

MATANG BERHAD (201501017043 / 1142377-X)

(Incorporated in Malaysia)

UNAUDITED CONDENSED COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE GROUP FOR THE THIRD QUARTER ENDED 31 MARCH 2021

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/03/2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2020 RM'000	CURRENT PERIOD TO-DATE 31/03/2021 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2020 RM'000
Revenue	3,134	2,407	9,452	6,739
Cost of sales	(544)	(589)	(1,477)	(1,732)
Gross profit	2,590	1,818	7,975	5,007
Other income	706	685	1,554	1,795
Administration expenses	(1,551)	(1,409)	(4,338)	(4,478)
Other expenses	(10)	(6)	(45)	(1)
Finance cost	(3)	(7)	(10)	(21)
Profit before tax	1,732	1,081	5,136	2,302
Tax expense	(432)	(373)	(1,464)	(936)
Profit for the period	1,300	708	3,672	1,366
Other comprehensive income, net of tax				
Items that will not be reclassified subsequently to profit or loss				
Fair value gain/(loss) on equity investment at fair value through other comprehensive income	(1)	(1)	38	(16)
Total other comprehensive gain/(loss), net of tax	(1)	(1)	38	(16)
Total comprehensive income for the period	1,299	707	3,710	1,350
Profit for the period attributable to:				
Equity holders of the parent	1,300	708	3,672	1,366
	1,300	708	3,672	1,366
Total comprehensive income for the period attributable to:				
Equity holders of the parent	1,299	707	3,710	1,350
	1,299	707	3,710	1,350
Earnings per share (sen) ⁽²⁾				
(i) Basic	0.07	0.04	0.20	0.08
(ii) Diluted	0.07	0.04	0.20	0.08
Proposed/Declared dividends per share (sen)	-	-	-	-

NOTES:

¹ The unaudited condensed combined statements of profit or loss and other comprehensive income are prepared based on the consolidated results of Matang Berhad and its subsidiaries for the current quarter/financial period ended 31 March 2021.

² Diluted earnings per share of the Group for the quarter and period to date ended 31 March 2021 is equivalent to the basic earnings per share as the Group does not have convertible options or securities as at the end of the reporting period.

MATANG BERHAD (201501017043 / 1142377-X)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP
AS AT 31 MARCH 2021**
(The figures have not been audited)

	UNAUDITED AS AT 31/03/2021 RM'000	AUDITED AS AT 30/06/2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	132,325	132,830
Right-of-use assets	268	303
Investment properties	12,200	12,200
Other investments	124	86
Inventories	1,058	1,058
	<u>145,975</u>	<u>146,477</u>
Current assets		
Inventories	133	130
Developments cost	33	-
Biological assets	652	395
Trade and other receivables	1,312	929
Short term investments	4,585	-
Cash, bank balances and short term funds	37,340	40,806
	<u>44,055</u>	<u>42,260</u>
TOTAL ASSETS	<u>190,030</u>	<u>188,737</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share Capital	183,871	183,871
Fair value reserve	(0)	(38)
Retained earnings	110,532	109,575
Merger reserve	(108,000)	(108,000)
Total equity	<u>186,403</u>	<u>185,408</u>
Non-current liabilities		
Lease liabilities	145	236
Deferred tax liabilities	1,403	1,542
	<u>1,548</u>	<u>1,778</u>
Current Liabilities		
Trade and other payables	1,097	1,236
Lease liabilities	128	117
Current tax liabilities	854	198
	<u>2,079</u>	<u>1,551</u>
Total liabilities	<u>3,627</u>	<u>3,329</u>
TOTAL EQUITY AND LIABILITIES	<u>190,030</u>	<u>188,737</u>
Net assets per share ² (RM)	<u>0.10</u>	<u>0.10</u>

NOTES:

- The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying notes attached to the interim financial results.
- Net assets per share is computed based on equity attributable to owners of the parent divided by the total number of ordinary shares in issue.

