

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.

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

The Malaysian Accounting Standards Board has issued the following MFRS and Amendments to MFRS that 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

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

There was no dividend paid during the current quarter under review.

**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 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 970.39Ha 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.

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

During the financial quarter under review, the Company has carried out a valuation of its investment properties in Kawasan Perindustrian Larkin, i.e., the land measuring 1.3 hectares held under title HSD 8796, Lot No. TLO 703, Bandar Johor Bahru, Johor Bahru, State of Johor 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 valuation carried out appraised Larkin Investment Properties at a value of RM9.70 million as at 30 June 2024 as compared to RM10.45 million appraised in the financial year ended 30 June 2023.

During the financial quarter under review, the Company has also carried out a valuation on a piece of vacant land in Tangkak, i.e., the land measuring 0.5 hectares held under title HSD 4636, Lot PTD 10109, Mukim Tangkak, Daerah Tangkak, State of Johor (“Tangkak Vacant Land”) following the reclassification of the Tangkak Vacant Land from inventory to investment properties.

The valuation carried out appraised the Tangkak Vacant Land at a value of RM1.1 million as at 30 June 2024, which remains the same value per the Net Book Value recorded under inventory in the financial year ended 30 June 2023.

A11. CAPITAL COMMITMENTS

There is no material capital commitments incurred by the Group as of 30 June 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.

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

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 fourth financial quarter ended 30th June 2024, the Group recorded operating revenue of RM4.90 million as compared to RM2.38 million in the preceding year's corresponding quarter. Out of the total revenue for the current financial quarter of RM4.90 million, the revenue derived from the sales of FFB was RM4.65 million and the balance of RM0.25 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 preceding financial year, the increase in operating revenue from oil palm of RM2.27 million, i.e., about 95.6%, was due to an increase in FFB production of 2,440 tonnes and the average price realized for FFB strengthening about RM67 per tonne in the current quarter compared to the preceding year corresponding quarter. The FFB production for the current quarter under review was 5,476 tonnes as compared to 3,036 tonnes in the corresponding quarter in the preceding year while the average FFB price realized increased from RM783 per tonne in the corresponding quarter in the preceding year to RM850 per tonne in the current quarter. For the fourth financial quarter ended 30 June 2024, the entire operating revenue from durian of RM0.25 million was recorded in the month of June 2024, with the beginning of durian production season in June 2024.

The Group's gross profit for the current quarter increased from RM0.93 million in the corresponding quarter in the preceding year to RM3.42 million for the current financial quarter under review. The increase in gross profit was due to the higher revenue generated as explained above and the lower labour overhead incurred for the quarter.

The Group's other income for the current quarter recorded a negative balance following the reversal of the assignment of an amount owing of RM1.75 million arising from the acquisition of a subsidiary. The Administration expenses for the current quarter were recorded at RM2.89 million, a 7.5% increase as compared to the corresponding quarter of the preceding year of RM2.69 million.

The Group registered a loss before taxation ("LBT") for the current quarter of RM0.24 million as compared to the LBT in the preceding year corresponding quarter of RM1.00 million.

On the financial year basis, the revenue for the Group for the financial year 2024 increased by about 17.8% from RM14.3 million recorded for financial year 2023 to RM16.88 million in the current financial year. FFB production for the financial year under review was higher by 17.9% at 20,600 tonnes compared to 17,473 tonnes in the preceding financial year. However, the average FFB price realised in financial year 2024 was slightly lower by 2.7%, i.e., at RM798 per tonne compared to RM820 per tonne in the preceding financial year. Gross profit for the Group was higher at RM10.66 million for the financial year under review as compared to RM8.24 million in the previous financial year in line with the increase in revenue during the current financial year.

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

The Group's Profit Before Tax for the current financial year was RM4.91 million as compared to RM3.36 million for the previous financial year. Profit After Tax for the current year was RM3.03 million as compared to RM2.63 million in the previous financial year.

