

IMASPRO CORPORATION BERHAD (Company No. 657527-H)

Quarterly Report on Consolidated Results for the Twelve-Month period ended 30 Sept 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>30.09.2014</u> <u>RM '000</u>	<u>Preceding Year Corresponding Quarter</u> <u>30.09.2013</u> <u>RM '000</u>	<u>Current Year To Date</u> <u>30.09.2014</u> <u>RM '000</u>	<u>Preceding Year Corresponding Period</u> <u>30.09.2013</u> <u>RM '000</u>
Revenue	18,788	21,654	18,788	21,654
Cost of sales	<u>(15,171)</u>	<u>(17,808)</u>	<u>(15,171)</u>	<u>(17,808)</u>
Gross profit	3,617	3,846	3,617	3,846
Other operating income	768	594	768	594
Administrative expenses	(1,500)	(1,432)	(1,500)	(1,432)
Distribution expenses	(11)	(23)	(11)	(23)
Other operating expenses	(470)	(224)	(470)	(224)
Finance costs	<u>(12)</u>	<u>(14)</u>	<u>(12)</u>	<u>(14)</u>
Profit before tax	2,392	2,747	2,392	2,747
Income tax expense	<u>(556)</u>	<u>(635)</u>	<u>(556)</u>	<u>(635)</u>
Profit for the year	1,836	2,112	1,836	2,112
Other comprehensive (loss)/income				
Items that are or may be reclassified subsequently to profit and loss				
Foreign currency translation differences for foreign operations	<u>169</u>	<u>315</u>	<u>169</u>	<u>315</u>
Total comprehensive income for the year	2,005	2,427	2,005	2,427
Profit for the year attributable to:				
Owners of the parent	<u>1,836</u>	<u>2,112</u>	<u>1,836</u>	<u>2,112</u>
Total comprehensive income for the year attributable to:				
Owners of the parent	<u>2,005</u>	<u>2,427</u>	<u>2,005</u>	<u>2,427</u>
Earnings per ordinary share (sen)				
- Basic	<u>2.30</u>	<u>2.64</u>	<u>2.30</u>	<u>2.64</u>
- Diluted	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>

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"

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At 30 September 2014 RM '000	Audited As At 30 June 2014 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	23,667	23,875
Investment property	141	142
	<u>23,808</u>	<u>24,017</u>
Current assets		
Inventories	22,016	23,164
Trade and other receivables	24,831	35,590
Cash and bank balances	46,833	33,344
Tax recoverable	212	207
	<u>93,892</u>	<u>92,305</u>
TOTAL ASSETS	<u><u>117,700</u></u>	<u><u>116,322</u></u>
EQUITY AND LIABILITIES		
Share capital	40,000	40,000
Reserves	72,005	70,000
Total equity - profit attributable to owners of the parent	<u>112,005</u>	<u>110,000</u>
Non-current liability		
Deferred taxation	1,104	1,104
Current liabilities		
Trade and other payables	4,511	5,150
Tax payable	80	68
	<u>4,591</u>	<u>5,218</u>
TOTAL LIABILITIES	<u>5,695</u>	<u>6,322</u>
TOTAL EQUITY AND LIABILITIES	<u><u>117,700</u></u>	<u><u>116,322</u></u>
Net assets per share (RM)	<u>1.40</u>	<u>1.38</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 2014 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>3 months ended 30 Sept 2013</u>					
Balance as at 1 July 2013 (Audited)	40,000	2,857	120	61,068	104,045
Profit for the year	-	-	-	2,112	2,112
Other comprehensive income	-	-	315	-	315
Total comprehensive income	-	-	315	2,112	2,427
Dividends	-	-	-	-	-
Balance as at 30 June 2013	<u>40,000</u>	<u>2,857</u>	<u>435</u>	<u>63,180</u>	<u>106,472</u>
<u>3 months ended 30 Sept 2014</u>					
Balance as at 1 July 2014 (Audited)	40,000	2,857	(267)	67,410	110,000
Profit for the year	-	-	-	1,836	1,836
Other comprehensive loss	-	-	169	-	169
Total comprehensive (loss)/income	-	-	169	1,836	2,005
Dividends	-	-	-	-	-
Balance as at 30 Sept 2014	<u>40,000</u>	<u>2,857</u>	<u>(98)</u>	<u>69,246</u>	<u>112,005</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

	3 Months Ended 30.09.2014 RM'000	3 Months Ended 30.09.2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,392	2,747
Adjustments for:-		
Interest expenses	12	14
Interest income	(204)	(165)
Non-cash items	(79)	469
Operating profit before working capital changes	<u>2,121</u>	<u>3,065</u>
Changes in working capital		
Net change in current assets	12,353	(1,278)
Net change in current liabilities	(638)	1,906
Cash generated from/(depleted in) operations	<u>13,836</u>	<u>3,693</u>
Taxes paid	(549)	(619)
Taxes refunded	-	197
Interest paid	(12)	(14)
Interest received	204	165
Net cash generated from/(used in) operating activities	<u>13,479</u>	<u>3,422</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(185)	(313)
Proceeds from disposal of property, plant and equipment	-	-
Net cash used in investing activities	<u>(185)</u>	<u>(313)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Net repayment of bills payables	-	-
Dividend paid	-	-
Net cash used in financing activity	<u>-</u>	<u>-</u>
Net changes in cash and cash equivalents	13,294	3,109
Effect of foreign exchange rate changes	195	(140)
Cash and cash equivalents at beginning of financial year	33,344	27,112
Cash and cash equivalents at end of the financial year	<u>46,833</u>	<u>30,081</u>
Cash and cash equivalent at the end of the financial year comprise the following:		
Short term deposits with licensed banks	2	1,048
Cash on hand and at banks	15,616	7,298
	<u>15,618</u>	<u>8,346</u>
Short term cash investments	31,215	21,735
Cash and bank balances	<u>46,833</u>	<u>30,081</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 2014 and the accompanying explanatory notes attached to the interim financial statements.

