

IMASPRO CORPORATION BERHAD (Company No. 657527-H)

Quarterly Report on Consolidated Results for the Nine-Month period ended 31 March 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>Current Year Quarter</u> <u>31.03.2014</u> <u>RM '000</u>	<u>Preceding Year Corresponding Quarter</u> <u>31.03.2013</u> <u>RM '000</u>	<u>Current Year To Date</u> <u>31.03.2014</u> <u>RM '000</u>	<u>Preceding Year Corresponding Period</u> <u>31.03.2013</u> <u>RM '000</u>
Revenue	32,628	38,030	82,252	78,236
Cost of sales	(27,174)	(32,420)	(68,193)	(65,919)
Gross profit	5,454	5,610	14,059	12,317
Other income	328	450	1,532	788
Administrative expenses	(1,503)	(2,125)	(4,686)	(5,289)
Selling and distribution expenses	(7)	(10)	(23)	(59)
Other expenses	(220)	(232)	(669)	(710)
Finance costs	(8)	(11)	(30)	(28)
Profit before tax	4,044	3,682	10,183	7,019
Income tax expense	(867)	(735)	(2,251)	(1,467)
Profit for the period	3,177	2,947	7,932	5,552
Other comprehensive loss				
Items that may be reclassified subsequently to profit and loss				
Foreign currency translation differences for foreign operations	(46)	102	(165)	(8)
Total comprehensive income for the period	3,131	3,049	7,767	5,544
Profit for the period attributable to:				
Owners of the parent	3,177	2,947	7,932	5,552
Total comprehensive income for the period attributable to:				
Owners of the parent	3,131	3,049	7,767	5,544
Earnings per ordinary share (sen)				
- Basic	3.97	3.68	9.92	6.94
- Diluted	NA	NA	NA	NA

Note:

The unaudited condensed consolidated statement of profit or loss and other 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 March 2014 RM '000	Audited As At 30 June 2013 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	23,803	19,162
Investment properties	143	144
	<u>23,946</u>	<u>19,306</u>
Current assets		
Inventories	30,664	28,650
Trade and other receivables	38,146	35,078
Cash and bank balances	27,565	27,112
Tax recoverable	1,219	1,512
	<u>97,594</u>	<u>92,352</u>
TOTAL ASSETS	<u>121,540</u>	<u>111,658</u>
EQUITY AND LIABILITIES		
Share capital	40,000	40,000
Reserves	69,012	64,045
Total equity - profit attributable to owners of the parent	<u>109,012</u>	<u>104,045</u>
Non-current liability		
Deferred taxation	1,294	1,294
Current liabilities		
Trade and other payables	10,857	6,249
Tax payable	377	70
	<u>11,234</u>	<u>6,319</u>
TOTAL LIABILITIES	<u>12,528</u>	<u>7,613</u>
TOTAL EQUITY AND LIABILITIES	<u>121,540</u>	<u>111,658</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	
9 months ended 31 March 2013					
Balance as at 1 July 2012 (Audited)	40,000	2,857	(198)	56,365	99,024
Profit for the period	-	-	-	5,552	5,552
Other comprehensive loss	-	-	(8)	-	(8)
Total comprehensive (loss)/income	-	-	(8)	5,552	5,544
Dividends	-	-	-	(2,800)	(2,800)
Balance as at 31 March 2013	<u>40,000</u>	<u>2,857</u>	<u>(206)</u>	<u>59,117</u>	<u>101,768</u>
9 months ended 31 March 2014					
Balance as at 1 July 2013 (Audited)	40,000	2,857	120	61,068	104,045
Profit for the period	-	-	-	7,932	7,932
Other comprehensive loss	-	-	(165)	-	(165)
Total comprehensive (loss)/income	-	-	(165)	7,932	7,767
Dividends	-	-	-	(2,800)	(2,800)
Balance as at 31 March 2014	<u>40,000</u>	<u>2,857</u>	<u>(45)</u>	<u>66,200</u>	<u>109,012</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

	9 Months Ended 31.03.2014 RM'000	9 Months Ended 31.03.2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	10,183	7,019
Adjustments for:-		
Interest expenses	30	28
Interest income	(513)	(606)
Non-cash items	1,302	1,399
Operating profit before working capital changes	<u>11,002</u>	<u>7,840</u>
Changes in working capital		
Net change in current assets	(4,806)	(14,321)
Net change in current liabilities	4,679	7,250
Cash generated from operations	<u>10,875</u>	<u>769</u>
Taxes paid	(1,964)	(1,437)
Taxes refunded	312	-
Interest paid	(30)	(28)
Interest received	513	606
Net cash generated from/(used in) operating activities	<u>9,706</u>	<u>(90)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,882)	(860)
Proceeds from disposal of property, plant and equipment	3	5
Net cash used in investing activities	<u>(5,879)</u>	<u>(855)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Net repayment of bills payables	-	(1,309)
Dividend paid	(2,800)	(2,800)
Net cash used in financing activity	<u>(2,800)</u>	<u>(4,109)</u>
Net changes in cash and cash equivalents	1,027	(5,054)
Effect of foreign exchange rate changes	(574)	44
Cash and cash equivalents at beginning of financial period	27,112	35,609
Cash and cash equivalents at end of the financial period	<u>27,565</u>	<u>30,599</u>
Cash and cash equivalent at the end of the financial period comprise the following:		
Short term deposits with licensed banks	2	1,019
Cash on hand and at banks	6,144	2,582
	<u>6,146</u>	<u>3,601</u>
Short term cash investments	21,419	26,998
Cash and bank balances	<u>27,565</u>	<u>30,599</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 Third Quarter and Nine-Month period ended 31 March 2014

