

Interim Report on Consolidated Results for the First Quarter ended 30 September 2019

A NOTES TO THE INTERIM FINANCIAL REPORT

A1. Accounting policies and method of computation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS 134") and the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

The quarterly financial statements under review have been prepared based on the same accounting policies and methods of computation adopted in the most recent Audited Financial Statements for the year ended 30 June 2019 except for the newly-issued Malaysian Financial Reporting Standards ("MFRS"), Amendments to MFRS and IC Interpretations ("IC Int.") that are applicable to the Group for financial period beginning 1 July 2019:

MFRS 16 Leases

Amendments to the following MRFSs:

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Business Combinations
(Annual Improvements 2015-2017 Cycle)
Prepayment Features with Negative Compensation
Joint Arrangements
(Annual Improvements 2015-2017 Cycle)
Income Taxes
(Annual Improvements 2015-2017 Cycle)
Plan Amendments, Curtailment or Settlement
Borrowing Costs
(Annual Improvements 2015-2017 Cycle)
Long-term Interests in Associates and Joint Ventures

IC Interpretation:

IC Int 23 Uncertainty over Income Tax Treatments



The adoption of the above did not have any material impact on this report upon their initial application.

A2. Audit report

The audit report for the financial year ended 30 June 2019 was not subject to any qualification.

A3. Seasonal or cyclical factors

The business operations of the Group were not significantly affected by any seasonal or cyclical factors.

A4. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence

There are no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence for the current financial quarter.

A5. Changes in estimates of amounts reported

There were no changes in the estimates of amounts reported previously that have a material effect in the current financial quarter.

A6. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial period to date.



A7. Dividend paid

No dividend was paid during the quarter under review. The proposed final dividend of 5.0 sen per share by the Board of Directors in respect of the financial year ended 30 June 2019 will be paid on 18 December 2019, subject to the approval by the shareholders at the forthcoming Annual General Meeting to be held on 16 November 2019.

A8. Segment revenue and segment result

Information on business segments for the financial period ended 30 September 2019 is as follows:

	Resins	Ethanol	Investment	Trading	Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE							
External sales	15,237	8,258	298	213	163	-	24,169
Inter-segment							
sales	-	173	-	-	-	(173)	-
Total revenue	15,237	8,431	298	213	163	(173)	24,169
RESULT							
Operating							
profit/(loss)	1,470	1,611	224	38	20	-	3,363
Interest expense							(14)
Interest income							`41 [′]
Taxation							(771)
Profit after tax							2,619

A9. Material subsequent event

There are no material events subsequent to the end of period reported on to the date of this report which have not been reflected in the financial statements for the quarter ended 30 September 2019.



A10. Change in composition of the Group

There are no changes in the composition of the Group for the current financial period to date including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

A11. Contingent liabilities or contingent assets

There is no change in contingent liabilities or contingent assets since the last annual statement of financial position to the date of this report.

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

1st Quarter of FY 2020 compared with 1st Quarter of FY 2019

The Group's performance for the current quarter compared to the corresponding quarter last year is as follows:

	Quarter e	ended	Varia	nce
	30/09/2019 3	80/09/2018		
	RM'000	RM'000	RM'000	%
Revenue				
- Resin	15,237	20,526	(5,289)	(25.8)
- Ethanol	8,258	6,765	1,493	22.1
 Investment 	298	785	(487)	(62.0)
- Trading	213	273	(60)	(22.0)
- Others	163	103	60_	58.3
	24,169	28,452	(4,283)	



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	Quarter e		Var	iance
	30/09/2019 3	0/09/2018		
	RM'000	RM'000	RM'000	%
Profit/(Loss) before	tax			
- Resin	1,474	946	528	55.8
- Ethanol	1,619	1,408	211	15.0
- Investment	228	456	(228)	(50.0)
- Trading	38	20	` 18 [′]	90.0
- Others	31	(2)	33	not applicable
	3,390	2,828	562	

The Group recorded a 15.1% decrease in turnover to RM24.17 million from RM28.45 million in the corresponding quarter last year. Profit before tax for the quarter under review increased 19.9% to RM3.39 million from RM2.83 million in the corresponding quarter last year.

The performance of the operating business segments is as follows:

Resins segment

Turnover for the quarter decreased 25.8% to RM15.24 million from RM20.53 million in the corresponding quarter last year mainly due to decrease in average selling price and lower sales volume.

Profit before tax for resins segment increased by RM0.53 million to RM1.47 million from RM0.94 million mainly due to margin expansion.



Ethanol segment

Turnover for the quarter increased 22.1% to RM8.26 million from RM6.77 million in the corresponding quarter last year mainly due to increase in sales volume.

