

## **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 2024 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 2024, including the adoption of the following, where applicable, during the financial period which was effective from 1 January 2024:

MFRS (including the consequential amendments)

- 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*

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)**

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

The preceding year’s audited financial statements, i.e., for the financial year ended 30 June 2024, 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 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 issuances or repayments of debt and equity securities, share buy-backs, 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.

**A9. SEGMENTAL INFORMATION**

The Group is primarily involved in the cultivation of oil palm and durian, and the sale of fresh fruit bunches (“FFB”) and durian. The Group operates two plantation estates in Johor, Malaysia. The estate in Tangkak and Segamat spans 1,094.15 hectares (“ha”), with 895.19 Ha planted with mature oil palm trees, 77.2 Ha undergoing oil palm replanting 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 palms, and 17.09 ha is a 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, and the operation of the durian plantation in Batu Pahat District.

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**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 RM9.70 million and Tangkak Vacant Land at a value of RM1.1 million as at 30 June 2024 which was reflected in the financial year ended 30 June 2024.

**A11. CAPITAL COMMITMENTS**

There is no material capital commitments incurred by the Group as of 30 September 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 first financial quarter, which ended 30<sup>th</sup> September 2024, the Group recorded operating revenue of RM6.04 million compared to RM3.91 million in the preceding year's corresponding quarter. Out of the total revenue for the current financial quarter of RM6.04 million, the revenue derived from the sales of FFB was RM5.61 million and the balance of RM0.43 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 RM1.79 million, or 46.7%, was due to an increase in FFB production of 1,714 tonnes and the FFB price increased of RM68 per tonne in the current quarter compared to the preceding year corresponding quarter. The FFB production for the current quarter under review was 6,615 tonnes, compared to 4,901 tonnes in the corresponding quarter in the preceding year. At the same time, the average FFB price realized increased from RM780 per tonne in the corresponding quarter in the preceding year to RM848 per tonne in the current quarter. For the first financial quarter that ended on 30 September 2024, the operating revenue from durian was RM0.43 million compared to the preceding year's corresponding quarter of RM0.09 million.

The Group's gross profit for the current quarter increased from RM2.18 million in the corresponding quarter in the preceding year to RM4.40 million for the current financial quarter under review. The increase was due to the higher revenue generated, as explained above, and the lower cost of sales of approximately RM0.1 million or 5.5% recorded for the quarter.

The Group's other income for the current quarter remains rather consistent, with a slight increase of less than RM0.05 million compared to the preceding year's correspondence quarter. The administration expenses for the current quarter were recorded at RM2.46 million, 31.6% higher than the corresponding quarter in the preceding year of RM1.87 million. The increase is mainly due to the higher depreciation and legal and professional fees.

The Group registered a profit before taxation ("PBT") of RM2.98 million for the current quarter compared to the PBT of RM1.26 million in the preceding year's corresponding quarter. The increase aligns with the increased gross profit mitigated by higher administrative expenses.

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

The Group reported a PBT of RM2.98 million for the quarter ended 30 September 2024, compared to a loss before taxation of RM0.24 million for the immediately preceding quarter. The increase in the PBT of RM3.22 million is due to the increase in revenue, increase in other income, and lower administration expenses for the current quarter.

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

**B3. COMMENTARY ON PROSPECTS**

The monthly CPO price averaged about RM3,989 per tonne for the current quarter under review compared to the average of RM4,039 per tonne for the immediately preceding quarter, which ended on 30 June 2024. The monthly average CPO prices for October 2024 gradually increased from RM4,170.50 per tonne on 1 October 2024 to RM4,735 per tonne on 30 October 2024. The CPO price went further up on 1 November 2024 to RM4,876.50.

Despite the newly released Malaysian Palm Oil Board (MPOB) August palm oil stockpile of 1.88 million tonnes, hitting a six-month high since February 2024 due to seasonally higher production and lower exports, analysts, who are mostly neutral on the plantation sector, still expect the average crude palm oil prices to hold steady between RM3,800 and RM4,000 per tonne in 2024-2025. Source: The Star. On the CPO price, Hong Leong Investment Bank Research maintained the price assumption of RM4,000 per tonne in 2024. TA Research, which made no changes to its CPO average of RM4,000 in 2024, said they would review their assumptions if the global soybean supply were lower than market expectations.

**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.

**B5. INCOME TAX EXPENSE**

	<b>Quarter Ended 30 Sept 2024 RM</b>	<b>Year-to-date 30 Sept 2024 RM</b>
Income tax expense		
- Current financial period	743,500	743,500
- Under / (Over) provision for prior year	-	-
Deferred tax		
- Current financial period	-	-
- Under / (over) provision for prior year	-	-
Total tax expense	<u>743,500</u>	<u>743,500</u>

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

**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 September 2024, the Group utilised RM0.71 million as working capital for durian plantation, with the balance unutilised working capital as of 30 September 2024 stood at RM9.96 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").

## **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 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 September 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.

### **B9. DIVIDEND**

On 21 August 2024, the Board proposed to declare the first and final dividend of 0.16 sen (FY2023: 0.16 sen) per ordinary share in the Company for the financial year ended 30 June 2024. The payment of this dividend shall be subject to the shareholders' approval in the Tenth Annual General Meeting of the Company.

On 18 October 2024, the Board announced that the dividend entitlement date was 13 December 2024 and the payment date was 8 January 2025.

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

**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 30 September 2024</b>	<b>Year-to-date 30 September 2024</b>
Net profit attributable to ordinary equity holders of the Company (RM'000)	2,239	2,239
Number of ordinary shares in issue (unit)	2,389,200,276	2,389,200,276
Basic EPS (sen) <sup>(1)</sup>	0.09	0.09

Note:

<sup>(1)</sup> Diluted EPS of the Company for the quarter and year to date ended 30 September 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.

**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 current financial quarter and financial year-to-date are arrived at after charging/(crediting) the following expense/(income):

	<b>Quarter Ended 30 September 2024 RM'000</b>	<b>Year-to-date 30 September 2024 RM'000</b>
Interest income	(615)	(615)
Rental income	(223)	(223)
Depreciation and amortisation	998	998

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 18 November 2024.

**BY ORDER OF THE BOARD OF DIRECTORS**  
**18 November 2024**