MATANG BERHAD (201501017043 / 1142377-X)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY OF THE GROUP
FOR THE THIRD QUARTER ENDED 31 MARCH 2021**
(The figures have not been audited)

	← Non-distributable →			Distributable	Total RM '000
	Share Capital RM '000	Merger Reserve ⁽¹⁾ RM '000	Fair Value Reserve RM '000	Retained Earnings RM '000	
9 months ended 31 March 2021					
Balance as at 1 July 2020	183,871	(108,000)	(38)	109,575	185,408
Total comprehensive income for the period	-	-	38	3,672	3,710
Distribution of dividends	-	-	-	(2,715)	(2,715)
Balance as at 31 March 2021	183,871	(108,000)	(0)	110,532	186,403

NOTE:

- 1 This represents the effects of applying the merger method of accounting for the acquisition of Matang Holdings Berhad completed on 14 November 2016. The merger reserve represents the difference between the amount recorded as the cost of investment, which comprised the share capital issued by the Company and the nominal value of share capital of the subsidiary, Matang Holdings Berhad.

MATANG BERHAD (201501017043 / 1142377-X)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW OF THE GROUP
FOR THE PERIOD TO DATE ENDED 31 MARCH 2021**

(The figures have not been audited)

	9 MONTHS ENDED 31 MARCH	
	2021	2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	5,136	2,302
Adjustments for:		
Depreciation of property, plant and equipment	1,667	1,750
Fair value adjustment of agriculture produce	(257)	(153)
Fair value adjustment of short term investment	48	-
Gain on disposal of property, plant and equipment	(35)	-
Interest income	(667)	(1,016)
Lease interest expense	10	21
Operating profit before changes in working capital	<u>5,902</u>	<u>2,904</u>
Changes in working capital		
Inventories	(2)	1
Developments cost	(33)	-
Receivables	(282)	106
Payables	(139)	(285)
Cash generated from operations	<u>5,446</u>	<u>2,726</u>
Income taxes paid	(947)	(863)
Net cash from operating activities	<u>4,499</u>	<u>1,863</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	566	1,086
Purchase of:		
- property, plant and equipment	(70)	(19)
- New & Replanting expenditure	(1,086)	(53)
Placement of short term investments	(4,633)	-
Proceeds from disposal of property, plant and equipment	75	-
Net cash (used in) / from investing activities	<u>(5,148)</u>	<u>1,014</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(2,715)	(2,715)
Repayment of lease liabilities	(102)	(102)
Net cash used in financing activities	<u>(2,817)</u>	<u>(2,817)</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(3,466)	60
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	40,771	39,143
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>37,305</u>	<u>39,203</u>

Components of cash and cash equivalents are as follows:

	UNAUDITED AS AT 31/03/2021 RM'000	UNAUDITED AS AT 31/03/2020 RM'000
Cash and bank balances	1,153	1,375
Deposits with licensed banks	18,965	20,993
Short term funds	<u>17,222</u>	<u>16,870</u>
	<u>37,340</u>	<u>39,238</u>
Deposits pledged with a licensed bank	(35)	(35)
	<u>37,305</u>	<u>39,203</u>

**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 2020 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 2020 including the adoption of the following, where applicable, during the financial period which were effective from 1 January 2020:

MFRS (including the consequential amendments)

- Amendments to Reference to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3 Definition of a Business
- Amendments to MFRS 101 and MFRS 108 Definition of Material
- Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform
- Amendments to MFRS 4 Insurance Contract – Extension of the Temporary Exemption from Applying MFRS 9

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

**PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS ("FRS") 134:
INTERIM FINANCIAL REPORTING (CONT'D)**

- Amendments to MFRS 137 Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to MFRS 101 Classification of Liabilities as Current or Non-current
- MFRS 17 Insurance Contracts
- Amendments to MFRS 17 Insurance Contracts
- 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 2020, 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 8 January 2021, the Company paid a final single tier dividend of 0.15 sen per ordinary shares in respect of financial year ended 30 June 2020, amounted to RM2,715,000 in total.

