

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 2021. 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 2021.

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 2021.

Effective for financial year beginning on or after 1 July 2021

Amendments to MFRS 9, Interest Rate Benchmark Reform – Phase 2
MFRS 139, MFRS 7,
MFRS 4 and MFRS 16

Amendments to MFRS 16 Leases (Covid-19: Related Rent Concessions
beyond 30 June 2021)

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 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

Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 - Comparative Information)
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)

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 2021 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 2021 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

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 2021.

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 held on 17 November 2021 and paid on 20 January 2022.

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		6 Months Ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Agrochemicals	30,582	15,976	43,823	27,583
Total	30,582	15,976	43,823	27,583

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) Others: these consist of segments which cover Australia, China, Russia, Singapore, Vietnam individually fall below the 10% threshold of a reportable segment

	Malaysia RM'000	Indonesia RM'000	Others RM'000	Elimina- tions RM'000	Total RM'000
Current Quarter Ended 31.12.2021					
Segment revenue:					
Sales to external customers	18,096	6,185	6,301	-	30,582
Inter-segment sales	1	-	-	(1)	-
Total	18,097	6,185	6,301	(1)	30,582
Profit before tax					6,899
Income tax expense					(1,411)
Profit for the period					5,488

A9. Operating Segments – continued

	Malaysia RM'000	Indonesia RM'000	Others RM'000	Elimina- tions RM'000	Total RM'000
Current Year To-Date Ended 31.12.2021					
Segment revenue:					
Sales to external customers	30,649	6,185	6,989	-	43,823
Inter-segment sales	1	-	-	(1)	-
Total	<u>30,650</u>	<u>6,185</u>	<u>6,989</u>	<u>(1)</u>	<u>43,823</u>
Profit before tax					13,068
Income tax expense					<u>(1,856)</u>
Profit for the year					<u>11,212</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 2021.

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 23 February 2022 which had affected substantially the results of the Group for the financial quarter ended 31 December 2021.

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		
	31.12.2021	31.12.2020	Variance	31.12.2021	31.12.2020	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	30,582	15,976	91.4	43,823	27,583	58.9
Profit before tax	6,899	2,554		13,068	4,032	
Income tax expense	(1,411)	(595)		(1,856)	(925)	
Profit for the period	5,488	1,959	180.1	11,212	3,107	260.9

For the current quarter under review, the Group registered revenue of RM30.582 million as compared to the preceding year corresponding quarter of RM15.976 million, an increase of RM14.606 million or 91.4%. This increase was due to higher demand in the local segment as compared to the preceding year corresponding quarter.

Profit for the period had increased by 180.1% to RM5.488 million in the current quarter under review as compared to the preceding year corresponding quarter of RM1.959 million. The increase in the profit for the period was contributed by a gain on disposal of property and the higher revenue generated this quarter.

B2. Variation of Results Against Preceding Quarter

	3 Months Ended		Variance %
	31.12.2021 RM'000	30.09.2021 RM'000	
Revenue	30,582	13,241	131.0
Profit before tax	6,899	6,169	11.8

For the current quarter under review, the Group's profit before tax was RM6.899 million as compared to the Group's profit before tax of RM6.169 million in the immediate preceding quarter. This 11.8% increase in profit before tax in comparison with the immediate preceding quarter was mainly due to the higher revenue generated this quarter.

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 31.12.2021 RM'000	Current Year To-Date Ended 31.12.2021 RM'000
Current tax:		
- Malaysian income tax	(1,411)	(1,856)

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 23 February 2022.

B7. Borrowings

	As at 31.12.2021 RM'000	As at 30.06.2021 RM'000
RM denominated borrowings		
Short Term Borrowings		
Secured:		
Term Loan	312	321
Long Term Borrowings		
Secured:		
Term Loan	2,528	2,675

There are no borrowings denominated in foreign currency.

B8. Changes in Material Litigation

There were no material litigations involving the Group as at 23 February 2022.

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 2021.

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 20 January 2022.

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 RM5.488 million and current year to-date profit of RM11.212 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 31.12.2021 RM'000	Current Year To-Date Ended 31.12.2021 RM'000
Profit before tax is stated after (charging)/crediting:		
Dividend income	-	71
Gain on disposal of property, plant and equipment	7	4,526
Interest income	121	244
Rental income	91	128
Reversal of allowance for impairment of trade receivables	3	18
Depreciation and amortisation	(378)	(750)
Foreign exchange loss - unrealised	(41)	(53)
Impairment loss on trade receivables	(60)	(120)
Interest expenses	(32)	(66)

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 23 February 2022.