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annual report 2006



IMASPRO CORPORATION BERHAD

(657527-H)

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annual report 2006

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IMASPRO



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IMASPRO



1 Chairman Mohd Shafek Isa, accompanied by MD C.H. Tong and Director K.C. Tai, ringing the ceremonial gong at the Listing Ceremony of ICB.

2 The Minister of International Trade and Industry, Dato' Seri Rafidah Aziz, presenting the 2005 "Enterprise 50" award to MD C.H. Tong.

3 MD C.H. Tong and Malaysia Palm Oil Board (MPOB) Director-General, Dr Mohd Basri Wahid signing the joint R&D agreement to develop the 1st bio-palm insecticide in Malaysia, ceremony witness by Minister of Plantation Industries & Commodities, Datuk Peter Chin Fah Kui (back-middle) and Tan Sri Dato' Seri Haji Basir Ismail, Chairman, MPOB (back-left).

4 MD C.H. Tong joining the staff in celebrating the achievement in the 2005 "Enterprise 50" award presentation night.

Dear Valued Shareholders,

On behalf of the Board of Directors of Imaspro Corporation Berhad ("ICB"), I have the pleasure of presenting to you our maiden Annual Report and Audited Financial Statements of the Group and Company for the financial year ended 30 June 2006.

Corporate Development

Our ICB Group of Companies was established on 28 October 2005 pursuant to the Flotation Exercise, wherein ICB, was incorporated on 28 June 2004 as a public company limited by shares in Malaysia under the Companies Act, 1965 as the holding company. The shares made available under the Flotation Exercise were over-subscribed by 12.52 times and the Company was successfully listed on the Second Board of Bursa Malaysia Securities Berhad on 20 January 2006.

The listing exercise raised a total of RM12.8 million. The utilisation of the proceeds during the financial year ended 30 June 2006 is as follows:

	Proceeds RM'000	Utilised RM'000	Balance RM'000
Purchase of property	5,500	-	5,500
Purchase of machineries	3,500	-	3,500
Listing expenses	1,700	(1,409)	291#
Working capital	2,099	(2,099)	-
TOTAL	12,799	(3,508)	9,291

Utilised as working capital

Operations Review

The principal activity of ICB is investment holding, while the principal activities of our wholly-owned subsidiaries are manufacturing of pesticides and plant micronutrients, distribution and agency of pesticides and other agrochemicals, and trading of pesticides and other agrochemicals; and investment holding.

Our Group's products which comprise herbicides, particularly glyphosate-based range of herbicides, insecticides, fungicides and plant micronutrients, are mainly used to control pests in the agriculture sector, such as in oil palm and rubber plantations, fruit orchards and paddy fields, and for urban pest control of termites and other vectors. These products have been sold in more than thirty (30) countries worldwide, including Russia, Bulgaria, Japan, Taiwan and Australia, Myanmar and Lebanon were added to the list during the financial year ended 30 June 2006. Such extensive global coverage is made possible by our Group's ownership of 208 product registrations as only products registered in a particular country can be sold there. This comprehensive database of product registration globally continues to be a source

of competitive advantage as we were able to respond expeditiously to pest outbreaks in both our local and overseas markets. It will be re-assuring to know that the Board and management place very strong emphasis on research & development, and product registrations efforts as only through such investments in time and resources are we able to stay in the forefront of pesticide business with this "ready-to-respond" time-to-market competitive edge.

Financial Performance

For the year under review, the Group recorded a turnover of RM81.29 million and profit before tax before recognition of negative goodwill of RM12.88 million. With the inclusion of a negative goodwill recognised in line with Financial Reporting Standard (FRS 3), the Group's after tax amounted to RM19.28 million. In simple layman's term, this negative goodwill is akin to "income" as it arises as an integral part of the corporate listing exercise whereby the Company acquired two companies at lower than their net tangible assets values at the cut-off date. As at 30 June 2006, the Group's net tangible assets per ordinary share and basic earnings per ordinary share, both before the recognition of negative goodwill were 74.65 sen and 13.88 sen respectively.

As this is the first set of consolidated financial statements, no comparative figures are presented for the Group.

I am pleased to mention that both revenue and profits exceeded the forecasted figures in the prospectus, while the breakdown of revenue and profit contribution from local and overseas sales remained within expectation. This strong financial performance was largely due to management's success in meeting our customers' evolving crop solution requirements, increasing our production efficiency and accelerating operational cash flows through prudent financial policies and practices. Notwithstanding the above, I must also acknowledge that a break in weather pattern in Australia in mid-2005 after a 2-year spell of very bad draught has led to an extraordinarily strong showing of our products in the Australian market. For financial year 2007, we are confident that our strong sales in Australia can be improved further, especially when our recently launched high-loading Glyphosate (with approved use as "aquatic safe") for application in broad-acre farms, and another Glyphosate-based herbicide approved for home garden use are expected to be well received. With the management's drive to increase greater



presence overseas with our range of environmental-friendly products, the Group hopes to achieve a more balanced ratio of revenue of 45% from overseas sales and the remaining from Malaysia in the years ahead. As a global pesticides player, the movement of Ringgit Malaysia against major currencies will have an impact on the Group. However, the financial impact has been largely mitigated as our export proceeds and importation of raw materials being both denominated in foreign currencies have provided us with a natural hedge.

Outlook and Prospects

Malaysia's economy is expected to sustain its growth of nearly 6% in 2006 while the Government put in place various policies, schemes and incentives to propel the Agriculture sector to become the country's 3rd engine of growth under the 9th Malaysian Plan. Such policy adjustment augurs well for the Group as it provides us with ample opportunities to tap and further increase our market share in the plantation and crop sectors, particularly the plantation sector where vast acreage of new land are planted with oil palm to meet the forecast surge in demand for bio-fuel in the years ahead.

