

IMASPRO CORPORATION BERHAD (Company No. 657527-H)

Quarterly Report on Consolidated Results for the Six-Month period ended 31 December 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2013 RM '000	Preceding Year Corresponding Quarter 31.12.2012 RM '000	Current Year To Date 31.12.2013 RM '000	Preceding Year Corresponding Period 31.12.2012 RM '000
Revenue	27,970	20,775	49,624	40,206
Cost of sales	(23,211)	(17,329)	(41,019)	(33,499)
Gross profit	4,759	3,446	8,605	6,707
Other income	610	176	1,204	338
Administrative expenses	(1,751)	(1,485)	(3,183)	(3,164)
Selling and distribution expenses	7	(10)	(16)	(49)
Other expenses	(225)	(238)	(449)	(478)
Finance costs	(8)	(7)	(22)	(17)
Profit before tax	3,392	1,882	6,139	3,337
Income tax expense	(749)	(407)	(1,384)	(732)
Profit for the period	2,643	1,475	4,755	2,605
Other comprehensive loss				
Foreign currency translation	(434)	(4)	(119)	(110)
Total comprehensive income for the period	2,209	1,471	4,636	2,495
Profit for the period attributable to:				
Owners of the parent	2,643	1,475	4,755	2,605
Total comprehensive income for the period attributable to:				
Owners of the parent	2,209	1,471	4,636	2,495
Earnings per ordinary share (sen)				
- Basic	3.30	1.84	5.94	3.26
- Diluted	NA	NA	NA	NA

Note:

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

NA denotes "Not Applicable"

IMASPRO CORPORATION BERHAD (Company No. 657527-H)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At 31 December 2013 RM '000	Audited As At 30 June 2013 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	18,781	19,162
Investment properties	143	144
	<u>18,924</u>	<u>19,306</u>
Current assets		
Inventories	29,562	28,650
Trade and other receivables	28,174	35,078
Cash and bank balances	40,026	27,112
Tax recoverable	1,270	1,512
	<u>99,032</u>	<u>92,352</u>
TOTAL ASSETS	<u><u>117,956</u></u>	<u><u>111,658</u></u>
EQUITY AND LIABILITIES		
Share capital	40,000	40,000
Reserves	68,681	64,045
Total equity - profit attributable to owners of the parent	<u>108,681</u>	<u>104,045</u>
Non-current liability		
Deferred taxation	1,294	1,294
Current liabilities		
Trade and other payables	7,766	6,249
Tax payable	215	70
	<u>7,981</u>	<u>6,319</u>
TOTAL LIABILITIES	<u>9,275</u>	<u>7,613</u>
TOTAL EQUITY AND LIABILITIES	<u><u>117,956</u></u>	<u><u>111,658</u></u>
	-	
Net assets per share (RM)	<u>1.36</u>	<u>1.30</u>

Note:

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to Owners of the Parent →				Total equity RM '000
	Share capital RM '000	Non-Distributable		Distributable	
		Share premium RM '000	Foreign currency translation reserve RM '000	Unappropriated profit RM '000	
<u>6 months ended 31 December 2012</u>					
Balance as at 1 July 2012 (Audited)	40,000	2,857	(198)	56,365	99,024
Profit for the period	-	-	-	2,605	2,605
Other comprehensive loss	-	-	(110)	-	(110)
Total comprehensive (loss)/income	-	-	(110)	2,605	2,495
Balance as at 31 December 2012	<u>40,000</u>	<u>2,857</u>	<u>(308)</u>	<u>58,970</u>	<u>101,519</u>
<u>6 months ended 31 December 2013</u>					
Balance as at 1 July 2013 (Audited)	40,000	2,857	120	61,068	104,045
Profit for the period	-	-	-	4,755	4,755
Other comprehensive loss	-	-	(119)	-	(119)
Total comprehensive (loss)/income	-	-	(119)	4,755	4,636
Balance as at 31 December 2013	<u>40,000</u>	<u>2,857</u>	<u>1</u>	<u>65,823</u>	<u>108,681</u>

Note:

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 Months Ended 31.12.2013 RM'000	6 Months Ended 31.12.2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	6,139	3,337
Adjustments for:-		
Interest expenses	22	17
Interest income	(335)	(401)
Non-cash items	861	1,088
Operating profit before working capital changes	<u>6,687</u>	<u>4,041</u>
Changes in working capital		
Net change in current assets	6,269	(2,998)
Net change in current liabilities	1,490	1,396
Cash generated from operations	<u>14,446</u>	<u>2,439</u>
Taxes paid	(1,256)	(1,043)
Taxes refunded	257	-
Interest paid	(22)	(17)
Interest received	335	401
Net cash generated from operating activities	<u>13,760</u>	<u>1,780</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of property, plant and equipment	(449)	(690)
Net cash used in investing activity	<u>(449)</u>	<u>(690)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Net repayment of bills payables	-	(1,310)
Net cash used in financing activity	<u>-</u>	<u>(1,310)</u>
Net changes in cash and cash equivalents	13,311	(220)
Effect of foreign exchange rate changes	(397)	(27)
Cash and cash equivalents at beginning of financial period	<u>27,112</u>	<u>35,609</u>
Cash and cash equivalents at end of the financial period	<u>40,026</u>	<u>35,362</u>
Cash and cash equivalent at the end of the financial period comprise the following:		
Short term deposits with licensed banks	2	1,011
Cash on hand and at banks	<u>11,951</u>	<u>2,647</u>
	11,953	3,658
Short term cash investments	<u>28,073</u>	<u>31,704</u>
Cash and bank balances	<u>40,026</u>	<u>35,362</u>
	-	-

Note:

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

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Quarterly Report for the Second Quarter and Six-Month period ended 31 December 2013

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* 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 2013. 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 2013.

A2. Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in the preparation of the consolidated interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2013 except for the adoption of the following MFRSs, Amendments to MFRSs and Interpretations:

		<u>Effective dates</u>
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits (revised)	1 January 2013
MFRS 127	Separate Financial Statements (revised)	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures (revised)	1 January 2013
Amendments to MFRS 1	First-time Adoption of MFRSs – Government Loans	1 January 2013
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to MFRS 11	Joint Arrangements: Transition Guidance	1 January 2013
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Annual Improvements to IC	Interpretations and MFRSs 2009 – 2011 Cycle	

A2. Changes in Accounting Policies - continued

The adoption of the above MFRSs, Amendments to MFRSs and Interpretations did not have any financial impact on the Group.

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 30 June 2013 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 2013 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.

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A9. Operating Segments - continued

	Malaysia RM'000	Belgium RM'000	Bulgaria RM'000	Indonesia RM'000	Australia RM'000	Others RM'00	Elimi- nations RM'000	Total RM'000
Current Year To-Date Ended 31.12.2013								
Segment revenue								
Sales to external customers	25,764	6,128	5,121	4,604	4,007	4,000	-	49,624
Inter-segment sales	1,177	-	-	-	-	-	(1,177)	-
Total	<u>26,941</u>	<u>6,128</u>	<u>5,121</u>	<u>4,604</u>	<u>4,007</u>	<u>4,000</u>	<u>(1,177)</u>	<u>49,624</u>
Profit before tax								6,139
Income tax expense								(1,384)
Profit for the year								<u>4,755</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 2013.

A13. Capital Commitments

There was no capital commitments entered into and not provided for by the Group during the current quarter under review.

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Quarterly Report for the Second Quarter and Six-Month period ended 31 December 2013

A14. Material Subsequent Events

In the opinion of the Directors, no material events have arisen between the end of the reporting period and 28 January 2014 which had affected substantially the results of the Group for the financial quarter ended 31 December 2013.