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

The Group reported a LBT of RM0.24 million for the current quarter ended 30 June 2024 as compared to profit before taxation of RM0.93 million for the immediately preceding quarter. Despite the increase in gross profit of RM1.11 million or 48.4%, profit before taxation decreased by RM1.17 million mainly due to the decrease in other income in the current quarter with the reversal of the assignment of an amount owing of RM1.75 million arising from the acquisition of the subsidiary and the increase in administration expenses of RM0.60 million or 26.1%.

B3. COMMENTARY ON PROSPECTS

Monthly CPO price averaged at about RM4,039 per tonne for the current quarter under review, as compared to the average RM3,983 per tonne for the immediately preceding quarter, i.e., the quarter ended 31 March 2024. The monthly average CPO prices for July 2024 remained about the same within the range of RM3,958 per tonne to RM4,129 per tonne.

For the remaining months of year 2024, production growth in Malaysia is expected to slow down, while exports are on the rise. Malaysia's CPO prices are anticipated to be capped at RM4,150 as noted from a statement released by Malaysia Palm Oil Council on 14 June 2024 as the combined supply from Malaysia and Indonesia is expected to tighten in the latter part of 2024 along with an upsurge in palm oil exports. However, it is projected that there is a production surplus of oilseeds for 2024/25. 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 at the date of this report.

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

B5. INCOME TAX EXPENSE

	Quarter ended 30 June 2024 RM	Year-to-date 30 June 2024 RM
Income tax expense		
- Current financial period	255,962	1,740,479
- (Over) provision for prior year	-	(14,205)
Deferred tax		
- Current financial period	111,140	111,140
- Under provision for prior year	36,928	36,928
Total tax expense	404,030	1,874,342

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 RM11.34 million as of 31 March 2024 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).

For the current quarter ended 30 June 2024, the Group utilised RM0.67 million as working capital for durian plantation, with the balance unutilised working capital as of 30 June 2024 stood at RM10.67 million.

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

(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:

Purposes	Approved utilisation	Actual utilisation	Deviation: surplus/ (deficit)	Balance unutilised	The initial time frame for utilisation	Revised expected time frame for utilisation
	RM'000	RM'000	RM'000	RM'000		
Future acquisitions	21,010	(7,021)	31 ⁽²⁾	14,020	Within 18 months	Within 30 months ⁽¹⁾
Estimated expenses	80	(49)	(31) ⁽²⁾	-	Immediate	Immediate
Total	21,090	(7,070)	0	14,020		

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.

B7. GROUP'S BORROWINGS AND DEBT SECURITIES

The Group has no borrowing, and the Group has no debt securities in issue as of 30 June 2024.

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

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 has proposed to declare the first and final dividend of 0.16 sen (FY2023: 0.16 sen) per ordinary share in the Company in respect of financial year ended 30 June 2024, the payment of which shall be subject to the shareholders' approval in the Tenth Annual General Meeting of the Company. The dividend entitlement and payment dates shall be determined by the Board and announced later.

B10. 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 2024	Year-to-date 30 June 2024
Net profit attributable to ordinary equity holders of the Company (RM'000)	(641)	3,034
Number of ordinary shares in issue (unit)	2,389,200,276	2,389,200,276
Basic EPS (sen) ⁽¹⁾	(0.03)	0.13

Note:

⁽¹⁾ Diluted EPS of the Company for the quarter and year to date ended 30 June 2024 is equivalent to the basic EPS as the Company does not have convertible options and securities as at the end of the reporting period.

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):

	Quarter Ended 30 June 2024 RM'000	Year-to-date 30 June 2024 RM'000
Interest income	(583)	(2,343)
Rental income	(214)	(837)
Depreciation and amortisation	970	3,451

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 21 Aug 2024.

BY ORDER OF THE BOARD OF DIRECTORS
21 Aug 2024

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