

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 year, 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 – 2017 Cycle)
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 11	Joint Arrangements (Annual Improvements 2015 – 2017 Cycle)
Amendments to MFRS 112	Income Taxes (Annual Improvements 2015 – 2017 Cycle)
Amendments to MFRS 119	Employee Benefits - Plan Amendment, Curtailment or Settlement
Amendments to MFRS 123	Borrowing Costs (Annual Improvements 2015 – 2017 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 1 July 2022

Amendments to MFRS 101	Presentation of Financial Statements (Classification of Liabilities as Current or Non-Current)
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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

A first and final single-tier dividend of 3.5 sen per share, in respect of the financial year ended 30 June 2019 amounting to RM2.8 million was paid on 15 January 2020.

A9. Operating Segments – continued

	Malaysia RM'000	Russia RM'000	Indonesia RM'000	Japan RM'000	Others RM'000	Elimina- tions RM'000	Total RM'000
Current Year To-Date Ended 30.06.2020							
Segment revenue:							
Sales to external customers	32,622	9,034	14,579	5,353	4,934	-	66,522
Inter-segment sales	1,178	-	-	-	-	(1,178)	-
Total	<u>33,800</u>	<u>9,034</u>	<u>14,579</u>	<u>5,353</u>	<u>4,934</u>	<u>(1,178)</u>	<u>66,522</u>
Profit before tax							4,769
Income tax expense							<u>(1,648)</u>
Profit for the year							<u>3,121</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, except for a wholly-owned subsidiary being classified as held-for-sale.

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 26 August 2020 which had affected substantially the results of the Group for the financial quarter ended 30 June 2020.

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		
	30.06.2020 RM'000	30.06.2019 RM'000	Variance %	30.06.2020 RM'000	30.06.2019 RM'000	Variance %
Continuing operations						
Revenue	14,353	11,610	23.63	66,522	64,141	3.71
Profit before tax	1,256	1,641		4,769	4,198	
Income tax expense	(848)	(652)		(1,648)	(1,059)	
Profit from continuing operations	408	989		3,121	3,139	
Discontinued operations						
Loss from discontinued operations	(2,015)	(1,107)		(2,015)	(2,562)	
(Loss)/profit for the period	(1,607)	(118)	1261.86	1,106	577	91.68

For the current quarter under review, the Group registered revenue of RM14.353 million as compared to the preceding year corresponding quarter of RM11.610 million, an increase of RM2.743 million or 23.63%. This increase is due to higher demand in both local and export segment as compared to the preceding year corresponding quarter.

Loss for the period had increased by 1261.86% to RM1.607 million in the current quarter under review as compared to the preceding year corresponding quarter loss of RM0.118 million. The increase in the loss for the period was mainly contributed by the higher loss from discontinued operations as well as higher administrative expenses and higher operating expenses from continuing operations.

B2. Variation of Results Against Preceding Quarter

	3 Months Ended		Variance %
	30.06.2020 RM'000	31.03.2020 RM'000	
Continuing operations			
Revenue	14,353	16,207	(11.44)
Profit before tax	1,256	1,197	4.93

For the current quarter under review, the Group's profit before tax was RM1.256 million as compared to the Group's profit before tax of RM1.197 million in the immediate preceding quarter. This 4.93% increase in profit before tax in comparison with the immediate preceding quarter was mainly due to higher sales 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 30.06.2020 RM'000	Current Year To-Date Ended 30.06.2020 RM'000
	Continuing operations	
Current tax:		
- Malaysian income tax	(848)	(1,648)

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 26 August 2020.

B7. Borrowings

	As at 30.06.2020 RM'000	As at 30.06.2019 RM'000
RM denominated borrowings		
Short Term Borrowings		
Secured:		
Term Loan	421	711
Long Term Borrowings		
Secured:		
Term Loan	2,997	3,314

There are no borrowings denominated in foreign currency.

B8. Changes in Material Litigation

There were no material litigations involving the Group as at 26 August 2020.

B9. Dividend

The Board of Directors is recommending a first and final single tier dividend of 3.5 sen per share in respect of the financial year ended 30 June 2020. 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 profit of RM0.408 million and current year to-date profit of RM3.121 million divided by the number of ordinary shares in issue during the period of 80,000,000.

B10. Earnings Per Share – continued

(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 30.06.2020 RM'000	Current Year To-Date Ended 30.06.2020 RM'000
Profit before tax is stated after (charging)/crediting:		
Gain on disposal of property, plant and equipment	-	80
Interest income	115	597
Rental income	94	205
Depreciation and amortisation	423	(1,686)
Foreign exchange gain/(loss)		
- realised	252	252
- unrealised	(244)	(105)
Impairment loss on trade receivables	63	(117)
Interest expenses	(43)	(209)
Inventories written off	(993)	(993)
Lease expense not capitalised in lease liabilities		
- short term leases	(8)	(8)
Reversal of allowance for impairment of trade receivables	(13)	-
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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 26 August 2020.