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

A first and final single-tier dividend of 3.5 sen per share, in respect of the financial year ended 30 June 2013 amounting to RM2,800,000 was paid on 20 January 2014.

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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 31.03.2014								
Segment revenue								
Sales to external customers	35,727	9,162	16,670	9,396	4,240	7,057	-	82,252
Inter-segment sales	1,407	-	-	-	-	-	(1,407)	-
Total	<u>37,134</u>	<u>9,162</u>	<u>16,670</u>	<u>9,396</u>	<u>4,240</u>	<u>7,057</u>	<u>(1,407)</u>	<u>82,252</u>
Profit before tax								10,183
Income tax expense								(2,251)
Profit for the year								<u>7,932</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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A14. Material Subsequent Events

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

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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			9 Months Ended		
	31.03.2014 RM'000	31.03.2013 RM'000	Variance %	31.03.2014 RM'000	31.03.2013 RM'000	Variance %
Revenue	32,628	38,030	(14.2)	82,252	78,236	5.1
Profit before tax	4,044	3,682		10,183	7,019	
Income tax expense	(867)	(735)		(2,251)	(1,467)	
Profit for the period	3,177	2,947	7.8	7,932	5,552	42.9

For the current quarter under review, the Group registered a revenue of RM32.628 million as compared to the preceding year corresponding quarter of RM38.030 million, a decrease of 14.2% due mainly to revenue in the Malaysia segment decreased by 26.4% as compared to the preceding year corresponding quarter. The decrease in revenue in the Malaysia segment was due to the prolonged drought conditions. For the current quarter under review, the revenue in the overseas segment also decreased by 7.5% largely due to extreme dry spells in the Asia region causing lesser pest and diseases, translating into lesser demand for our insecticides products.

However, for the nine months ended 31 March 2014, total revenue increased from RM78.236 million to RM82.252 million, an increase of RM4.016 million or 5.1%.

Profit for the period increased by 7.8% to RM3.177 million in the current quarter under review as compared to the preceding year corresponding quarter of RM2.947 million. For the nine months ended 31 March 2014, profit after tax increased from RM5.552 million last year to RM7.932 million, an increase of RM2.380 million or 42.9% due mainly to higher sales margin achieved.

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B2. Variation of Results Against Preceding Quarter

	3 Months Ended		Variance %
	31.03.2014 RM'000	31.12.2013 RM'000	
Revenue	<u>32,628</u>	<u>27,970</u>	16.7
Profit before tax	<u>4,044</u>	<u>3,392</u>	19.2

For the current quarter under review, the Group's profit before tax was RM4.044 million compared to the Group's profit before tax of RM3.392 million in the immediate preceding quarter. This 19.2% 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 31.03.2014 RM'000	Current Year To-Date Ended 31.03.2014 RM'000
Current tax: - Malaysian income tax	<u>(867)</u>	<u>(2,251)</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 May 2014.

B7. Borrowings

	As at 31.03.2014 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 May 2014.

B9. Dividend

No ordinary dividend has been declared for the quarter ended 31 March 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 RM3.177 and current year to-date of RM7.932 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 31.03.2014 RM'000	Current Year To-Date Ended 31.03.2014 RM'000
Profit before tax is stated after (charging)/crediting:		
Rental income	2	5
Interest income	178	513
Foreign exchange gain-realised	119	895
Foreign exchange loss-unrealised	(37)	(89)
Reversal of allowance for impairment of trade receivables	63	206
Gain on disposal of property, plant and equipment	3	3
Interest expenses	(8)	(30)
Depreciation and amortisation	(410)	(1,242)
Impairment loss on trade receivables	(60)	(180)

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 May 2014.

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C. DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

Total unappropriated profit as at 31 March 2014 and 30 June 2013 is analysed as follows:

	As at 31.03.2014 (Unaudited) RM'000	As at 30.06.2013 (Audited) RM'000
Total unappropriated profit of the Company and its subsidiaries		
- Realised	93,069	87,839
- Unrealised	(1,388)	(991)
	<u>91,681</u>	<u>86,848</u>
Consolidation adjustments	(25,481)	(25,780)
Total Group unappropriated profit as per consolidated accounts	<u>66,200</u>	<u>61,068</u>