

A. EXPLANATORY NOTES PURSUANT TO FRS 134

A1. 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2010. 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 2010.

A2. Changes in Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in the preparation of the consolidated interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2010 except for the adoption of the new and revised Financial Reporting Standards (“FRSs”) and IC Interpretations that are relevant to its operations and effective for financial periods beginning on or after 1 July 2010. The adoption of these FRSs does not have material impact on the interim financial statements of the Group except for the following:

i) FRS 101 (Revised): Presentation of Financial Statements

FRS 101 (Revised) has introduced changes in terminology used, format and contents of financial statements. Among others, components of interim financial statements presented now consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements. This standard separates owner and non-owner changes in equity. Therefore, the statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity are presented as a single line labeled as total comprehensive income. In addition, the statement of comprehensive income consists of profit or loss for the period and other comprehensive income. All non-owner changes in equity are now presented in the statement of comprehensive income as components in other comprehensive income. Entities can choose to present in one single statement (the statement of comprehensive income) or two link statements (the income statement and statement of comprehensive income).

The adoption of FRS 101 (Revised) has resulted the Group presenting both the income statement and statement of comprehensive income in a single statement. Comparative information has been re-presented so that it is in conformity with this revised FRS. The adoption of this revised FRS does not have any impact on the financial position and results of the Group.

ii) Amendment to FRSs 'Improvement to FRSs (2009) – FRS 7: Leases

Upon adoption of the Amendment to FRS 117, the classification of a leasehold land as a finance lease or an operating lease is based on the extent of risks and rewards of the lease. The Group has determined that all leasehold lands of the Group are in substance finance leases and has reclassified its leasehold lands from prepaid lease payments to property, plant and equipment. The change in classification has no effect on the results of the Group.

The reclassification has been made retrospectively and the comparative figures have been restated as follows:

Consolidated Statement of Financial Position At 30 June 2010	As previously Stated RM'000	Effect on adoption of FRS 117 RM'000	As restated RM'000
Property, plant and equipment	17,163	3,100	20,263
Prepaid lease payments	3,100	(3,100)	-

iii) FRS 139: Financial Instruments – Recognition and Measurement and Subsequent Amendments

The new standard on FRS 139: Financial Instruments: Recognition and Measurement established principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. As allowed under the transitional provisions, the standard is not applied retrospectively.

i) Financial Assets

The Group's financial assets include short term investments, cash, deposits, receivables and prepayments. Short term investments are classified as available-for-sale (AFS) financial assets and are stated at fair value unless the fair value cannot be measured reliably, in which case it is measured at cost. Changes in fair value of AFS financial assets are recognised in other comprehensive income in the statement of comprehensive income. Other financial assets are classified as loans and receivables and measured at amortised cost using effective interest method.

ii) Financial Liabilities

Financial liabilities include borrowings, trade and other payables, and are stated at amortised cost.

As at the balance sheet date, the Group does not have derivative financial instruments.

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A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 30 June 2010 was not qualified.

A4. Segmental Information

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.

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 30 September 2010 was as follows:

	Current Quarter Ended 30.9.2010 RM'000	Current Year To-Date Ended 30.9.2010 RM'000
Local	12,106	12,106
Export	6,306	6,306
	<u>18,412</u>	<u>18,412</u>

A5. 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 30 September 2010 except as disclosed in the notes.

A6. Changes in Estimates

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

A7. 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.

A8. Dividend Paid

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

A9. 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.

A10. 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.

A11. Changes in the Composition of the Group

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

A12. Discontinued Operations

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

A13. Capital Commitments

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

A14. 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 2010.

A15. Material Subsequent Events

In the opinion of the Directors, no material events have arisen between the end of the reporting period and 26 November 2010 which had affected substantially the results of the Group for the financial quarter ended 30 September 2010.

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

B1. Performance Review

For the current quarter under review, the Group registered a revenue of RM18.412 million as compared to the preceding year corresponding quarter of RM15.261 million, an increase of 20.6%.

Profit for the period has decreased by 7.2% to RM2.089 million in the current quarter under review from the preceding year corresponding quarter of RM2.251 million.

The decrease in profit was due to the higher cost of sales for this quarter in comparison with the preceding year corresponding quarter which translated into lower margins.

B2. Comment on Material Change in Profit Before Taxation

For the current quarter under review, the Group's profit before taxation is RM2.617 million compared to the Group's profit before taxation of RM2.651 million in the immediate preceding quarter.

B3. 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 2011.

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B4. 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.

B5. Income Tax Expense

	Current Quarter Ended 30.9.2010 RM'000	Current Year To-Date Ended 30.9.2010 RM'000
Current tax:		
- Malaysian income tax	<u>(528)</u>	<u>(528)</u>

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

B6. Sales of Unquoted Investments and Properties

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

B7. Quoted Securities

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

B8. Corporate Proposals

There were no corporate proposals announced but not completed as at 26 November 2010.

B9. Borrowings

	As at 30.9.2010 RM'000	As at 30.6.2010 RM'000
RM denominated borrowings		
Short Term Borrowings		
Secured:-		
Bills Payable	<u>602</u>	<u>159</u>

There are no borrowings denominated in foreign currency.

B10. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 26 November 2010.

B11. Changes in Material Litigation

There were no material litigations involving the Group as at 26 November 2010.

B12. Dividend

The Board of Directors recommended a first and final single tier dividend of 3.5 sen per share, in respect of the financial year ended 30 June 2010.

The dividend payable amounting to RM2,800,000 was approved by the shareholders of the Company at the Annual General Meeting of the Company and will be paid on 25 January 2011.

B13. 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 RM2.089 million and current year to-date of RM2.089 million divided by the number of ordinary shares in issue during the period of 80,000,000.

(b) Diluted

Not applicable

B14. 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 26 November 2010.