

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*, International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*, provision of the Companies Act 2016 in Malaysia 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 2019. 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 2019.

A2. Accounting Policies

(i) Changes in accounting policies

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous financial year, except in current financial period, the Group and the Company adopted all the new and revised standards which are effective for financial year beginning on or after 1 July 2019.

Effective for financial year beginning on or after 1 July 2019

MFRS 16	Leases
Amendments to MFRS 3	Business Combinations (Annual Improvements to 2015 – 2018 Cycle)
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 11	Joint Arrangements (Annual Improvements 2015 – 2018 Cycle)
Amendments to MFRS 112	Income Taxes (Annual Improvements 2015 – 2018 Cycle)
Amendments to MFRS 119	Employee Benefits - Plan Amendment, Curtailment or Settlement
Amendments to MFRS 123	Borrowing Costs (Annual Improvements 2015 – 2018 Cycle)
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments

The adoption of the abovementioned standard, Amendments and Interpretation do not have material impact on the financial statements of the Group and the Company.

A2. Accounting Policies – continued

(ii) Standards issued but not yet effective

As at the date of authorisation of these financial statements, the following new and revised standards have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group and the Company.

Effective for financial year beginning on or after 1 July 2020

Amendments to MFRS 3	Business Combinations (Definitions of a Business)
Amendments to MFRS 101	Presentation of Financial Statements (Definition of Material)
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform

Effective for financial year beginning on or after 1 July 2021

MFRS 17	Insurance Contracts
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Effective for financial year beginning on or after a date yet to be determined

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 30 June 2019 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 2019 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

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

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		3 Months Ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Agrochemicals	18,195	13,656	18,195	13,656
Household insecticides	-	576	-	576
Total	<u>18,195</u>	<u>14,232</u>	<u>18,195</u>	<u>14,232</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 2019.

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 20 November 2019 which had affected substantially the results of the Group for the financial quarter ended 30 September 2019.

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

B1. Performance Review

	3 Months Ended			3 Months Ended		
	30.09.2019	30.09.2018	Variance	30.09.2019	30.09.2018	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	18,195	14,232	27.8	18,195	14,232	27.8
Profit before tax	1,425	1,000		1,425	1,000	
Income tax expense	(290)	(234)		(290)	(234)	
Profit for the period	1,135	766	48.2	1,135	766	48.2

For the current quarter under review, the Group registered revenue of RM18.195 million as compared to the preceding year corresponding quarter of RM14.232 million, an increase of RM3.963 million or 27.8%. This increase is due to higher demand in the export segment as compared to the preceding year corresponding quarter.

Profit for the period had increased by 48.2% to RM1.135 million in the current quarter under review as compared to the preceding year corresponding quarter of RM0.766 million. The increase in the profit for the period was contributed by the discontinued operation of a subsidiary company. Arising from this, the share of loss for the investment in associates of the subsidiary company is no longer applicable.

B2. Variation of Results Against Preceding Quarter

	3 Months Ended		Variance
	30.09.2019	30.06.2019	
	RM'000	RM'000	%
Revenue	18,195	11,610	56.7
Profit before tax	1,425	1,641	(13.2)

For the current quarter under review, the Group's profit before tax was RM1.425 million as compared to the Group's profit before tax of RM1.641 million in the immediate preceding quarter. This 13.2% decrease in profit before tax in comparison with the immediate preceding quarter was mainly due to lower margins generated.

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 30.09.2019 RM'000	Current Year To-Date Ended 30.09.2019 RM'000
Current tax:		
- Malaysian income tax	(290)	(290)

The effective tax rate of the Group for the current year to-date is slightly lower than the statutory tax rate of 24% due to sufficient capital allowances, industrial building allowances and reinvestment allowances allowable for offset.

B6. Corporate Proposals

There were no corporate proposals announced but not completed as at 20 November 2019.

B7. Borrowings

	As at 30.09.2019 RM'000	As at 30.06.2019 RM'000
RM denominated borrowings		
Short Term Borrowings		
Secured:		
Term Loan	<u>620</u>	<u>711</u>
Long Term Borrowings		
Secured:		
Term Loan	<u><u>3,230</u></u>	<u><u>3,314</u></u>

There are no borrowings denominated in foreign currency.

B8. Changes in Material Litigation

There were no material litigations involving the Group as at 20 November 2019.

B9. Dividend

The Board of Directors has recommended a first and final dividend single tier dividend of 3.5 sen per share in respect of the financial year ended 30 June 2019.

The dividend payable amounting to RM2.8 million has been approved by the shareholders of the Company at the Annual General Meeting of the Company and will be paid on 15 January 2020.

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 and current year to-date profit of RM1.135 million divided by the number of ordinary shares in issue during the period of 80,000,000.

(b) Diluted

The Group has no dilution in its earnings per ordinary share in the current and the preceding financial period as there are no dilutive potential ordinary shares.

B11. Profit Before Tax

	Current Quarter Ended 30.09.2019 RM'000	Current Year To-Date Ended 30.09.2019 RM'000
Profit before tax is stated after (charging)/crediting:		
Rental income	37	37
Interest income	155	155
Gain on disposal of property, plant and equipment	50	50
Foreign exchange loss – realised	(5)	(5)
Foreign exchange gain - unrealised	11	11
Reversal of allowance for impairment of trade receivables	6	6
Interest expenses	(61)	(61)
Depreciation and amortisation	(425)	(425)
Impairment loss on trade receivables	(60)	(60)

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 20 November 2019.