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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		
	31.12.2013 RM'000	31.12.2012 RM'000	Variance %	31.12.2013 RM'000	31.12.2012 RM'000	Variance %
Revenue	27,970	20,775	34.6	49,624	40,206	23.4
Profit before tax	3,392	1,882		6,139	3,337	
Income tax expense	(749)	(407)		(1,384)	(732)	
Profit for the period	2,643	1,475	79.3	4,755	2,605	82.5

For the current quarter under review, the Group registered a revenue of RM27.970 million as compared to the preceding year corresponding quarter of RM20.775 million, an increase of 34.6%. For the six months ended 31 December 2013, total revenue increased from RM40.206 million to RM49.624 million, an increase of RM9.418 million or 23.4%.

Revenue in the Malaysia segment increased by 15.1% as compared to the preceding year corresponding quarter. The increase in revenue in the Malaysia segment was due to aggressive local marketing strategies. The revenue in the overseas segment increased by 50.3% largely due to the strong sales to the European heartland where our group continue to tap and gain from opportunities of the European agrochemical market.

Profit after tax for the period has increased by 79.3% to RM2.643 million in the current quarter under review as compared to the preceding year corresponding quarter of RM1.475 million. For the six months ended 31 December 2013, profit after tax increased to RM4.755 million as compared to the last year six month of RM2.605 million, an increase of RM2.150 million or 82.5% due mainly to higher revenue mention above.

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B2. Variation of Results Against Preceding Quarter

	3 Months Ended		Variance %
	31.12.2013 RM'000	30.09.2013 RM'000	
Revenue	<u>27,970</u>	<u>21,654</u>	29.2
Profit before tax	<u>3,392</u>	<u>2,747</u>	23.5

For the current quarter under review, the Group's profit before tax was RM3.392 million compared to the Group's profit before tax of RM2.747 million in the immediate preceding quarter. This 23.5% increase in profit before tax was due to higher sales achieved in the current quarter in comparison with the immediate 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 31.12.2013 RM'000	Current Year To-Date Ended 31.12.2013 RM'000
	Current tax: - Malaysian income tax	<u>(749)</u>

The effective tax rate of the Group for the current year to-date is slightly lower than the statutory tax rate of 25% due to sufficient capital allowances, industrial building allowances and reinvestment allowances allowable for offset.

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B6. Corporate Proposals

There were no corporate proposals announced but not completed as at 28 January 2014.

B7. Borrowings

	As at 31.12.2013 RM'000	As at 30.06.2013 RM'000
RM denominated borrowings		
Short Term Borrowings		
Secured:-		
Bills Payable	-	-

There are no borrowings denominated in foreign currency.

B8. Changes in Material Litigation

There were no material litigations involving the Group as at 28 January 2014.

B9. Dividend

The Board of Directors recommended a first and final single tier dividend of 3.5 sen per share, in respect of the financial year ended 30 June 2013.

The dividend payable amounting to RM2,800,000 has been approved by the shareholders of the Company at the Annual General Meeting of the Company on 19 November 2013 and will be paid on 20 January 2014.

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 ordinary equity holders of the parent for the current quarter of RM2.644 and current year to-date of RM4.756 million divided by the number of ordinary shares in issue during the period of 80,000,000.

(b) Diluted

Not applicable.

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B11. Profit Before Tax

	Current Quarter Ended 31.12.2013 RM'000	Current Year To-Date Ended 31.12.2013 RM'000
Profit before tax is stated after (charging)/crediting:		
Rental income	2	3
Interest income	170	335
Foreign exchange gain-realised	353	776
Foreign exchange gain-unrealised	(140)	(52)
Reversal of allowance for impairment of trade receivables	50	143
Interest expenses	(8)	(22)
Depreciation and amortisation	(418)	(832)
Impairment loss on trade receivables	(60)	(120)

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 28 January 2014.

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C. DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

Total unappropriated profit as at 31 December 2013 and 30 June 2013 is analysed as follows:

	As at 31.12.2013 (Unaudited) RM'000	As at 30.06.2013 (Audited) RM'000
Total unappropriated profit of the Company and its subsidiaries		
- Realised	92,648	87,839
- Unrealised	(1,319)	(991)
	<u>91,329</u>	<u>86,848</u>
Consolidation adjustments	(25,506)	(25,780)
Total Group unappropriated profit as per consolidated accounts	<u>65,823</u>	<u>61,068</u>