

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 SECOND QUARTER ENDED 31 DECEMBER 2021**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2020 RM'000	CURRENT PERIOD TO-DATE 31/12/2021 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2020 RM'000
Revenue	4,459	3,271	7,930	6,318
Cost of sales	(1,114)	(487)	(1,893)	(933)
Gross profit	3,345	2,784	6,037	5,385
Other income	710	217	1,383	848
Administration expenses	(1,525)	(1,450)	(3,040)	(2,787)
Other expenses	(15)	(34)	(16)	(35)
Finance cost	(6)	(4)	(12)	(7)
Profit before tax	2,509	1,513	4,352	3,404
Tax expense	(674)	(443)	(1,086)	(1,032)
Profit for the period	1,835	1,070	3,266	2,372
Other comprehensive income, net of tax				
Items that will not be reclassified subsequently to profit or loss				
Fair value (loss)/gain on equity investment at fair value through other comprehensive income	(13)	32	14	39
Total other comprehensive (loss)/gain, net of tax	(13)	32	14	39
Total comprehensive income for the period	1,822	1,102	3,280	2,411
Profit for the period attributable to:				
Equity holders of the parent	1,835	1,070	3,266	2,372
	1,835	1,070	3,266	2,372
Total comprehensive income for the period attributable to:				
Equity holders of the parent	1,822	1,102	3,280	2,411
	1,822	1,102	3,280	2,411
Earnings per share (sen) ⁽²⁾				
(i) Basic	0.08	0.06	0.15	0.13
(ii) Diluted	0.08	0.06	0.15	0.13
Proposed/Declared dividends per share (sen)	-	-	-	-

NOTES:

- 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 December 2021.
- Diluted earnings per share of the Group for the quarter and year to date ended 31 December 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 DECEMBER 2021

(The figures have not been audited)

	UNAUDITED	AUDITED
	AS AT	AS AT
	31/12/2021	30/06/2021
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	132,208	132,153
Right-of-use asset	524	585
Investment properties	11,700	11,700
Other investments	168	154
Inventories	1,091	1,091
	<u>145,691</u>	<u>145,683</u>
Current assets		
Inventories	149	98
Biological assets	764	572
Trade and other receivables	2,179	2,034
Cash, bank balances and short term funds	86,154	83,020
	<u>89,246</u>	<u>85,724</u>
TOTAL ASSETS	<u><u>234,937</u></u>	<u><u>231,407</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share Capital	223,981	223,981
Fair value reserve	43	29
Retained earnings	114,232	110,966
Merger reserve	(108,000)	(108,000)
Total equity	<u>230,256</u>	<u>226,976</u>
Non-current liabilities		
Lease liability	425	484
Deferred tax liabilities	1,553	1,588
	<u>1,978</u>	<u>2,072</u>
Current Liabilities		
Trade and other payables	2,022	1,875
Lease liability	116	114
Current tax liabilities	565	370
	<u>2,703</u>	<u>2,359</u>
Total liabilities	<u>4,681</u>	<u>4,431</u>
TOTAL EQUITY AND LIABILITIES	<u><u>234,937</u></u>	<u><u>231,407</u></u>
Net assets per share ² (RM)	<u>0.11</u>	<u>0.10</u>

NOTES:

- 1 The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 and the accompanying notes attached to the interim financial results.
- 2 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 SECOND QUARTER ENDED 31 DECEMBER 2021
(The figures have not been audited)

	← Non-distributable →			Distributable	
	Share Capital RM '000	Merger Reserve ⁽¹⁾ RM '000	Fair Value Reserve RM '000	Retained Earnings RM '000	Total equity RM '000
6 months ended					
<u>31 December 2021</u>					
Balance as at 1 July 2021	223,981	(108,000)	29	110,966	226,976
Total comprehensive income	-	-	14	3,266	3,280
Dividend paid	-	-	-	-	-
Balance as at 31 December 2021	223,981	(108,000)	43	114,232	230,256

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 DECEMBER 2021

(The figures have not been audited)