Profit before tax for ethanol segment increased by RM0.21 million to RM1.62 million from RM1.41 million mainly due to lower production costs and increase in sales volume.

<u>Investment segment</u>

Profit before tax decreased RM0.23 million to RM0.23 million from RM0.46 million mainly due to lower dividend income from quoted investments.

B2. Comparison of results for the 1st Quarter of FY 2020 against immediate preceding 4th Quarter of FY 2019

The Group's performance for the current quarter compared to the immediate preceding quarter is as follows:

	Quarter ended		Varia	nce
	30/09/2019 3	30/06/2019		
	RM'000	RM'000	RM'000	%
Revenue				
- Resin	15,237	18,442	(3,205)	(17.4)
- Ethanol	8,258	6,444	1,814	28.2
- Investment	298	708	(410)	(57.9)
- Trading	213	181	32	17.7
- Others	163	67	96	143.3
	24,169	25,842	(1,673)	



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	Quarter ended		Var	iance
	30/09/2019 3	80/06/2019		
	RM'000	RM'000	RM'000	%
Profit/(Loss) before tax				
- Resin	1,474	2,491	(1,017)	(40.8)
- Ethanol	1,619	1,295	324	25.0
- Investment	228	465	(237)	(51.0)
- Trading	38	13	25	192.3
- Others	31	(39)	70	not applicable
	3,390	4,225	(835)	

Turnover for the quarter under review decreased 6.5% to RM24.17 million from RM25.84 million in the immediate preceding quarter.

Profit before tax for the quarter under review decreased 19.8% to RM3.39 million from RM4.23 million in the immediate preceding quarter. Our ethanol segment recorded a 25.0% increase in profit before tax mainly due to lower production costs and increase in sales volume. Our resins segment recorded a 40.8% decrease in profit before tax mainly due to decrease in average selling price and lower sales volume.

B3. Prospects

In spite of the challenges in the resins industry, the Board of Directors expects the Group to remain profitable and the financial results to be comparable to the financial year ended 30 June 2019.

With the current uncertainties in the world economy and the ongoing trade war between the United States and China, the Group is susceptible to the volatile share markets as the Group has invested in domestic and foreign quoted shares.



B4. Comparison with profit forecast

This note is not applicable.

B5. Income tax

Taxation comprises:

·	Quarter		Year to	o date		
	3 months ended		3 months ended		3 months	s ended
	30/09/2019 30/09/2018		30/09/2019	30/09/2018		
	RM'000	RM'000	RM'000	RM'000		
Estimated current Malaysian taxation	857	716	857	716		
Deferred taxation	(86)	(141)	(86)	(141)		
	771	575	771	575		

The effective tax rate of the Group for the current financial period to date is lower than the statutory rate of tax applicable mainly due to non-taxable income.

B6. Profit before taxation

Profit before tax is arrived at after charging/(crediting):

	Quarter		Year to	o date	
	3 month	s ended	3 months	s ended	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018	
	RM'000	RM'000	RM'000	RM'000	
Depreciation and amortisation	602	794	602	794	
Property, plant and equipment					
written off	-	12	-	12	
Interest expense	14	28	14	28	
Interest income	(41)	(30)	(41)	(30)	
Net (gain) arising from financial					
assets designated as FVTPL	-	(81)	-	(81)	
Net unrealised gain on					
foreign exchange	(136)	(69)	(136)	(69)	



Other than the above items, there were no provision for and write off of receivables, provision for and write off of inventory, gain or loss on disposal of unquoted investment or properties, impairment of assets, gain or loss on derivatives and exceptional items for the current quarter.

B7. Status of corporate proposals

There are no corporate proposals announced as at the date of this report.

B8. Group borrowings and debt securities

There were no group borrowing and debt securities as at the end of the current quarter.

B9. Changes in material litigation

There were no material changes in litigation since the end of the last reporting period.

B10. Dividend

No interim dividend was declared for the current quarter under review.

B11. Earnings per share

The basic and diluted earnings per share are calculated as follows:



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	Quarter		Year to date	
	3 months ended		3 months ended	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
Net profit attributable to Owners of				
the Company(RM'000)	2,397	2,116	2,397	2,116
Weighted average number of				
ordinary shares	200,380,036	200,380,036	200,380,036	200,380,036
Basic/Diluted earning per share(sen)	1.2	1.1	1.2	1.1

B12. Disclosure of realised and unrealised profits

	As at 30/09/2019 RM'000	As at 30/06/2019 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	98,882	96,028
- Unrealised	2,887	2,786
Total group retained profits as per consolidated accounts	101,769	98,814

The disclosure of realised and unrealised profits is made solely for complying with the disclosure requirements as stipulated in the directives of Bursa Malaysia Securities Berhad and is not made for any other purposes.

B13. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 15 November 2019.