

**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 2020. 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 2020.

**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 2020.

Effective for financial year beginning on or after 1 July 2020

Amendments to MFRS 3	Business Combinations (Definitions of a Business)
Amendments to MFRS 16	Leases (Covid-19: Related Rent Concessions)
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

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 2021

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to MFRS 16	Leases (Covid-19: Related Rent Concessions beyond 30 June 2021)

Effective for financial year beginning on or after 1 July 2022

Amendments to MFRS 3	Business Combinations (Reference to the Conceptual Framework)
Amendments to MFRS 116	Property, Plant and Equipment (Proceeds before Intended Use)
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts - Cost of Fulfilling a Contract)

Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRS Standards 2018 - 2020”

Effective for financial year beginning on or after 1 July 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 101	Presentation of Financial Statements (Classification of Liabilities as Current or Non-Current)
Amendments to MFRS 101	Presentation of Financial Statements (Disclosure of Accounting Policies)
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)
Amendments to MFRS 112	Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

**A2. Accounting Policies – continued**

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 2020 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 2020 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:

	<b>3 Months Ended</b>		<b>12 Months Ended</b>	
	<b>30.06.2021</b>	<b>30.06.2020</b>	<b>30.06.2021</b>	<b>30.06.2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Agrochemicals	13,287	14,353	56,988	66,522
Total	13,287	14,353	56,988	66,522

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) Russia
- (iv) Others: these consist of segments which cover China, Holland, Lebanon, Pakistan, Vietnam, Singapore, Taiwan, Japan and New Zealand individually fall below the 10% threshold of a reportable segment

Although the geographical segment of Japan does not meet the quantitative thresholds required by MFRS 8 for reportable segments, management has concluded that those segments should be reported, as they are closely monitored by the management as important segments.

**A9. Operating Segments - continued**

	Malaysia RM'000	Indonesia RM'000	Russia RM'000	Others RM'000	Elimina- tions RM'000	Total RM'000
<b>Current Quarter Ended 30.06.2021</b>						
Segment revenue:						
Sales to external customers	11,288	802	25	1,172	-	13,287
Inter-segment sales	6,106	-	-	-	(6,106)	-
Total	17,394	802	25	1,172	(6,106)	13,287
Profit before tax						2,273
Income tax expense						(618)
Profit for the period						1,655

	Malaysia RM'000	Indonesia RM'000	Russia RM'000	Others RM'000	Elimina- tions RM'000	Total RM'000
<b>Current Year To-Date Ended 30.06.2021</b>						
Segment revenue:						
Sales to external customers	42,838	5,212	3,031	5,907	-	56,988
Inter-segment sales	6,823	-	-	-	(6,823)	-
Total	49,661	5,212	3,031	5,907	(6,823)	56,988
Profit before tax						7,969
Income tax expense						(1,888)
Profit for the year						6,081

**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 2020.

**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 25 August 2021 which had affected substantially the results of the Group for the financial quarter ended 30 June 2021.

**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		
	30.06.2021	30.06.2020	Variance	30.06.2021	30.06.2020	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Continuing operations</b>						
Revenue	13,287	14,353	(7.4)	56,988	66,522	(14.3)
Profit before tax	2,273	1,256		7,969	4,769	
Income tax expense	(618)	(848)		(1,888)	(1,648)	
Profit from continuing operations	1,655	408	305.6	6,081	3,121	94.8
<b>Discontinued operations</b>						
Loss from discontinued operations	(4,261)	(2,015)		(4,261)	(2,015)	
<b>(Loss)/profit for the period</b>	<b>(2,606)</b>	<b>(1,607)</b>	<b>62.2</b>	<b>1,820</b>	<b>1,106</b>	<b>64.6</b>

For the current quarter under review, the Group registered revenue of RM13.287 million as compared to the preceding year corresponding quarter of RM14.353 million, a decrease of RM1.066 million or 7.4%. This decrease is due to lower demand in the export segment as compared to the preceding year corresponding quarter.

Profit from continuing operations had increased by 305.6% to RM1.655 million in the current quarter under review as compared to the preceding year corresponding quarter of RM0.408 million. The increase in the profit from continuing operations was contributed by higher profit margins generated by local sales.

Loss for the period had increased by 62.2% to RM2.606 million in the current quarter under review as compared to the preceding year corresponding quarter of RM1.607 million. The increase in the loss for the period was mainly contributed by the higher loss from discontinued operations.

**B2. Variation of Results Against Preceding Quarter**

	3 Months Ended		Variance %
	30.06.2021 RM'000	31.03.2021 RM'000	
<b>Continuing operations</b>			
Revenue	13,287	16,118	(17.6)
Profit before tax	2,273	1,664	36.6

For the current quarter under review, the Group's profit before tax was RM2.273 million as compared to the Group's profit before tax of RM1.664 million in the immediate preceding quarter. This 36.6% increase in profit before tax in comparison with the immediate preceding quarter was mainly due to higher profit margins generated by local sales.

**B3. Prospects**

On 11 March 2020, the World Health Organisation assessed the COVID-19 outbreak as a pandemic due to rapid escalation of COVID-19 cases across the globe. The COVID-19 pandemic also resulted in travel restriction and other precautionary measures implemented by the Government of Malaysia.

The Group has taken initiative and steps to mitigate the exposure and disruptions in the business operations. Despite demand from customers remain consistent and sustainable, the extension of Movement Control Order coupled with continuous lockdown from other countries in regards to the COVID-19, have been affecting the Group's business activities and its financial performance. Nevertheless, the Directors will closely monitor the current development of COVID-19 pandemic and at the present the business activities of the Group are in normal and stable operation.

**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**

	<b>Current Quarter Ended 30.06.2021 RM'000</b>	<b>Current Year To-Date Ended 30.06.2021 RM'000</b>
<b>Continuing operations</b>		
Current tax:		
- Malaysian income tax	<u>(618)</u>	<u>(1,888)</u>

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 25 August 2021.

**B7. Borrowings**

	<b>As at 30.06.2021 RM'000</b>	<b>As at 30.06.2020 RM'000</b>
<b>RM denominated borrowings</b>		
Short Term Borrowings		
Secured:		
Term Loan	<u>321</u>	<u>421</u>
Long Term Borrowings		
Secured:		
Term Loan	<u>2,675</u>	<u>2,998</u>

There are no borrowings denominated in foreign currency.

**B8. Changes in Material Litigation**

There were no material litigations involving the Group as at 25 August 2021.

**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 2021. 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/loss for the period attributable to owners of the Company for the current quarter loss of RM2.606 million and current year to-date profit of RM1.820 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**

	<b>Current Quarter Ended 30.06.2021 RM'000</b>	<b>Current Year To-Date Ended 30.06.2021 RM'000</b>
Profit before tax is stated after (charging)/crediting:		
Dividend income	-	71
Gain on disposal of investment properties	(36)	275
Gain on disposal of property, plant and equipment	35	61
Impairment loss on trade receivables	525	345
Interest income	106	402
Rental income	2	72
Depreciation and amortisation	(375)	(1,539)
Foreign exchange loss - unrealised	(359)	(139)
Interest expenses	(33)	(140)
Inventories written off	(593)	(593)
Lease expenses not capitalised in lease liabilities		
- short term leases	(15)	(15)
Property, plant and equipment written off	-	(2)
Reversal of allowance for impairment of trade receivables	(41)	-
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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 25 August 2021.