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 2016. 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 2016.

Companies Act 2016

The Companies Act 2016 ("New Act") was enacted to replace the Companies Act 1965 with the objectives to create a legal and regulatory structure that will facilitate business, and promote accountability as well as protection of corporate directors and shareholders, taking into consideration the interest of other stakeholders. The New Act was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the date on which the New Act comes into operation, except Section 241 and Division 8 of Part III of the New Act, on 31 January 2017.

Amongst the key changes introduced in the New Act which affect the financial statements of the Group and the Company upon commencement of the New Act on 31 January 2017 includes:

(a) removal of the authorised share capital;
(b) shares of the Company will cease to have par or nominal value; and
(c) the Company's share premium account will become part of the Company's share capital.

During the period, the Company had transferred a total of RM2.857 million from its share premium account to the share capital pursuant to the New Act.

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 2016.

The following are accounting standards, Amendments and Interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but not yet effective and have not been adopted by the Group:

		Effective dates
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Clarifications to MFRS 15	Revenue from Contracts with Customers (the Amendments)	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2014 – 2016 Cycle".

The abovementioned standards, Amendments and Interpretations will be adopted when they become effective, if applicable to the Group and that the adoption of these standards, Amendments and Interpretations will have no material impact on the financial statements of the Group in the period of initial application except for the following:

(i) MFRS 9 Financial Instruments

The complete version of MFRS 9 replaces most of the guidance in MFRS 139. MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139.

For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentations is still required by is different to that currently prepared under MFRS 139.

This amendment is not expected to have any significant impact on the financial statements of the Group.

(ii) MFRS 15 Revenue from Contracts with Customers

MFRS 15 Revenue from Contracts with Customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The standard replaces MFRS 118 Revenue and MFRS 111 Construction contracts and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is assessing the impact of MFRS 15.

(iii) MFRS 16 Leases

MFRS 16 'Leases' supersedes MFRS 117 'Leases' and the related interpretations. Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases. The right-of-use asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in the income statement. For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently. MFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early application permitted provided MFRS 15 is also applied.

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 30 June 2016 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 year ended 30 June 2017 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.

A8. Dividend Paid

A first and final single-tier dividend of 3.5 sen per share, in respect of the financial year ended 30 June 2016 amounting to RM2,800,000 was paid on 17 January 2017.

A9. Operating Segments

Business Segments

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, other agrochemicals, mosquito coils, disinfectants and household insecticides. The Group's business segments are presented as follows:

	3 Months Ended		**12 Months Ended**	
	30.06.2017 RM'000	**30.06.2016 RM'000**	**30.06.2017 RM'000**	**30.06.2016 RM'000**
Agrochemicals	13,228	14,502	64,884	73,525
Household insecticides	218	78	1,132	78
Total	13,446	14,580	66,016	73,603

A9. Operating Segments – continued

Geographical Segments

In determining the geographical segments of the Group, segment revenue is based on the geographical location of customers and these are:

(i) Malaysia
(ii) Indonesia
(iii) Vietnam
(iv) Holland
(v) Japan
(vi) Others: these consist of segments which cover mainly Lebanon, Russia, Singapore, Taiwan and New Zealand but which individually fall below the 10% threshold of a reportable segment

	Malaysia RM'000	Indonesia RM'000	Vietnam RM'000	Holland RM'000	Japan RM'000	Others RM'000	Elimina-tions RM'000	Total RM'000
Current Quarter Ended 30.06.2017								
Segment revenue								
Sales to external customers	10,868	722	134	1	1,570	151	-	13,446
Inter-segment sales	90	-	-	-	-	-	(90)	-
Total	10,958	722	134	1	1,570	151	(90)	13,446
Profit before tax								942
Income tax expense								(898)
Profit for the period								44

	Malaysia RM'000	Indonesia RM'000	Vietnam RM'000	Holland RM'000	Japan RM'000	Others RM'000	Elimina-tions RM'000	Total RM'000
Current Year To-Date Ended 30.06.2017								
Segment revenue								
Sales to external customers	40,530	15,953	3,089	1,331	1,873	3,240	-	66,016
Inter-segment sales	2,424	-	-	-	-	-	(2,424)	-
Total	42,954	15,953	3,089	1,331	1,873	3,240	(2,424)	66,016
Profit before tax								8,062
Income tax expense								(2,336)
Profit for the year								5,726

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 2016.