	6 MONTHS ENDED 31 DECEMBER	
	2021	2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	4,352	3,404
Adjustments for:		
Depreciation of property, plant and equipment	1,105	1,110
Fair value adjustment of biological assets	(193)	30
Gain on disposal of property, plant and equipment	-	(34)
Interest expense	12	7
Interest income	(777)	(464)
Operating profit before changes in working capital changes	4,499	4,053
Changes in working capital:		
Inventories	(50)	(8)
Trade and other receivables	(124)	(281)
Trade and other payables	146	(250)
Cash generated from operations	4,471	3,514
Tax paid	(1,019)	(480)
Income tax refund	93	-
Net cash from operating activities	3,545	3,034
CASH FLOWS FROM INVESTING ACTIVITIES		
Withdrawal of deposits with licensed bank more than 3 months	18,831	2,884
Interest received	756	436
Purchase of property, plant and equipment	(1,100)	(354)
Increase in property development cost	-	(23)
Proceeds from disposal of property, plant and equipment	-	75
Net cash from/(used in) investing activities	18,487	3,018
CASH FLOWS FROM FINANCING ACTIVITY		
Payments of lease liability	(68)	(68)
Net cash used in financing activity	(68)	(68)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	21,964	5,984
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	55,493	32,038
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	77,457	38,022

Components of cash and cash equivalents are as follows:

	UNAUDITED AS AT	UNAUDITED AS AT
	31/12/2021	31/12/2020
	RM'000	RM'000
Cash and bank balances	8,259	1,112
Deposits with licensed banks	55,182	25,650
Short term funds	22,713	17,145
	86,154	43,907
Less:		
Deposits placed with licensed bank more than 3 months	(8,661)	(5,849)
Deposits pledged with a licensed bank	(36)	(36)
	77,457	38,022

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 2021 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 2021 including the adoption of the following, where applicable, during the financial period which were effective from 1 January 2021:

MFRS (including the consequential amendments)

- Interest Rate Benchmark Reform – Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)
- COVID-19 Related Rent Concession beyond 30 June 2021 (Amendment to MFRS 16 Leases)

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
- Amendments to MFRS 137 Onerous Contracts – Cost of Fulfilling a Contract

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

- Amendments to MFRS 101 Classification of Liabilities as Current or Non-current
- MFRS 17 Insurance Contracts
- Amendments to MFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)
- 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)
- 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 2021, 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.

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 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.

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 RM11.70 million as at 29 June 2021 which was reflected in the financial year ended 30 June 2021.

A11. CAPITAL COMMITMENTS

There are no capital commitments incurred by the Group as at 31 December 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 second financial quarter ended 31 December 2021, the Group recorded operating revenue of RM4.46 million as compared to RM3.27 million in the preceding year's corresponding quarter.

In comparison with the corresponding quarter in the previous financial year, the increase in operating revenue of RM1.19 million was due to the increase in average FFB prices. The FFB production for current quarter under review was 3,910 tonnes as compared to 4,759 tonnes in the corresponding quarter in preceding year, while the average FFB price realised increased from RM687 per tonne in the corresponding quarter in the preceding year to RM1,140 per tonne in the current quarter. As a result of the above, the Group's gross profit ("GP") for the current quarter increased from RM2.78 million in the corresponding quarter in the preceding year to RM3.35 million for the current financial quarter under review.

The Group's other income for the current quarter was higher at RM0.71 million against RM0.22 million for the second quarter of FY2021 mainly due to additional interest income derived from cash received following the private placement exercises undertaken in mid-2021, and increase in fair value adjustment on agriculture produce. The administration expenses registered an increase of 5.2% from RM1.45 million in the corresponding quarter in the preceding year to RM1.53 million for the current quarter mainly due to the increase in directors related expenses including sitting & meeting allowances, legal & professional fee and upkeep of factory building.

The Group's profits before taxation for current quarter was higher at RM2.51 million as compared to RM1.51 million in the preceding year's corresponding quarter, i.e., an increase of about RM1.00 million. The increase is mainly derived from the increase in gross profit of RM0.56 million and increase in other income of RM0.49 million. The Group's profit after taxation for the current quarter was higher at RM1.84 million as compared to RM1.07 million in the corresponding quarter in the preceding year.

In terms of year to date, the profit before taxation of the Group was RM4.35 million for 2nd quarter of FY2022 as compared to RM3.40 million for second quarter FY2021 while the year-to-date profit after taxation of the Group was RM3.24 million for 2nd quarter FY2022 as compared to RM2.37 million for 2nd quarter FY2021.

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

The Group reported profit before tax of RM2.51 million for the current quarter ended 31 December 2021 as compared to RM1.84 million for the immediate preceding quarter (i.e., quarter ended 30 September 2021) due to the improved gross profit for current quarter arising from better FFB price realised of RM1,140 per tonne in current quarter as compared to RM925 per tonne in the immediate preceding quarter, i.e., quarter ended 30 September 2021.

