

A. EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 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 2015. The 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 2015.

A2. Changes in Accounting Policies

The 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 2015 except for the adoption of the following MFRSs and Amendments to MFRSs:

		<u>Effective dates</u>
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101	Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016

A2. Changes in Accounting Policies - continued

		<u>Effective dates</u>
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018

Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRSs 2012 – 2014 Cycle”.

The adoption of the above MFRSs and Amendments to MFRSs did not have any financial impact on the Group.

A3. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 30 June 2015 was not qualified.

A4. 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.

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 31 December 2015 except as disclosed in the notes.

A6. Changes in Estimates

There were no changes in estimates that have material effect in the current quarter and current financial year to-date results.

A7. 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.

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A9. Operating Segments - continued

	Malaysia RM'000	Vietnam RM'000	Bulgaria RM'000	Russia RM'000	Indonesia RM'000	Australia RM'000	Others RM'000	Elimina- tions RM'000	Total RM'000
Current Year To-Date Ended 31.12.2015									
Segment revenue									
Sales to external customers	22,475	4,485	3,061	2,329	1,299	2,074	2,314	-	38,037
Inter-segment sales	154	-	-	-	-	-	-	(154)	-
Total	<u>22,629</u>	<u>4,485</u>	<u>3,061</u>	<u>2,329</u>	<u>1,299</u>	<u>2,074</u>	<u>2,314</u>	<u>(154)</u>	<u>38,037</u>
Profit before tax									5,472
Income tax expense									(1,213)
Profit for the year									<u>4,259</u>

A10. 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.

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. Changes in Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities or contingent assets since 30 June 2015.

A13. Capital Commitments

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

A14. Material Subsequent Events

In the opinion of the Directors, no material events have arisen between the end of the reporting period and 4 February 2016 which had affected substantially the results of the Group for the financial quarter ended 31 December 2015.

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**B1. Performance Review**

	3 Months Ended			6 Months Ended		
	31.12.2015	31.12.2014	Variance	31.12.2015	31.12.2014	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	23,052	25,356	(9.1)	38,037	44,144	(13.8)
Profit before tax	2,017	3,052		5,472	5,444	
Income tax expense	(375)	(613)		(1,213)	(1,169)	
Profit for the period	1,642	2,439	(32.7)	4,259	4,275	(0.4)

For the current quarter under review, the Group registered revenue of RM23.052 million as compared to the preceding year corresponding quarter of RM25.356 million, a decrease of 9.1%. This decrease is due to revenue in the local segment having decreased by 22.2% as compared to the preceding year corresponding quarter.

Profit for the period also decreased by 32.7% to RM1.642 million in the current quarter under review as compared to the preceding year corresponding quarter of RM2.439 million. The decrease in the profit for the period was mainly due to lower sales and lower sales margins achieved.

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B2. Variation of Results Against Preceding Quarter

	3 Months Ended		Variance %
	31.12.2015 RM'000	30.09.2015 RM'000	
Revenue	<u>23,052</u>	<u>14,985</u>	53.8
Profit before tax	<u>2,017</u>	<u>3,455</u>	(41.6)

For the current quarter under review, the Group's profit before tax was RM2.017 million compared to the Group's profit before tax of RM3.455 million in the immediate preceding quarter. This 41.6% decrease in profit before tax in comparison with the immediate preceding quarter was due to lower sales margin achieved.

B3. Prospects

The Group will continue to focus on its core activities and market expansion, cost control to ensure sustainability of its financial performance.

B4. Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit and non-controlling interests and forecast profit and non-controlling interests and for the shortfall in profit guarantee are not applicable.

B5. Income Tax Expense

	Current Quarter Ended 31.12.2015 RM'000	Current Year To-Date Ended 31.12.2015 RM'000
Current tax: - Malaysian income tax	<u>(375)</u>	<u>(1,213)</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.

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B6. Corporate Proposals

There were no corporate proposals announced but not completed as at 4 February 2016.

B7. Borrowings

	As at 31.12.2015 RM'000	As at 30.06.2015 RM'000
RM denominated borrowings		
Short Term Borrowings		
Secured:		
Term Loan	332	324
Long Term Borrowings		
Secured:		
Term Loan	1,308	1,476

There are no borrowings denominated in foreign currency.

B8. Changes in Material Litigation

There were no material litigations involving the Group as at 4 February 2016.

B9. Dividend

The Board of Directors has recommended a first and final single tier dividend of 3.5 sen per share, in respect of the financial year ended 30 June 2015.

The dividend payable amounting to RM2,800,000 has been approved by the shareholders of the Company at the Annual General Meeting of the Company and will be paid on 18 January 2016.

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B10. 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 RM1.642 million and current year to-date of RM4.259 million divided by the number of ordinary shares in issue during the period of 80,000,000.

(b) Diluted

Not applicable.

B11. Profit Before Tax

	Current Quarter Ended 31.12.2015 RM'000	Current Year To-Date Ended 31.12.2015 RM'000
Profit before tax is stated after (charging)/crediting:		
Rental income	3	6
Interest income	474	681
Foreign exchange gain-realised	785	1,968
Foreign exchange (loss)/gain-unrealised	(823)	232
Reversal of allowance for impairment of trade receivables	206	219
Interest expenses	(30)	(48)
Depreciation and amortisation	(420)	(846)
Impairment loss on trade receivables	(60)	(120)

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

B12. 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 4 February 2016.

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C. DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

Total unappropriated profit as at 31 December 2015 and 30 June 2015 is analysed as follows:

	As at 31.12.2015 (Unaudited) RM'000	As at 30.06.2015 (Audited) RM'000
Total unappropriated profit of the Company and its subsidiaries		
- Realised	105,644	101,614
- Unrealised	(1,128)	(878)
	<u>104,516</u>	<u>100,736</u>
Consolidation adjustments	(25,643)	(26,122)
Total Group unappropriated profit as per consolidated accounts	<u><u>78,873</u></u>	<u><u>74,614</u></u>