

## **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 Group's audited financial statements for the financial year ended 30 June 2023 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 the financial year ended 30 June 2023 including the adoption of the following, where applicable, during the financial period which was effective from 1 January 2023:

MFRS (including the consequential amendments)

- MFRS 17 Insurance Contracts
- Amendments to MFRS 17 Insurance Contracts
- Amendments to MFRS 17 Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101 Disclosure of Accounting Policies
- Amendments to MFRS 108 Definition of Accounting Estimates
- Amendments to MFRS 112 Deferred Tax Related to Assets and Liabilities arising from a Single Transaction
- Amendments to MFRS 112 International Tax Reform – Pillar Two Model Rules

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

The following MFRS and Amendments to MFSB 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 2024

- Amendments to MFRS 16 Lease Liability in a sale and leaseback
- Amendments to MFRS 101 Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101 Non-current Liabilities with Covenants
- Amendments to MFRS 107 and MFRS 7 Supplier Finance Arrangements

**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, i.e., for the financial year ended 30 June 2023, 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 patterns 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 quarters 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 4th January 2024, the Company paid a final single-tier dividend of 0.16 Sen per ordinary share in respect of the financial year ended 30 June 2023, which amounted to approximately RM3.82 million in total.

**A9. SEGMENTAL INFORMATION**

The Group is primarily involved in the cultivation of oil palm and the sale of fresh fruit bunches (“FFB”). The Group operates two plantation estates in Johor, Malaysia. The estate in Tangkak and Segamat spans 1,094.15 hectares (“ha”) with 972.39Ha planted with mature oil palm trees, and 103.94 ha planted with immature durian trees. Another estate in Batu Pahat District covers an area of 56.226 ha out of which 37.64 ha are planted with mature oil palm and 17.09 ha is mature durian plantation. The operating revenue reflected in the financial quarter under review was derived mainly from the operation of the oil palm plantations in both estates.

**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 RM10.45 million as of 30 June 2023 which was reflected in the financial year ended 30 June 2023.

**A11. CAPITAL COMMITMENTS**

There are no material capital commitments incurred by the Group as of 31 March 2024.

**A12. EFFECT OF CHANGES IN THE 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 after the end of the current financial period.

**A14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There are no contingent liabilities or contingent assets as of 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 third financial quarter ended 31<sup>st</sup> March 2024, the Group recorded operating revenue of RM3.62 million as compared to RM3.34 million in the preceding year's corresponding quarter. Out of the total revenue for the current financial quarter of RM3.62 million, the revenue derived from the sales of FFB was RM3.59 million and the balance of RM0.02 million was from sales of durian from Matang's estate located in Mukim Parit Jawa, Daerah Batu Pahat, Johor.

In comparison with the corresponding quarter in the previous financial year, the increase in operating revenue from oil palm of RM0.26 million, i.e., about 7.6%, was due to an increase in FFB production of 308 tonnes and the average price realized for FFB strengthening about RM1 per tonne in the current quarter compared to corresponding quarter. The FFB production for the current quarter under review was 4,381 tonnes as compared to 4,073 tonnes in the corresponding quarter in the preceding year, while the average FFB price realized increased from RM820 per tonne in the corresponding quarter in the preceding year to RM821 per tonne in the current quarter following the gradual arising sign of CPO prices from January 2024 onwards.

The Group's gross profit for the current quarter rose from RM1.44 million in the corresponding quarter in the preceding year to RM2.30 million for the current financial quarter under review. The increase in gross profit was caused by a drop in the cost of sales of RM0.58 million or about 30.9%. The decrease in the cost of sales was mainly due to general decrease in cultivation costs, harvesting costs and transportation costs of FFB to palm oil mills.

The Group's other income for the current quarter was lower at RM0.94 million against RM1.13 million for the corresponding quarter in the preceding year. The increase in administration expenses from RM1.94 million in the corresponding quarter in the preceding year to RM2.29 million in the current quarter under review is mainly due to the higher depreciation of bearer plant and PPE recorded following the acquisition of Matang Agriculture and Plantation (Yong Peng) Sdn Bhd in July 2023.

The Group's profits before taxation for the current quarter were higher at RM0.93 million as compared to RM0.62 million in the preceding year's corresponding quarter, reflecting an increase of RM0.30 million or about 48.7% primarily because of a decrease in the cost of sales as explained above. The Group's profit after taxation for the current quarter was lower at RM0.26 million as compared to RM0.56 million in the corresponding quarter in the preceding year.

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

The Group reported profit before tax of RM0.92 million for the current quarter ended 31 March 2024 as compared to profit before taxation of RM1.11 million for the immediately preceding quarter (i.e., the quarter ended 31 December 2023). The decrease in gross profit of RM 0.46 million and decrease in profit before tax of RM0.19 million mainly due to the decrease in the FFB production and durian sales in current quarter as compared to the immediately preceding quarter. (i.e., the quarter ended 31 December 2023).