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 29 August 2017 which had affected substantially the results of the Group for the financial quarter ended 30 June 2017.

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

B1. Performance Review

	3 Months Ended			12 Months Ended		
	30.06.2017 RM'000	**30.06.2016 RM'000**	**Variance %**	**30.06.2017 RM'000**	**30.06.2016 RM'000**	**Variance %**
Revenue	13,446	14,580	(7.8)	66,016	73,603	(10.3)
Profit before tax	942	2,295		8,062	11,312	
Income tax expense	(898)	(34)		(2,336)	(2,007)	
Profit for the period	44	2,261	(98.1)	5,726	9,305	(38.5)

For the current quarter under review, the Group registered revenue of RM13.446 million as compared to the preceding year corresponding quarter of RM14.580 million, a decrease of RM1.134 million or 7.8%. For the twelve months ended 30 June 2017, total revenue decreased from RM73.603 million to RM66.016 million, a decrease of RM7.587 million or 10.3%. This decrease is due to lower demand in both local and export segment for agrochemicals as compared to the preceding year corresponding quarter despite a contribution in revenue coming from the new segment of household insecticides.

Profit for the period had decreased by 98.1% to RM0.044 million in the current quarter under review as compared to the preceding year corresponding quarter of RM2.261 million. The decrease in the profit for the period was mainly contributed by the lower sales achieved for overseas segments coupled with higher operating expenses and provision of taxation.

For the twelve months ended 30 June 2017, profit for the period decreased from RM9.305 million to RM5.726 million, a decrease of RM3.579 million or 38.5%. The decrease in the profit for the period was due to the same reasons as above.

B2. Variation of Results Against Preceding Quarter

	3 Months Ended 30.06.2017 RM'000	3 Months Ended 31.03.2017 RM'000	Variance %
Revenue	13,446	16,363	(17.8)
Profit before tax	942	2,044	(53.9)

For the current quarter under review, the Group's profit before tax was RM0.942 million compared to the Group's profit before tax of RM2.044 million in the immediate preceding quarter. This 53.9% decrease in profit before tax in comparison with the immediate preceding quarter was due to lower sales achieved in the current quarter for agrochemicals.

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 30.06.2017 RM'000	Current Year To-Date Ended 30.06.2017 RM'000
Current tax:		
- Malaysian income tax	(898)	(2,336)

The effective tax rate of the Group for the current year to-date is higher than the statutory tax rate of 24% mainly due to certain expenses is not allowable for tax deduction.

B6. Corporate Proposals

There were no corporate proposals announced but not completed as at 29 August 2017.

B7. Borrowings

RM denominated borrowings	**As at 30.06.2017 RM'000**	**As at 30.06.2016 RM'000**
Short Term Borrowings		
Secured:		
Term Loan	665	421
Long Term Borrowings		
Secured:		
Term Loan	4,719	5,574

There are no borrowings denominated in foreign currency.

B8. Changes in Material Litigation

There were no material litigations involving the Group as at 29 August 2017.

B9. Dividend

The Board of Directors is recommending a first and final dividend single tier dividend of 3.5 sen per share in respect of the financial year ended 30 June 2017. The dividend payable amounting to RM2.8 million if approved by the shareholders of the company at the forthcoming Annual General Meeting of the company will be paid on a date to be announced.

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 owners of the Company for the current quarter of RM0.044 million and current year to-date of RM5.726 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 30.06.2017 RM'000	Current Year To-Date Ended 30.06.2017 RM'000
Profit before tax is stated after (charging)/crediting:		
Rental income	12	54
Interest income	182	934
Gain on disposal of property, plant and equipment	-	31
Foreign exchange (loss)/gain-realised	(148)	706
Foreign exchange (loss)/gain-unrealised	(22)	40
Reversal of allowance for impairment of trade receivables	11	102
Interest expenses	(66)	(330)
Depreciation and amortisation	(468)	(1,803)
Impairment loss on trade receivables	67	(113)

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 29 August 2017.

C. DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

Total unappropriated profit as at 30 June 2017 and 30 June 2016 are analysed as follows:

	As at 30.06.2017 (Unaudited) RM'000	As at 30.06.2016 (Audited) RM'000
Total unappropriated profit of the Company and its subsidiaries		
- Realised	101,430	96,597
- Unrealised	(976)	(1,394)
	100,454	95,203
Consolidation adjustments	(16,409)	(14,084)
Total Group unappropriated profit as per consolidated accounts	84,045	81,119