4)</sup>	13,346	Within 30 months <sup>(1)</sup>
Estimated expenses	210	(208)	(2) <sup>(4)</sup>	-	Immediate
<b>Total</b>	<b>40,110</b>	<b>(3,129)</b>	<b>0</b>	<b>36,981</b>	

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"). Where applicable, abbreviations used in the Notes below shall have the same meaning as referred to in the Circular.

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

Notes:

- (1) The initial time frame for utilisation of the proceeds were as follows:
- (a) 18 months from the date of receipt of the funds on 8 June 2021 for RM20.05 million in respect of Proposed Private Placement I; and
  - (b) 18 months from the date of receipt of funds on 19 May 2021 for RM20.05 million in respect of Proposed Private Placement II.

The Board had on 22 November 2022 resolved that:

- (a) the period of utilisation of proceeds from PP 2021 for the future acquisitions to be extended within 30 months from the date of receipt of the funds; and
- (b) the period of utilisation of proceeds from PP 2021 for working capital purposes of the new oil palm plantations, durian plantations and/or new land bank for the same shall accordingly be extended within 30 months from the date of receipt of funds

Kindly also refer to the quarterly financial result announced by the Company on 22 November 2022 for more details in connection with above.

- (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.
  - 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 re-allocated 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 acquisition, which have yet to be determined or finalised.

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

**Issuance of 217,200,020 Matang shares pursuant to the private placement exercise undertaken in 2022 (“PP 2022”)**

Based on the issue price of RM0.0971 per Matang share for 217,200,020 placement shares issued and listed pursuant to PP 2022, the total gross proceeds amounting to RM21.09 million has been utilised in the following manner:

<b>Purposes</b>	<b>Approved utilisation</b>	<b>Actual utilisation</b>	<b>Deviation: surplus/ (deficit)</b>	<b>Balance unutilised</b>	<b>Estimated time frame for utilisation</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
Future acquisitions	21,010	(-)	31 <sup>(2)</sup>	21,041	Within 18 months <sup>(1)</sup>
Estimated expenses	80	(49)	(31) <sup>(2)</sup>	-	Immediate
<b>Total</b>	<b>21,090</b>	<b>(49)</b>	<b>0</b>	<b>21,041</b>	

The utilisation of proceeds as disclosed for the PP 2022 should be read in conjunction with the announcement made by the Company dated 6 May 2022 (“Announcement”).

Notes:

- (1) From the date of receipt of the funds on 6 July 2022.
- (2) RM31,061 balance unutilised for estimated expenses has subsequently been re-allocated for future acquisition purposes.

**B8. GROUP’S BORROWINGS AND DEBT SECURITIES**

The Group has no borrowing and the Group has no debt securities in issue as at 31 December 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 proposed first and final dividend of 0.22 sen (FY2021: 0.20 sen) per ordinary share in the Company in respect of financial year ended 30 June 2022 has been approved by the shareholders in the Eighth Annual General Meeting of the Company held on 23 November 2022. The entitlement and payment dates for the final dividend in respect of financial year ended 30 June 2022 was 19 December 2022 and 9 January 2023 respectively.



**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:

	<b>Quarter ended 31 December 2022</b>	<b>Year-to-date 31 December 2022</b>
Net profit attributable to ordinary equity holders of the Company (RM'000)	950	3,080
Number of ordinary shares in issue (unit)	2,389,200,276	2,389,200,276
Weighted average number of ordinary shares in issue (unit)	2,389,200,276	2,382,119,555
Basic EPS (sen) <sup>(1)</sup>	0.04	0.13

Note:

- (1) Diluted EPS of the Company for the quarter and year to date ended 31 December 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):

	<b>Quarter ended 31 December 2022 RM'000</b>	<b>Year-to-date 31 December 2022 RM'000</b>
Interest income	(633)	(1,188)
Rental income	(219)	(438)
Depreciation and amortisation	528	1,072

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 22 February 2023.

**BY ORDER OF THE BOARD OF DIRECTORS  
 22 FEBRUARY 2023**