

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*, International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*, provision of the Companies Act 2016 in Malaysia 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 2020. 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 2020.

A2. Accounting Policies

(i) Changes in accounting policies

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous financial year, except in current financial period, the Group and the Company adopted all the new and revised standards which are effective for financial year beginning on or after 1 July 2020.

Effective for financial year beginning on or after 1 July 2020

Amendments to MFRS 3	Business Combinations (Definitions of a Business)
Amendments to MFRS 101	Presentation of Financial Statements (Definition of Material)
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform

The adoption of the abovementioned standard, Amendments and Interpretation do not have material impact on the financial statements of the Group and the Company.

A2. Accounting Policies – continued

(ii) Standards issued but not yet effective

As at the date of authorisation of these financial statements, the following new and revised standards have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group and the Company.

Effective for financial year beginning on or after 1 July 2021

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
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Effective for financial year beginning on or after 1 July 2022

Amendments to MFRS 3	Business Combinations (Reference to the Conceptual Framework)
Amendments to MFRS 116	Property, Plant and Equipment (Proceeds before Intended Use)
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts - Cost of Fulfilling a Contract)

Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRS Standards 2018 - 2020”

Effective for financial year beginning on or after 1 July 2023

Amendments to MFRS 4	Insurance Contracts (Extension of the Temporary Exemption from Applying MFRS 9)
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Presentation of Financial Statements (Classification of Liabilities as Current or Non-Current)

Effective for financial year beginning on or after a date yet to be determined

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Directors expect that the adoption of the standards above will have no material impact on the financial statements in the year 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 2020 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 2020 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.

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:

IMASPRO CORPORATION BERHAD (Registration No. 200401019024 (657527-H))

Quarterly Report for the Second Quarter and Six-Month period ended 31 December 2020

A9. Operating Segments – continued

	3 Months Ended		6 Months Ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Agrochemicals	15,976	17,767	27,583	35,962
Total	15,976	17,767	27,583	35,962

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) Russia
- (iv) Others: these consist of segments which cover China, Japan, Lebanon, New Zealand, Pakistan, Taiwan and Vietnam individually fall below the 10% threshold of a reportable segment

	Malaysia	Indonesia	Russia	Others	Elimina-	Total
	RM'000	RM'000	RM'000	RM'000	tions	RM'000
					RM'000	
Current Quarter Ended 31.12.2020						
Segment revenue:						
Sales to external customers	10,017	1,594	2,094	2,271	-	15,976
Inter-segment sales	324	-	-	-	(324)	-
Total	10,341	1,594	2,094	2,271	(324)	15,976
Profit before tax						2,554
Income tax expense						(595)
Profit for the period						<u>1,959</u>

	Malaysia	Indonesia	Russia	Others	Elimina-	Total
	RM'000	RM'000	RM'000	RM'000	tions	RM'000
					RM'000	
Current Year To-Date Ended 31.12.2020						
Segment revenue:						
Sales to external customers	19,297	3,142	2,094	3,050	-	27,583
Inter-segment sales	641	-	-	-	(641)	-
Total	19,938	3,142	2,094	3,050	(641)	27,583
Profit before tax						4,032
Income tax expense						(925)
Profit for the year						<u>3,107</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 2020.

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 3 February 2021 which had affected substantially the results of the Group for the financial quarter ended 31 December 2020.

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		
	31.12.2020 RM'000	31.12.2019 RM'000	Variance %	31.12.2020 RM'000	31.12.2019 RM'000	Variance %
Revenue	15,976	17,767	(10.1)	27,583	35,962	(23.3)
Profit before tax	2,554	891		4,032	2,316	
Income tax expense	(595)	(215)		(925)	(505)	
Profit for the period	1,959	676	189.8	3,107	1,811	71.6

For the current quarter under review, the Group registered revenue of RM15.976 million as compared to the preceding year corresponding quarter of RM17.767 million, a decrease of RM1.791 million or 10.1%. This decrease is due to lower demand in the export segment as compared to the preceding year corresponding quarter.

Profit for the period had increased by 189.8% to RM1.959 million in the current quarter under review as compared to the preceding year corresponding quarter of RM0.676 million. The increase in the profit for the period was contributed by higher profit margin generated by local sales.

B2. Variation of Results Against Preceding Quarter

	3 Months Ended		Variance %
	31.12.2020 RM'000	30.09.2020 RM'000	
Revenue	<u>15,976</u>	<u>11,607</u>	37.6
Profit before tax	<u>2,554</u>	<u>1,478</u>	72.8

For the current quarter under review, the Group's profit before tax was RM2.554 million as compared to the Group's profit before tax of RM1.478 million in the immediate preceding quarter. This 72.8% increase in profit before tax in comparison with the immediate preceding quarter was mainly due to higher profit margins generated by local sales.

B3. Prospects

The COVID-19 pandemic has impacted economic activities worldwide. Since its outbreak, governments worldwide have set up measures to contain the pandemic. Many countries have required entities to limit or suspend business operations, and have also implemented travel restrictions and quarantine measures. Malaysia has been placed under movement control orders from 18 March 2020 to contain the spread of the disease. As the COVID-19 outbreak continues to evolve, the estimated financial impact cannot be reasonably determined at this juncture.

The Group is taking steps to proactively manage the business and take the necessary actions to ensure that the Group's long-term business prospects remain stable.

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 31.12.2020 RM'000	Current Year To-Date Ended 31.12.2020 RM'000
Current tax:		
- Malaysian income tax	<u>(595)</u>	<u>(925)</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.

B6. Corporate Proposals

There were no corporate proposals announced but not completed as at 3 February 2021.

B7. Borrowings

	As at 31.12.2020 RM'000	As at 30.06.2020 RM'000
RM denominated borrowings		
Short Term Borrowings		
Secured:		
Term Loan	<u>312</u>	<u>421</u>
Long Term Borrowings		
Secured:		
Term Loan	<u>2,841</u>	<u>2,998</u>

There are no borrowings denominated in foreign currency.

B8. Changes in Material Litigation

There were no material litigations involving the Group as at 3 February 2021.

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 2020.

B9. Dividend - continued

The dividend payable amounting to RM2.8 million has been approved by the shareholders of the Company at the Annual General Meeting of the Company held on 18 November 2020 and paid on 18 January 2021.

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 owners of the Company for the current quarter profit of RM1.959 million and current year to-date profit of RM3.107 million divided by the number of ordinary shares in issue during the period of 80,000,000.

(b) Diluted

The Group has no dilution in its earnings per ordinary share in the current and the preceding financial period as there are no dilutive potential ordinary shares.

B11. Profit Before Tax

	Current Quarter Ended 31.12.2020 RM'000	Current Year To-Date Ended 31.12.2020 RM'000
Profit before tax is stated after (charging)/crediting:		
Dividend income	-	71
Foreign exchange gain - unrealised	125	300
Gain on disposal of investment properties	-	311
Gain on disposal of property, plant and equipment	7	13
Interest income	94	198
Rental income	17	57
Reversal of allowance for impairment of trade receivables	13	34
Depreciation and amortisation	(385)	(793)
Impairment loss on trade receivables	(60)	(120)
Interest expenses	(34)	(73)
Property, plant and equipment written off	(2)	(2)

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 3 February 2021.