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

B3. COMMENTARY ON PROSPECTS

Monthly CPO prices averaged at about RM5,154 per tonne for the quarter under review as compared to the average of RM4,413 per tonne in the last quarter, i.e., quarter ended 30 September 2021. Beyond December 2021, the CPO price reached the monthly average of RM5,354.50 per tonne for January 2022 and the daily CPO prices has risen above RM5,700 per tonne for a number of days in February 2022.

The strong CPO prices which underline favourable FFB prices going forward shall continue to boost the revenue for the Group in the event that the Group manages 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 3 May 2021 issued a total of 181,000,000 out of 398,200,051 Placement Shares II under the Proposed Private Placement II to certain third-party investors for which a total sum of RM20.05 million has been raised. The issued Placement Shares II have been listed on the ACE Market of Bursa Securities on 20 May 2021.

On 1 November 2021, the Company announced that it has obtained the approval of Bursa Securities for an extension of time of 6 months to 2 May 2022 to complete the implementation of the Proposed Private Placement II.

Save and except for Proposed Private Placement II 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 2021 RM	Year-to-date 31 December 2021 RM
Income tax expense		
- Current financial period	674,200	1,121,200
Deferred tax		
- Current financial period	-	26,098
- Over provision in prior year	-	(61,168)
Total tax expense	<u>674,200</u>	<u>1,086,130</u>

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

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

Public Issue of 130,000,000 Shares pursuant to Initial Public Offering

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 RM16.90 million has been utilised in the following manner:

Purposes	Approved utilisation	Actual utilisation	Deviation: surplus/ (deficit)	Balance unutilised	Time frame for utilisation from 17 January 2017
	RM'000	RM'000	RM'000	RM'000	
Replanting exercise	250	(250)	-	-	Within 24 months
Capital expenditure	1,786 ⁽¹⁾	(1,620)	-	166	Within 60 months ⁽¹⁾
General working capital					
(i) Day-to-day operational expense	6,888 ⁽¹⁾	(6,888)	-	-	Within 60 months
(ii) Purchase of fertilisers	5,800 ⁽¹⁾	(4,305)	-	1,495	Within 60 months
Estimated listing expenses	2,176	(2,176)	-	-	Within 3 months
Total	16,900	(15,239)		1,661	

Note:

(1) Kindly refer to the announcement made by the Company on 26 November 2019 for further details of the Variations (as defined therein the announcement) made.

Issuance of 362,000,000 Shares pursuant to the Private Placements

Based on the issue price of RM0.1108 per Share for 181,000,000 Placement Shares I and RM0.1108 per Share for 181,000,000 Placement Shares II issued, 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	Estimated time frame for utilisation ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000	
Future acquisitions	23,635 ⁽²⁾	(-)	-	23,635	Within 18 months
For working capital	16,265 ⁽³⁾	(304)	2 ⁽⁴⁾	15,963	Within 18 months
Estimated expenses	210	(208)	(2) ⁽⁴⁾	-	Immediate
Total	40,110	(512)	0	39,598	

The utilisation of proceeds as disclosed for the Private Placements should be read in conjunction with the Circular to the Shareholders of the Company dated 12 May 2021 (“Circular”). Abbreviation 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) From the date of receipt of the funds on 8 June 2021 for RM20.05 million (in respect of Proposed Private Placement I) and on 19 May 2021 for RM20.05 million (in respect of Proposed Private Placement II).
- (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.

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 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.

B10. DIVIDEND

The proposed first and final dividend of 0.20 sen (FY2020: 0.15 sen) per ordinary share in the Company in respect of financial year ended 30 June 2021 has been approved by the shareholders in the Seventh Annual General Meeting of the Company held on 24 November 2021. The entitlement and payment dates for the final dividend in respect of financial year ended 30 June 2021 was 17 December 2021 and 7 January 2022 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:

	Quarter ended 31 December 2021	Year-to-date 31 December 2021
Net profit attributable to ordinary equity holders of the Company (RM'000)	1,835	3,266
Number of ordinary shares in issue (unit)	2,172,000,256	2,172,000,256
Basic EPS (sen) ⁽¹⁾	0.08	0.15

Note:

- (1) Diluted EPS of the Company for the quarter and year to date ended 31 December 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 December 2021 RM'000	Year-to-date 31 December 2021 RM'000
Interest income	(380)	(777)
Rental income	(203)	(379)
Depreciation and amortisation	534	1,106

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 17 February 2022.

**BY ORDER OF THE BOARD OF DIRECTORS
17 FEBRUARY 2022**