

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 2022. 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 2022.

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 2022.

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”

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 2023

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 1 July 2024

Amendments to MFRS 16	Leases (Lease Liability in a Sale and Leaseback)
Amendments to MFRS 101	Presentation of Financial Statements (Non-current Liabilities with Covenants)

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 2022 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 2022 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		6 Months Ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Agrochemicals	9,772	30,582	22,555	43,823
Total	9,772	30,582	22,555	43,823

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) Others: these consist of segments which cover China, Cambodia, Indonesia, Singapore, Taiwan and Vietnam individually fall below the 10% threshold of a reportable segment

	Malaysia	Others	Elimina-	Total
	RM'000	RM'000	tions	RM'000
			RM'000	RM'000
Current Quarter Ended 31.12.2022				
Segment revenue:				
Sales to external customers	8,251	1,521	-	9,772
Total	8,251	1,521	-	9,772
Loss before tax				(659)
Income tax expense				70
Loss for the period				(589)

A9. Operating Segments – continued

	Malaysia RM'000	Others RM'000	Elimina- tions RM'000	Total RM'000
Current Year To-Date Ended 31.12.2022				
Segment revenue:				
Sales to external customers	20,086	2,469	-	22,555
Total	<u>20,086</u>	<u>2,469</u>	<u>-</u>	<u>22,555</u>
Profit before tax				1,282
Income tax expense				<u>(320)</u>
Profit for the year				<u><u>962</u></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 2022.

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 22 February 2023 which had affected substantially the results of the Group for the financial quarter ended 31 December 2022.

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		
	31.12.2022	31.12.2021	Variance	31.12.2022	31.12.2021	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Continuing operations						
Revenue	9,772	30,582	(68.0)	22,555	43,823	(48.5)
(Loss)/profit before tax	(537)	6,899		1,340	13,068	
Income tax expense	70	(1,411)		(320)	(1,856)	
(Loss)/profit from continuing operations	(467)	5,488	(108.5)	1,020	11,212	(90.9)
Discontinued operations						
Loss from discontinued operations	(122)	-		(58)	-	
(Loss)/profit for the period	(589)	5,488	(110.7)	962	11,212	(91.4)

For the current quarter under review, the Group registered revenue of RM9.772 million as compared to the preceding year corresponding quarter of RM30.582 million, a decrease of RM20.810 million or 68.0%. This decrease was due to lower demand in both the local and export segment as compared to the preceding year corresponding quarter.

For the current quarter under review, the Group's loss for the period was RM0.589 million as compared to the Group's profit for the period of RM5.488 million in the preceding year corresponding quarter, a decrease of RM6.077 million or 110.7%. This decrease was due to lower revenue generated and lower gross profit margin in the current quarter as compared to the preceding year corresponding quarter.

B2. Variation of Results Against Preceding Quarter

	3 Months Ended		Variance %
	31.12.2022 RM'000	30.09.2022 RM'000	
Continuing operations			
Revenue	9,772	12,783	(23.6)
(Loss)/profit before tax	(537)	1,877	(128.6)

For the current quarter under review, the Group's loss before tax was RM0.537 million as compared to the Group's profit before tax of RM1.877 million in the immediate preceding quarter. This 128.6% decrease was mainly due to lower revenue generated and lower gross profit margin in the current quarter coupled with a decrease in realised foreign exchange gain and an increase in unrealised foreign exchange losses in the current 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 31.12.2022 RM'000	Current Year To-Date Ended 31.12.2022 RM'000
Current tax:		
- Malaysian income tax	70	(320)

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 22 February 2023.

B7. Borrowings

	As at 31.12.2022 RM'000	As at 30.06.2022 RM'000
RM denominated borrowings		
Short Term Borrowings		
Secured:		
Term Loan	312	321
Long Term Borrowings		
Secured:		
Term Loan	2,217	2,363

There are no borrowings denominated in foreign currency.

B8. Changes in Material Litigation

There were no material litigations involving the Group as at 22 February 2023.

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 2022.

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 16 January 2023.

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's unaudited (loss)/profit for the period attributable to owners of the Company for the current quarter loss of RM0.589 million and current year to-date profit of RM0.962 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. (Loss)/Profit Before Tax

	Current Quarter Ended 31.12.2022 RM'000	Current Year To-Date Ended 31.12.2022 RM'000
(Loss)/profit before tax is stated after (charging)/crediting:		
Dividend income	-	110
Gain on disposal of property, plant and equipment	20	54
Foreign exchange gain – realised	(50)	293
Interest income	157	262
Rental income	80	126
Depreciation and amortisation	(373)	(753)
Foreign exchange loss – unrealised	(304)	(133)
Impairment loss on trade receivables	(60)	(120)
Interest expenses	(35)	(65)

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 22 February 2023.