



Interim Report on Consolidated Results for the Third Quarter ended 31 March 2023

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 2022 except for the new 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 2022:

Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020
MFRS 17	Insurance Contracts
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 10 and 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Disclosure of Accounting Policies



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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 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract

A2. Audit report

The audit report for the financial year ended 30 June 2022 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 period except for RM36.62 million fair value gain in equity instruments designated as at FVTOCI.

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.

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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

The proposed final single-tier dividend of 4.0 sen per share by the Board of Directors in respect of the financial year ended 30 June 2022 were approved by the shareholders at the 53rd Annual General Meeting on 26 November 2022. The dividend amounting to RM8.015 million was paid on 19 December 2022.

A8. Segment revenue and segment result

Information on business segments for the financial period ended 31 March 2023 is as follows:

	Resins RM'000	Ethanol RM'000	Investment RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE							
External sales	29,816	15,646	1,337	523	447	-	47,769
Inter-segment sales	-	107	-	-	-	(107)	-
Total revenue	29,816	15,753	1,337	523	447	(107)	47,769
RESULT							
Operating profit	56	3,096	1,790	73	71	-	5,086
Interest expense							(4)
Interest income							101
Taxation							(768)
Profit after tax							4,415

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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 31 March 2023.

A10. Change in composition of the Group

There are no changes in the composition of the Group for the current quarter and financial period to date including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations except for a subsidiary company, Hexza World Trade Sdn Bhd, that was struck off from the Register of Companies pursuant to Section 550 of the Companies Act, 2016 in the second quarter.

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

(a) 3rd Quarter of FY 2023 compared with 3rd Quarter of FY 2022

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



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	Quarter ended		Variance	
	31/3/2023	31/3/2022	RM'000	%
	RM'000	RM'000		
Revenue				
- Resin	8,406	13,173	(4,767)	(36.2)
- Ethanol	7,157	4,171	2,986	71.6
- Investment	526	152	374	>100
- Trading	198	-	198	>100
- Others	181	179	2	1.1
	<u>16,468</u>	<u>17,675</u>	<u>(1,207)</u>	

	Quarter ended		Variance	
	31/3/2023	31/3/2022	RM'000	%
	RM'000	RM'000		
Profit/(Loss) before tax				
- Resin	(386)	76	(462)	>(100)
- Ethanol	2,336	522	1,814	>100
- Investment	683	178	505	>100
- Trading	32	(30)	62	>100
- Others	29	52	(23)	(44.2)
	<u>2,694</u>	<u>798</u>	<u>1,896</u>	

The Group recorded a revenue of RM16.47 million and profit before tax of RM2.69 million in the current quarter under review.

The performance of the operating business segments is as follows:

Resins segment

Revenue for the quarter declined 36.2% to RM8.41 million from RM13.17 million in the corresponding quarter last year due to both lower sales volume and average selling price.

Loss before tax of RM0.39 million was recorded for the current quarter under review as compared to a profit before tax of RM0.08 million due to lower sales volume and margin compression.

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Ethanol segment

Revenue for the quarter increased 71.6% to RM7.16 million from RM4.17 million in the corresponding quarter last year due to both higher sales volume and average selling price.

Profit before tax of RM2.34 million was recorded in the current quarter as compared to RM0.52 million in the corresponding quarter last year mainly due to higher revenue.

Investment segment

Profit before tax increased RM0.50 million to RM0.68 million from RM0.18 million mainly due to both higher dividend income from quoted shares and interest income from money market funds.

(b) Current year-to-date compared with year-to-date of FY 2022

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

	9 months ended		Variance	
	31/3/2023	31/3/2022	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue				
- Resin	29,816	37,836	(8,020)	(21.2)
- Ethanol	15,646	18,922	(3,276)	(17.3)
- Investment	1,337	831	506	60.9
- Trading	523	342	181	52.9
- Others	447	485	(38)	(7.8)
	47,769	58,416	(10,647)	



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	9 months ended		Variance	
	31/3/2023	31/3/2022	RM'000	%
Profit/(Loss) before tax				
- Resin	107	(781)	888	>100
- Ethanol	3,140	4,103	(963)	(23.5)
- Investment	1,792	1,062	730	68.7
- Trading	73	(39)	112	>100
- Others	71	124	(53)	(42.7)
	<u>5,183</u>	<u>4,469</u>	<u>714</u>	

The Group recorded a revenue of RM47.77 million and profit before tax of RM5.18 million for the current period.

The performance of the operating business segments is as follows:

Resins segment

Revenue of RM29.82 million was lower as compared to RM37.84 million in the corresponding period last year mainly due to lower sales volume by 24.0% but this was mitigated by increase in average selling price.

