

**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.

Companies Act 2016

The Companies Act 2016 (“New Act”) was enacted to replace the Companies Act 1965 with the objectives to create a legal and regulatory structure that will facilitate business, and promote accountability as well as protection of corporate directors and shareholders, taking into consideration the interest of other stakeholders. The New Act was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the date on which the New Act comes into operation, except Section 241 and Division 8 of Part III of the New Act, will be 31 January 2017.

Amongst the key changes introduced in the New Act which will affect the financial statements of the Group and the Company upon commencement of the New Act on 31 January 2017 includes:

- (a) removal of the authorised share capital;
- (b) shares of the Company will cease to have par or nominal value; and
- (c) the Company’s share premium account will become part of the Company’s share capital.

The adoption of the New Act did not have any financial impact on the Group and the Company for the current financial year as any accounting implications will only be applied prospectively, if applicable, and the effect of adoption mainly will be on disclosures to the annual report and financial statements for the financial year ending 30 June 2017.

**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.

The following are accounting standards, Amendments and Interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board (“MASB”) but not yet effective and have not been adopted by the Group:

	<u>Effective dates</u>
Amendments to MFRS 107 Disclosure Initiative	1 January 2017
Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4 Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	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
Amendments to MFRS 140 Transfers of Investment Property	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	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 2014 – 2016 Cycle”.

The abovementioned standards, Amendments and Interpretations will be adopted when they become effective, if applicable to the Group and that the adoption of these standards, Amendments and Interpretations will have no material impact on the financial statements of the Group in the period 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 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 period ended 31 March 2017 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 2016 amounting to RM2,800,000 was paid on 17 January 2017.

**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:



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### A9. Operating Segments – continued

	Malaysia RM'000	Indonesia RM'000	Vietnam RM'000	Holland RM'000	Russia RM'000	Others RM'000	Elimina- tions RM'000	Total RM'000
<b>Current Year To-Date Ended 31.03.2017</b>								
Segment revenue								
Sales to external customers	29,662	15,231	2,955	1,330	1,259	2,133	-	52,570
Inter-segment sales	2,334	-	-	-	-	-	(2,334)	-
Total	<u>31,996</u>	<u>15,231</u>	<u>2,955</u>	<u>1,330</u>	<u>1,259</u>	<u>2,133</u>	<u>(2,334)</u>	<u>52,570</u>
Profit before tax								7,120
Income tax expense								(1,438)
Profit for the year								<u>5,682</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 24 May 2017 which had affected substantially the results of the Group for the financial quarter ended 31 March 2017.

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**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1. Performance Review**

	<b>3 Months Ended</b>			<b>9 Months Ended</b>		
	<b>31.03.2017</b>	<b>31.03.2016</b>	<b>Variance</b>	<b>31.03.2017</b>	<b>31.03.2016</b>	<b>Variance</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	16,363	20,986	(22.0)	52,570	59,023	(10.9)
Profit before tax	2,044	3,545		7,120	9,017	
Income tax expense	(473)	(760)		(1,438)	(1,973)	
Profit for the period	1,571	2,785	(43.6)	5,682	7,044	(19.3)

For the current quarter under review, the Group registered revenue of RM16.363 million as compared to the preceding year corresponding quarter of RM20.986 million, a decrease of RM4.623 million or 22.0%. For the nine months ended 31 March 2017, total revenue decreased from RM59.023 million to RM52.570 million, a decrease of RM6.453 million or 10.9%. This decrease is due to lower demand in both local and export segment for agrochemicals as compared to the preceding year corresponding quarter despite a contribution in revenue coming from the new segment of household insecticides.

Profit for the period had decreased by 43.6% to RM1.571 million in the current quarter under review as compared to the preceding year corresponding quarter of RM2.785 million. The decrease in the profit for the period was mainly contributed by the lower sales achieved for both overseas and local segments.

For the nine months ended 31 March 2017, profit for the period decreased from RM7.044 million to RM5.682 million, a decrease of RM1.362 million or 19.3%. The decrease in the profit for the period was due to the same reasons as above.

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**B2. Variation of Results Against Preceding Quarter**

	<b>3 Months Ended</b>		<b>Variance %</b>
	<b>31.03.2017 RM'000</b>	<b>30.12.2016 RM'000</b>	
Revenue	<u>16,363</u>	<u>21,816</u>	(25.0)
Profit before tax	<u>2,044</u>	<u>3,035</u>	(32.7)

For the current quarter under review, the Group's profit before tax was RM2.044 million compared to the Group's profit before tax of RM3.035 million in the immediate preceding quarter. This 32.7% decrease in profit before tax in comparison with the immediate preceding quarter was due to lower sales achieved in the current quarter for agrochemicals as well as the new segment of household insecticides.

**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**

	<b>Current Quarter Ended 31.03.2017 RM'000</b>	<b>Current Year To-Date Ended 31.03.2017 RM'000</b>
	Current tax: - Malaysian income tax	<u>(473)</u>

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 24 May 2017.

### B7. Borrowings

	As at 31.03.2017 RM'000	As at 30.06.2016 RM'000
<b>RM denominated borrowings</b>		
Short Term Borrowings		
Secured:		
Term Loan	664	421
Long Term Borrowings		
Secured:		
Term Loan	4,860	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 24 May 2017.

### B9. Dividend

No ordinary dividend has been declared for the quarter ended 31 March 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 of RM1.571 million and current year to-date of RM5.682 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**

	<b>Current Quarter Ended 31.03.2017 RM'000</b>	<b>Current Year To-Date Ended 31.03.2017 RM'000</b>
Profit before tax is stated after (charging)/crediting:		
Rental income	13	42
Interest income	245	752
Gain on disposal of property, plant and equipment	33	31
Foreign exchange gain-realised	246	854
Foreign exchange gain-unrealised	(143)	62
Reversal of allowance for impairment of trade receivables	10	91
Interest expenses	(99)	(264)
Depreciation and amortisation	(460)	(1,335)
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 24 May 2017.

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**C. DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES**

Total unappropriated profit as at 31 March 2017 and 30 June 2016 are analysed as follows:

	<b>As at 31.03.2017 (Unaudited) RM'000</b>	<b>As at 30.06.2016 (Audited) RM'000</b>
Total unappropriated profit of the Company and its subsidiaries		
- Realised	99,266	96,596
- Unrealised	(1,183)	(1,394)
	<hr/> 98,083	<hr/> 95,202
Consolidation adjustments	(14,083)	(14,084)
Total Group unappropriated profit as per consolidated accounts	<hr/> <hr/> 84,000	<hr/> <hr/> 81,118