A9. SEGMENTAL INFORMATION

The Group is primarily involved in the cultivation of oil palm and sale of 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 RM12.20 million as at 12 June 2020 and the same has been reflected in the audited financial statement of the Company for previous financial year ended 30 June 2020.

A11. CAPITAL COMMITMENTS

There are no capital commitments incurred by the Group as at 31 March 2021.

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 third financial quarter ended 31 March 2021, the Group recorded operating revenue of RM3.13 million as compared to RM2.41 million in the preceding year's corresponding quarter.

In comparison with the corresponding quarter in the previous financial year, there was an increase in revenue of 30.2% mainly due to 50.9% increase in average FFB price in the current quarter under review. The FFB production for current quarter under review was 3,779 tonnes as compared to 4,378 tonnes in the corresponding quarter in the preceding year. The average FFB prices on the other hand has risen from RM550 per tonne in the preceding year's corresponding quarter to RM830 per tonne in the current quarter under review primarily due to the increase in the crude palm oil prices between the two financial periods.

The Group's gross profit for the current quarter was higher at RM2.59 million as compared to RM1.82 million for the preceding year's corresponding quarter mainly due to higher revenue registered in the current quarter under review. The Group's other income for the current quarter was slightly higher at RM0.71 million against RM0.69 million for the preceding years' corresponding quarter due to the fair value gain of RM0.12 million on agriculture produce mitigated by RM0.11 million decrease in interest income in the quarter under review. The administration expenses registered an increase of approximately 10% from RM1.41 million in preceding year's corresponding quarter to RM1.55 million for the current quarter mainly due to certain non-provisions of directors and staff related expenses in the preceding years' corresponding quarter adjusted in the current quarter.

The Group's profit before taxation for current quarter is higher at RM1.73 million as compared to RM1.08 million in the preceding year corresponding quarter, i.e., an increase of RM0.65 million. This is mainly due to the increase in gross profit in the current quarter under review arising from a 30.2% increase in revenue together with the 7.6% decrease in cost of sales. The Group's profit after taxation for the current quarter is also higher at RM1.30 million as compared to RM0.71 million in the preceding year corresponding quarter.

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

The Group reported higher profit before tax of RM1.73 million for the current quarter ended 31 March 2021 as compared to RM1.51 million for the immediate preceding quarter. The higher profit before tax for current quarter under review was because of the increase in other income of RM0.49 million due to the fair value gain on agriculture produce.

B3. COMMENTARY ON PROSPECTS

CPO prices averaged at about RM3,895 per tonne for the quarter under review as compared to the quarter average of RM2,704 per tonne for the corresponding quarter in preceding year. Beyond March 2021, the CPO prices continued to rise and have exceeded RM4,700 per tonne in second week of May 2021. The rise in CPO prices which underlines favourable FFB prices

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

going forward may continue to boost the revenue for the Group in the event that the Group manages to maintain or enhance the total FFB production level.

Going forward, in the longer term, barring unforeseen adverse weather conditions, disruption in the supply of foreign workers and movement control to curb the pandemic of COVID-19, the Group remains committed in its effort in improving the FFB yield and production.

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

Save and except as set out under this section, there was no corporate proposal announced but not completed as at the date of this report.

The Company announced on 6 April 2021 that it proposes to undertake the following proposals:

- (a) a private placement of 181,000,000 new ordinary shares in Matang ("Matang Share(s)" or "Share(s)") ("Placement Share(s) I"), representing approximately 10% of the total issued shares of Matang, to Huaren Holdings Sdn Bhd ("Huaren" or the "Investor"), a major shareholder of the Company, at an issue price of RM0.1108 per Placement Share I ("Issue Price I") ("Proposed Private Placement I").
- (b) a private placement of up to 20% of the total issued shares of Matang (excluding treasury shares, if any) to third-party investor(s) to be identified later at an issue price to be determined later in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 ("Act") ("Proposed Private Placement II").

