

IMASPRO CORPORATION BERHAD (Company No. 657527-H)

Quarterly Report for the First Quarter and Three-Month period ended 30 September 2016

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 2016. 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 2016.

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 2016 except for the adoption of the following MFRSs and Amendments to MFRSs:

		<u>Effective dates</u>
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101	Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

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A2. Changes in Accounting Policies - continued

		<u>Effective dates</u>
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Clarifications to MFRS 15	Revenue from Contracts with Customers (the Amendments)	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRSs 2012 – 2014 Cycle”.

The adoption of the above MFRSs and Amendments to MFRSs 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 2016 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 2016 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.

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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	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Agrochemicals	14,189	14,985	14,189	14,985
Household Insecticides	202	-	202	-
Total	14,391	14,985	14,391	14,985

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) Indonesia
- (iii) Vietnam
- (iv) Lebanon
- (v) Others: these consist of segments which cover mainly Singapore and Taiwan but which individually fall below the 10% threshold of a reportable segment

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A9. Operating Segments - continued

	Malaysia RM'000	Indonesia RM'000	Vietnam RM'000	Lebanon RM'000	Others RM'000	Elimina- tions RM'000	Total RM'000
Current Quarter Ended 30.09.2016							
Segment revenue							
Sales to external customers	9,501	3,683	818	244	145	-	14,391
Inter-segment sales	848	-	-	-	-	(848)	-
Total	<u>10,349</u>	<u>3,683</u>	<u>818</u>	<u>244</u>	<u>145</u>	<u>(848)</u>	<u>14,391</u>
Profit before tax							2,041
Income tax expense							(380)
Profit for the period							<u>1,661</u>

	Malaysia RM'000	Indonesia RM'000	Vietnam RM'000	Lebanon RM'000	Others RM'000	Elimina- tions RM'000	Total RM'000
Current Year To-Date Ended 30.09.2016							
Segment revenue							
Sales to external customers	9,501	3,683	818	244	145	-	14,391
Inter-segment sales	848	-	-	-	-	(848)	-
Total	<u>10,349</u>	<u>3,683</u>	<u>818</u>	<u>244</u>	<u>145</u>	<u>(848)</u>	<u>14,391</u>
Profit before tax							2,041
Income tax expense							(380)
Profit for the year							<u>1,661</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 2016.

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 17 November 2016 which had affected substantially the results of the Group for the financial quarter ended 30 September 2016.

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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		
	30.09.2016	30.09.2015	Variance	30.09.2016	30.09.2015	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	14,391	14,985	(4.0)	14,391	14,985	(4.0)
Profit before tax	2,041	3,455		2,041	3,455	
Income tax expense	(380)	(838)		(380)	(838)	
Profit for the period	1,661	2,617	(36.5)	1,661	2,617	(36.5)

For the current quarter under review, the Group registered revenue of RM14.391 million as compared to the preceding year corresponding quarter of RM14.985 million, a decrease of 4.0%. This decrease is due to lower demand in local segment for agrochemicals as compared to the preceding year corresponding quarter.

Profit for the period had decreased by 36.5% to RM1.661 million in the current quarter under review as compared to the preceding year corresponding quarter of RM2.617 million. The decrease in the profit for the period was due to the decrease in revenue mentioned in the paragraph above as well as in the preceding year corresponding quarter there was a high foreign currency gain achieved.

B2. Variation of Results Against Preceding Quarter

	3 Months Ended		Variance
	30.09.2016	30.06.2016	
	RM'000	RM'000	%
Revenue	14,391	14,580	(1.3)
Profit before tax	2,041	2,294	(11.0)

For the current quarter under review, the Group's profit before tax was RM2.041 million compared to the Group's profit before tax of RM2.294 million in the immediate preceding quarter. This 11.0% decrease in profit before tax in comparison with the immediate preceding quarter was due to lower sales margin achieved and higher administrative expenses 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 30.09.2016 RM'000	Current Year To-Date Ended 30.09.2016 RM'000
Current tax:		
- Malaysian income tax	(380)	(380)

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.

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B6. Corporate Proposals

There were no corporate proposals announced but not completed as at 17 November 2016.

B7. Borrowings

	As at 30.09.2016 RM'000	As at 30.06.2016 RM'000
RM denominated borrowings		
Short Term Borrowings		
Secured:		
Term Loan	669	421
Long Term Borrowings		
Secured:		
Term Loan	5,162	5,574

There are no borrowings denominated in foreign currency.

B8. Changes in Material Litigation

There were no material litigations involving the Group as at 17 November 2016.

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 2016.

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 17 January 2017.

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 RM1.661 million divided by the number of ordinary shares in issue during the period of 80,000,000.

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B10. Earnings Per Share - continued

(b) Diluted

Not applicable.

B11. Profit Before Tax

	Current Quarter Ended 30.09.2016 RM'000	Current Year To-Date Ended 30.09.2016 RM'000
Profit before tax is stated after (charging)/crediting:		
Rental income	14	14
Interest income	243	243
Foreign exchange gain-realised	69	69
Foreign exchange gain-unrealised	200	200
Reversal of allowance for impairment of trade receivables	51	51
Interest expenses	(82)	(82)
Depreciation and amortisation	(437)	(437)
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 17 November 2016.

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C. DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

Total unappropriated profit as at 30 September 2016 and 30 June 2016 are analysed as follows:

	As at 30.09.2016 (Unaudited) RM'000	As at 30.06.2016 (Audited) RM'000
Total unappropriated profit of the Company and its subsidiaries		
- Realised	26,568	96,596
- Unrealised	(1,045)	(1,394)
	<u>25,523</u>	<u>95,202</u>
Consolidation adjustments	57,256	(14,084)
Total Group unappropriated profit as per consolidated accounts	<u><u>82,779</u></u>	<u><u>81,118</u></u>