Profit before tax of RM0.11 million was recorded compared to a loss before tax of RM0.78 million previously mainly due margin improvement.

Ethanol segment

Revenue for the period decreased to RM15.65 million from RM18.92 million in the corresponding period last year mainly due to lower sales volume as we faced effluent water disposal issues and production was interrupted in the first two quarters and has since been normalised. However, this was partially mitigated by higher average selling price.



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Profit before tax for ethanol segment decreased to RM3.14 million from RM4.10 million previously mainly due to lower sales volume.

Investment segment

Profit before tax of RM1.79 million was higher as compared to RM1.06 million in the corresponding period last year mainly due to both higher dividend income from quoted shares and interest income from money market funds.

B2. Comparison of results for the 3rd Quarter of FY 2023 against immediate preceding 2nd Quarter of FY 2023

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

	Quarter ended		Variance	
	31/3/2023	31/12/2022	RM'000	%
	RM'000	RM'000		
Revenue				
- Resin	8,406	7,397	1,009	13.6
- Ethanol	7,157	5,154	2,003	38.9
- Investment	526	605	(79)	(13.1)
- Trading	198	173	25	14.5
- Others	181	93	88	94.6
	<u>16,468</u>	<u>13,422</u>	<u>3,046</u>	
	Quarter ended	Quarter ended	Variance	
	31/3/2023	31/12/2022	RM'000	%
	RM'000	RM'000		
Profit/(Loss) before tax				
- Resin	(386)	(486)	100	20.6
- Ethanol	2,336	1,159	1,177	>100
- Investment	683	758	(75)	(9.9)
- Trading	32	5	27	>100
- Others	29	(3)	32	>100
	<u>2,694</u>	<u>1,433</u>	<u>1,261</u>	



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Revenue for the quarter increased 22.7% to RM16.47 million from RM13.42 million in the immediate preceding quarter. Our resins segment's revenue increased mainly due to higher sales volume but was partially set off by lower average selling price. Our ethanol segment's revenue increased mainly due to higher sales volume but was partially set off by lower average selling price due to product mix.

Profit before tax for the quarter was higher at RM2.69 million as compared to RM1.43 million in the immediate preceding quarter. Our resins segment incurred a loss before tax of RM0.39 million mainly due to margin compression. Our ethanol segment recorded a profit before tax of RM2.34 million due to higher revenue. Our investment segment posted a lower profit before tax mainly due to lower dividend income from quoted shares.

B3. Prospects

Despite the challenging and competitive business and operating environment, the Board is confident that the Group will achieve operating profits for the financial year ending 30 June 2023, comparable to last financial year.

B4. Comparison with profit forecast

This note is not applicable.

B5. Income tax

Taxation comprises



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	Quarter ended		Period ended	
	3 months		9 months	
	31/3/2023	31/3/2022	31/3/2023	31/3/2022
	RM'000	RM'000	RM'000	RM'000
Estimated current Malaysian taxation	618	149	1,029	1,120
Deferred taxation	(104)	(40)	(213)	(196)
	514	109	816	924
Over provision in prior years				
- income tax	(48)	(108)	(48)	(108)
	466	1	768	816

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 ended		Period ended	
	3 months		9 months	
	31/3/2023	31/3/2022	31/3/2023	31/3/2022
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	503	488	1,527	1,486
Bad debts written off	-	-	-	1
Expected credit loss allowance	-	-	13	2
Expected credit loss allowance no longer required	8	-	-	(9)
Property, plant and equipment written off	-	-	-	2
Interest expense	4	8	4	31
Interest income	(61)	(299)	(101)	(1,058)
Net (gain) arising from financial assets designated as at FVTPL	(492)	(10)	(1,365)	(30)
Net unrealised (gain) on foreign exchange	(7)	(7)	(18)	(7)

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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

The Group is not subject to any material litigation. There is no change to this position since the end of the last reporting period up to the date of this report.

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 ended		Period ended	
	3 months		9 months	
	31/3/2023	31/3/2022	31/3/2023	31/3/2022
Net profit attributable to Owners of the Company(RM'000)	2,289	778	4,398	3,793
Weighted average number of ordinary shares	200,380,036	200,380,036	200,380,036	200,380,036
Basic/Diluted earning per share(sen)	1.1	0.4	2.2	1.9

B12. Disclosure of realised and unrealised profits

	As at 31/03/2023 RM'000	As at 30/06/2022 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	93,694	98,703
- Unrealised	3,169	3,164
Total group retained profits as per consolidated accounts	96,863	101,867

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 17 May 2023.