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

**B3. COMMENTARY ON PROSPECTS**

Monthly CPO price averaged at about RM3,983.00 per tonne for the current quarter under review, as compared to the average RM3,665 per tonne for the immediately preceding quarter, i.e., the quarter ended 31 December 2023.

Within the current quarter under review, i.e from January 2024 to March 2024 the CPO price has shown a gradual rising sign from RM3,622 on 3 January 2024 to RM4,376 on 21 March 2024, and drifted above RM4,200 until 17 April 2024 before dropping to around RM3,800 per tonne. The potential volatility of CPO prices, projected to fluctuate between RM3,500 and RM4,000 per tonne in 2024 has in the past been supporting to consolidation of the revenue and profitability performance of the Group. Barring unforeseen weather conditions, the Group continues its effort to improve and boost FFB production and 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.

There was no corporate proposal announced but not completed as of the date of this report.

**B5. INCOME TAX EXPENSE**

	<b>Quarter ended 31 March 2024</b>	<b>Year-to-date 31 March 2024</b>
	<b>RM</b>	<b>RM</b>
Income tax expense		
- Current financial period	684,909	1,484,517
- (Over) provision for prior year	(14,205)	(14,205)
Deferred tax		
- Current financial period	-	-
Total tax expense	<u>670,704</u>	<u>1,470,312</u>

**B6. UTILISATION OF PROCEEDS FROM PRIVATE PLACEMENT EXERCISES**

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

The Board had earlier on 28 February 2024 resolved that:-

- (i) The balance of unutilised working capital of RM11.71 million as of 31 December 2023 be used in the future for working capital purposes of the Group, and
- (ii) In the event of any of the future acquisition(s) of new oil palm plantation(s), durian plantation(s), and/or new land bank for the aforesaid plantation purposes arise or materialise, the Board shall re-allocate any balance amount unutilised to satisfy the purchase consideration arising from such acquisition(s).

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

For the current quarter ended 31 March 2024, the Group utilised RM0.37 million as working capital for durian plantation, with the balance unutilised working capital as of 31 March 2024 stood at RM11.34 million.

**(B) 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 have 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>The initial time frame for utilisation</b>	<b>Revised expected 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	(7,021)	31 <sup>(2)</sup>	14,020	Within 18 months	Within 30 months <sup>(1)</sup>
Estimated expenses	80	(49)	(31) <sup>(2)</sup>	-	Immediate	Immediate
<b>Total</b>	<b>21,090</b>	<b>(7,070)</b>	<b>0</b>	<b>14,020</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. The initial time frame for utilisation of the proceeds was 18 months from the date of receipt of the funds on 6 July 2022 for RM21.09 million in respect of PP2022.

The Board had earlier on 28 February 2024 resolved that the period of utilisation of proceeds from PP 2022 for future acquisitions be extended within 30 months from the date of receipt of the funds, i.e. to 5 January 2025.

Up to 31 March 2024, out of the total proceeds of RM21.09 million raised in total under PP 2022, the Group has utilised approximately RM7.07 million, most of which formed partial payment made on 25 July 2023 to the vendors of shares in MAPYP towards satisfying the total purchase consideration of RM30.57 million less retention sum of RM0.20 million.

Further to 25 July 2023, the Company is evaluating with a continuous effort in securing additional new oil palm plantation(s) and/or durian plantation(s) and/or additional land bank for the same.

2. The RM31,061 balance unutilized for estimated expenses has subsequently been reallocated for future acquisition purposes.

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

**B7. GROUP'S BORROWINGS AND DEBT SECURITIES**

The Group has no borrowing and no debt securities in issue as of 31 March 2024.

**B8. 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.

**B09. DIVIDEND**

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

**B10. 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 March 2024</b>	<b>Year-to-date 31 March 2024</b>
Net profit attributable to ordinary equity holders of the Company (RM'000)	256	3,675
Number of ordinary shares in issue (unit)	2,389,200,276	2,389,200,276
Basic EPS (sen) <sup>(1)</sup>	0.01	0.15

Note:

<sup>(1)</sup> Diluted EPS of the Company for the quarter and year to date ended 31 March 2023 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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**PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)**

**B11. 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 March 2024 RM'000</b>	<b>Year-to-date 31 March 2024 RM'000</b>
Interest income	(575)	(1760)
Rental income	(210)	(623)
Depreciation and amortisation	839	2481

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

**B12. AUTHORISATION FOR ISSUE**

The interim financial report was authorised for issue by the Board of Directors on 29 May 2024.

**BY ORDER OF THE BOARD OF DIRECTORS  
29 MAY 2024**