Accordingly, the Company has also announced on 3 May 2021 that Bursa Securities had, vide its letter on even date, approved the listing and quotation of 181,000,000 Placement Shares I and up to 398,200,051 Placement Shares II respectively to be issued pursuant to the Proposed Private Placement I and Proposed Private Placement II subject to the conditions as therein set out in the aforesaid announcement.

As at the date of this report, the Proposed Private Placement I is subject to the approval of the shareholders in an Extraordinary General Meeting scheduled on 28 May 2021 while a total of 181,000,000 out of 398,200,051 placement shares have been issued to selected third party investors under Proposed Private Placement II.

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

B6. INCOME TAX EXPENSE

	Quarter ended 31 March 2021 RM	Year-to-date 31 March 2021 RM
Income tax expense		
- Current financial period	552,373	1,578,626
- Under provision in prior year	24,645	24,645
Deferred tax		
- Current financial period	(543)	4,826
- Over provision in prior year	(144,686)	(144,207)
Total tax expense	<u>431,789</u>	<u>1,463,890</u>
Effective tax rate	<u>31.9%</u>	<u>30.8%</u>

The effective tax rate for the current quarter ended 31 March 2021 is higher than the statutory tax rate of 24% due to non-tax deductible expenses.

B7. UTILISATION OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING ("IPO")

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 RM16.9 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	
Replanting exercise	250	(250)	-	-	Within 24 months
Capital expenditure	1,786 ⁽²⁾⁽ⁱ⁾	(1,127)	-	659	Within 60 months ⁽²⁾⁽ⁱⁱ⁾
General working capital					
(i) Day-to-day operational expense	6,888 ⁽²⁾⁽ⁱ⁾	(6,888) ⁽³⁾	-	-	Within 60 months
(ii) Purchase of fertilisers	5,800 ⁽²⁾⁽ⁱ⁾	(3,552)	-	2,248	Within 60 months
Estimated listing expenses	2,176	(2,176)	-	-	Within 3 months
Total	16,900	13,993		2,907	

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

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 19 December 2016.

Notes:

- (1) From the date of listing of the Company on the ACE Market of Bursa Securities on 17 January 2017.
- (2) Including the effect of variations to the utilisation of proceeds raised from the IPO as announced to Bursa Securities on 26 November 2019 (“Variations”).

- (i) The summary of the Variations is as follows:

	Approved utilisation		
	Initial IPO proceeds utilisation RM'000	Variations as announced on 26 November 2019 RM'000	After Variations RM'000
Capital expenditure	2,550	(764)	1,786
General working capital			
(i) Day-to-day operational expenses	2,924	3,964	6,888
(ii) Purchase of fertilisers	9,000	(3,200)	5,800

- (ii) Pursuant to the Variations, the expected timeframe for utilisation of proceeds for capital expenditure has been revised from 36 months to 60 months from the listing date.
- (3) Including RM447,000 which has been utilised to cover the deficit arising from the utilisation for Listing expenses in such manner as allowed under Section 3.10.1(v) of the Prospectus of the Company dated 19 December 2016.

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 2021.

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.

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

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 2021	Year-to-date 31 March 2021
Net profit attributable to ordinary equity holders of the Company (RM'000)	1,300	3,672
Number of ordinary shares in issue ('000)	1,810,000	1,810,000
Basic EPS (sen)	0.07	0.20
Diluted EPS (sen) ⁽¹⁾	0.07	0.20

Note:

- (1) Diluted EPS of the Company for the quarter and year to date ended 31 March 2021 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 2021 RM'000	Year-to-date 31 March 2021 RM'000
Depreciation and amortisation	557	1,667
Fair value (gain)/loss on agriculture produce	(287)	(257)
Rental income	(200)	(616)
Interest income	(203)	(667)
Share registration net expenses	35	55
Fair value (gain)/loss on quoted shares	1	(38)
Fair value (gain)/loss on short term investment	48	48
Lease interest expenses for right-of-use assets	3	10

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

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

B13. AUTHORISATION FOR ISSUE

The interim financial report was authorised for issue by the Board of Directors on 25 May 2021.

BY ORDER OF THE BOARD OF DIRECTORS
25 MAY 2021

