

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 2023. 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 2023.

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 2023.

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)
Amendments to MFRS 112	Income Taxes (International Tax Reform – Pillar Two Model Rules, Paragraphs 88B to 88D)

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 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)
Amendments to MFRS 107 and MFRS 7	Statement of Cash Flows and Financial Instruments: Disclosures (Supplier Finance Arrangements)

Effective for financial year beginning on or after 1 July 2025

Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability)
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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 2023 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 2023 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	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Agrochemicals	14,408	12,783	14,408	12,783
Total	14,408	12,783	14,408	12,783

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 Cambodia, Indonesia, and Vietnam individually fall below the 10% threshold of a reportable segment

	Malaysia RM'000	Others RM'000	Elimina- tions RM'000	Total RM'000
Current Quarter Ended 30.09.2023				
Segment revenue:				
Sales to external customers	12,422	1,986	-	14,408
Total	12,422	1,986	-	14,408
Profit before tax				2,722
Income tax expense				(646)
Profit for the period				2,076

A9. Operating Segments – continued

	Malaysia RM'000	Others RM'000	Elimina- tions RM'000	Total RM'000
Current Year To-Date Ended 30.09.2023				
Segment revenue:				
Sales to external customers	12,422	1,986	-	14,408
Total	<u>12,422</u>	<u>1,986</u>	<u>-</u>	<u>14,408</u>
Profit before tax				2,722
Income tax expense				<u>(646)</u>
Profit for the year				<u>2,076</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 2023.

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 November 2023 which had affected substantially the results of the Group for the financial quarter ended 30 September 2023.

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		
	30.09.2023	30.09.2022	Variance	30.09.2023	30.09.2022	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Continuing operations						
Revenue	14,408	12,783	12.7	14,408	12,783	12.7
Profit before tax	2,744	1,877		2,744	1,877	
Income tax expense	(646)	(390)		(646)	(390)	
Profit from continuing operations	2,098	1,487	41.1	2,098	1,487	41.1
Discontinued operations						
(Loss)/Profit from discontinued operations	(22)	64		(22)	64	
Profit for the period	2,076	1,551	33.8	2,076	1,551	33.8

For the current quarter under review, the Group registered revenue of RM14.408 million as compared to the preceding year corresponding quarter of RM12.783 million, an increase of RM1.625 million or 12.7%. This increase was due to higher demand in the local and export segment as compared to the preceding year corresponding quarter.

For the current quarter under review, the Group's profit for the period was RM2.076 million as compared to the Group's profit for the period of RM1.551 million in the preceding year corresponding quarter, an increase of RM0.525 million or 33.8%. The increase in the profit for the period was contributed by higher revenue and higher profit margin generated this quarter.

B2. Variation of Results Against Preceding Quarter

	3 Months Ended		Variance
	30.09.2023	30.06.2023	
	RM'000	RM'000	%
Continuing operations			
Revenue	14,408	11,477	25.5
Profit before tax	2,744	1,383	98.4

For the current quarter under review, the Group's profit before tax was RM2.744 million as compared to the Group's profit before tax of RM1.383 million in the immediate preceding quarter. This 98.4% increase was mainly due to higher gross profit margin generated as compared to the preceding 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 30.09.2023 RM'000	Current Year To-Date Ended 30.09.2023 RM'000
Current tax:		
- Malaysian income tax	(646)	(646)

The effective tax rate of the Group for the current year to-date is higher than the statutory tax rate of 24% principally due to certain expenses that were not deductible for tax purposes.

B6. Corporate Proposals

There were no corporate proposals announced but not completed as at 22 November 2023.

B7. Borrowings

	As at 30.09.2023 RM'000	As at 30.06.2023 RM'000
RM denominated borrowings		
Short Term Borrowings		
Secured:		
Term Loan	<u>312</u>	<u>321</u>
Long Term Borrowings		
Secured:		
Term Loan	<u>1,983</u>	<u>2,052</u>

There are no borrowings denominated in foreign currency.

B8. Changes in Material Litigation

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

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 2024.

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 profit for the period attributable to owners of the Company for the current quarter profit and current year to-date profit of RM2.076 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 30.09.2023 RM'000	Current Year To-Date Ended 30.09.2023 RM'000
Profit before tax is stated after (charging)/crediting:		
Dividend income	110	110
Foreign exchange gain – realised	70	70
Foreign exchange gain – unrealised	147	147
Gain on disposal of property, plant and equipment	32	32
Interest income	308	308
Rental income	80	80
Reversal of allowance for impairment of trade receivables	3.9	3.9
Depreciation and amortisation	(351)	(351)
Impairment loss on trade receivables	(60)	(60)
Interest expenses	(37)	(37)

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 November 2023.