

A. EXPLANATORY NOTES PURSUANT TO FRS 134

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with FRS 134, Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2009. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2009.

2. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 30 June 2009 was not qualified.

3. Segmental Information

Geographical Segment

In determining the geographical segments of the Group, segment revenue is based on the geographical location of customers.

Segmental revenue in geographical segments of the Group for the current quarter and current year to-date as at 31 December 2009 was as follows:

	Current Quarter Ended 31.12.2009 RM’000	Current Year To-Date Ended 31.12.2009 RM’000
Local	10,564	19,700
Export	11,310	17,435
	<u>21,874</u>	<u>37,135</u>

There are no inter-segment revenues. No segment results, assets and capital expenditure are presented as the Group does not have a legal presence in any other country other than Malaysia.

3. Segmental Information (continued)

Business Segment

The Company is principally an investment holding company. The principal businesses of the Group are manufacturing of pesticides and plant micronutrients, distribution and agency of pesticides and other agrochemicals, and trading of pesticides and other agrochemicals which are substantially within a single business segment, and therefore, segmental reporting is deemed not necessary.

4. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 31 December 2009 except as disclosed in the notes.

5. Changes in Estimates

There were no changes in estimates that have material effect in the current quarter results.

6. Comment about Seasonal or Cyclical Factors

The Group operates in the local and overseas agricultural sector which could be influenced by seasonal or cyclical factors.

7. Dividend Paid

No dividend was paid by the Company during the current quarter period under review.

8. Carrying Amount of Revalued Assets

There is no revaluation of the property, plant and equipment brought forward from the previous audited annual financial statements as the Group does not adopt a revaluation policy on its property, plant and equipment.

9. Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities for the current quarter and current financial year to-date under review.

10. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter under review.

11. Discontinued Operations

There was no disposal of subsidiaries by the Group during the current quarter under review.

12. Capital Commitments

There was no capital commitments entered into and not provided for by the Group during the current quarter under review.

13. Changes in Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 30 June 2009.

14. Material Subsequent Events

In the opinion of the Directors, no material events have arisen between the end of the reporting period and 11 February 2010 which had affected substantially the results of the Group for the financial quarter ended 31 December 2009.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES

15. Performance Review

For the current quarter under review, the Group registered a revenue of RM21.874 million as compared to the preceding year corresponding quarter of RM25.076 million, a decrease of 12.8%.

Profit for the period increased by 71.1% to RM2.228 million in the current quarter under review from the preceding year corresponding quarter of RM1.302 million.

The increase in profit was due to the higher margins generated in the current quarter arising from the stabilisation of raw material prices.

16. Comment on Material Change in Profit Before Taxation

For the current quarter under review, the Group's profit before taxation is RM2.781 million compared to the Group's profit before taxation of RM2.966 million in the immediate preceding quarter. This 6.2% decrease in profit before taxation was due to lower average selling price given to generate higher sales.

17. Comment on Prospects

The Group will continue to focus on its core activities and barring any unforeseen circumstances, the Group hopes to achieve acceptable performance for the financial year ending 30 June 2010.

18. Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

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19. Income Tax Expense

	Current Quarter Ended 31.12.2009 RM'000	Current Year To-Date Ended 31.12.2009 RM'000
Current tax:		
- Malaysian income tax	<u>(553)</u>	<u>(1,268)</u>

The effective tax rate of the Group for the current year to-date is lower than the statutory tax rate of 25% due to sufficient capital allowances, industrial building allowances and reinvestment allowances allowable for offset.

20. Sales of Unquoted Investments and Properties

There were no sales of unquoted investments and properties during the current quarter under review.

21. Quoted Securities

There were no quoted securities held as at the end of the financial quarter under review.

22. Corporate Proposals

There were no corporate proposals announced but not completed as at 11 February 2010.

23. Borrowings

	As at 31.12.2009 RM'000	As at 30.6.2009 RM'000
RM denominated borrowings		
Short Term Borrowings		
Secured:-		
Bills Payable	<u>67</u>	<u>70</u>

There are no borrowings denominated in foreign currency.

24. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 11 February 2010.

25. Changes in Material Litigation

There were no material litigations involving the Group as at 11 February 2010.

26. Dividend Payable

A first and final single tier dividend of 3.5 sen per share, in respect of the financial year ended 30 June 2009 amounting to RM2,800,000 was proposed and approved by shareholders at the Annual General Meeting on 23 November 2009 and was paid on 25 January 2010.

27. Earnings Per Share

(a) Basic

The computation of basic earnings per share for the current quarter and current year to-date is based on the Group unaudited profit for the period attributable to ordinary equity holders of the parent for the current quarter of RM2.228 million and current year to-date of RM4.479 million divided by the number of ordinary shares in issue during the period of 80,000,000.

(b) Diluted

Not applicable

28. 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 11 February 2010.