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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 2014. 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 2014.

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 2014 except for the adoption of the following MFRSs, Amendments to MFRSs and Interpretations:

		<u>Effective dates</u>
Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities	1 January 2014
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Investment Entities	1 January 2014
Amendments to MFRS 127	Separate Financial Statements: Investment Entities	1 January 2014
Amendments to MFRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Impairment of Assets: Recoverable Amount Disclosures for Non – Financial Assets	1 January 2014
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014
Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to IC Interpretations and MFRSs 2010 – 2012 Cycle		
Annual Improvements to IC Interpretations and MFRSs 2011 – 2013 Cycle		

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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 2014 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 period ended 30 September 2014 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	Indonesia RM'000	Belgium RM'000	Australia RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Current Year To-Date Ended 30.09.2014							
Segment revenue							
Sales to external customers	10,432	2,719	1,849	1,813	1,975	-	18,788
Inter-segment sales	175	-	-	-	-	(175)	-
Total	<u>10,607</u>	<u>2,719</u>	<u>1,849</u>	<u>1,813</u>	<u>1,975</u>	<u>(175)</u>	<u>18,788</u>
Profit before tax							2,392
Income tax expense							(556)
Profit for the year							<u>1,836</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 2014.

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 19 November 2014 which had affected substantially the results of the Group for the financial quarter ended 30 September 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			3 Months Ended		
	30.09.2014	30.09.2013	Variance	30.09.2014	30.09.2013	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	18,788	21,654	(13.2)	18,788	21,654	(13.2)
Profit before tax	2,392	2,747		2,392	2,747	
Income tax expense	(556)	(635)		(556)	(635)	
Profit for the period	1,836	2,112	(13.1)	1,836	2,112	(13.1)

For the current quarter under review, the Group registered a revenue of RM18.788 million as compared to the preceding year corresponding quarter of RM21.654 million, a decrease of 13.2% due to revenue in the Malaysia segment decreased by 30.9% as compared to the preceding year corresponding quarter. The decrease in revenue in the Malaysia segment was due to lower market demand given the volatile crude palm oil price amid escalating domestic palm oil stockpile. For the current quarter under review, the revenue in the overseas segment increased by 27.3% largely due to the strong sales to the European heartland where our group continues to tap and gain from opportunities in the European agrochemical market.

Profit for the period decreased by 13.1% to RM1.836 million in the current quarter under review as compared to the preceding year corresponding quarter of RM2.112 million. The decrease in the profit for the period was mainly due to lower sales achieved in the current quarter.

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B2. Variation of Results Against Preceding Quarter

	3 Months Ended		Variance %
	30.09.2014 RM'000	30.06.2014 RM'000	
Revenue	<u>18,788</u>	<u>26,171</u>	28.2
Profit before tax	<u>2,392</u>	<u>1,140</u>	109.8

For the current quarter under review, the Group's profit before tax was RM2.392 million compared to the Group's profit before tax of RM1.140 million in the immediate preceding quarter. This 109.8% increase in profit before tax in comparison with the immediate preceding quarter was due to higher profit margins achieved 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 30.09.2014 RM'000	Current Year To-Date Ended 30.09.2014 RM'000
Current tax: - Malaysian income tax	<u>(556)</u>	<u>(556)</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 19 November 2014.

B7. Borrowings

	As at 30.09.2014 RM'000	As at 30.06.2014 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 19 November 2014.

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 2014.

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 and will be paid on 19 January 2015.

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 and current year to-date of RM1.836 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 30.09.2014 RM'000	Current Year To-Date Ended 30.09.2014 RM'000
Profit before tax is stated after (charging)/crediting:		
Rental income	2	2
Interest income	204	204
Foreign exchange loss-realised	(251)	(251)
Foreign exchange gain-unrealised	226	226
Reversal of allowance for impairment of trade receivables	307	307
Interest expenses	(12)	(12)
Depreciation and amortisation	(393)	(393)
Impairment loss on trade receivables	(60)	(60)

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 19 November 2014.

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C. DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

Total unappropriated profit as at 30 September 2014 and 30 June 2014 is analysed as follows:

	As at 30.09.2014 (Unaudited) RM'000	As at 30.06.2014 (Audited) RM'000
Total unappropriated profit of the Company and its subsidiaries		
- Realised	95,734	93,702
- Unrealised	(1,104)	(951)
	<u>94,630</u>	<u>92,751</u>
Consolidation adjustments	(25,384)	(25,341)
Total Group unappropriated profit as per consolidated accounts	<u>69,246</u>	<u>67,410</u>