On 27 June 2006, we signed a joint research & development agreement with Malaysian Palm Oil Board ("MPOB") to develop Malaysia's 1st bio-palm insecticide which is targeted to be both more environmental-friendly and cost-effective. I am happy to report that we have made very significant progress - at the point of writing, we have completed all the necessary laboratory-scale screening and testing, and have successfully developed a stable bio-palm insecticide formulation. Field trials of this newly developed formulation have been carried out at our agriculture research centre and at an independent research center owned by one of the largest plantations in Malaysia to confirm the bio-efficacy of our bio-palm formulation on rhinoceros beetles which are a major insect pest in oil palm plantations and its phyto-toxicity on oil palms. All these research findings have been compiled into a registration data dossier and submission has been made to the Pesticides Board for evaluation and approval. In the meantime, our teams are currently working to convert the laboratory scale processes into a pilot plant to enable our R & D team and production engineers to establish ideal work and process flows, and fine-tune key production parameters and controls prior to commercial production. Upon receiving product registration approval, we will commence the full-scale commercial production of the 1st bio-palm insecticide in Malaysia.

The Board is naturally encouraged by the early results of our pioneering joint R&D efforts with MPOB and discussions are currently being held with MPOB to extend our joint R&D efforts to include developing other more cost-effective and environmental-friendly bio-palm pesticides so as to increase our Group's range of environmental-friendly products for both the local and international markets. However, the eventual commercialisation of our R & D efforts will require funding of sorts, and raising these funds via Mesdaq remains an option if the requirements can be met.

Overall, the prospects for next year remain very encouraging. Barring unforeseen circumstances in the business environments that we operate in, we are confident that ICB Group can perform satisfactorily and achieve further growth in the coming financial year.

Dividends

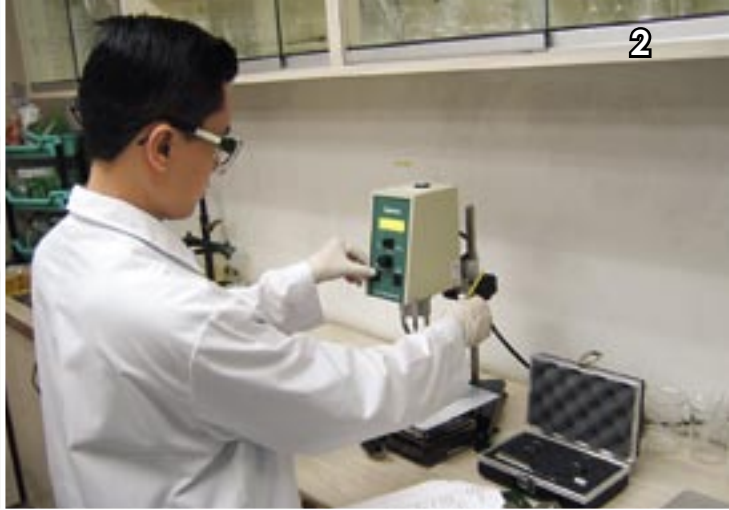
The Board of Directors is pleased to recommend a first and final dividend of 3.5 sen per share in respect of the financial year ended 30 June 2006, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Acknowledgement and Appreciation

On behalf of the Board, I would like to express my appreciation and gratitude to the Management and Staff for their hard work, dedication and commitment during the financial year, with special mention for their untiring efforts in bringing the successful listing of the Company on Bursa Malaysia Securities Berhad. I also would like to thank our shareholders, customers, business partners, suppliers, bankers, professional advisors, Government Agencies and Regulatory Authorities for their valuable commitment and guidance.

Last but not least, I also wish to thank my fellow colleagues on the Board for their counsel, support and invaluable contributions to the Group throughout the year.

MOHD SHAFEK BIN ISA
Chairman



1. Strategic location to facilitate import and export activities
2. Stringent quality control in the laboratory
3. Satisfied customer
4. Applying post-emergence herbicide to semi-commercial paddy field to evaluate its efficacy and phyto-toxicity effects
5. Stringent quality control at production floor
6. Techno-commercial staff advising farmers on crop protection solutions
7. A research plot on herbicide trial in our Agriculture Research Station at Jasin
8. Loading product onto containers for export



Board of Directors

Mohd Shafek Bin Isa
(Non-Executive Chairman)
Tong Chin Hen
(Managing Director)
Tong Ah Wah @ Tong Chun Hwi
(Executive Director)
Dr. Leong Wan Leong
(Independent Non-Executive Director)
Tai Keat Chai
(Independent Non-Executive Director)

Secretaries

Eng Soo Funn (MACS 00044)
Chong Mun Yew (MIA 18436)

Registered Office

Wisma Goshen, 2nd Floor
60 & 62 Jalan SS22/21
Damansara Jaya
47400 Petaling Jaya
Selangor Darul Ehsan
Tel No.: + (603) 7727 2806
Fax No.: + (603) 7729 3619

Head/Management Office

37 Jalan 5, Kawasan 16, Taman Intan
41300 Klang, Selangor Darul Ehsan
Tel No.: + (603) 3343 1633
Fax No.: + (603) 3343 1868
E-mail : imaspro@imaspro.com
Website : <http://www.imaspro.com>

Registrar

PFA Registration Services Sdn. Bhd.
Level 13, Uptown 1
No.1 Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel No.: + (603) 7725 4888

Auditors

Roger Yue, Tan & Associates
Chartered Accountants

Audit Committee

Dr. Leong Wan Leong (Chairman)
Tong Chin Hen
Tai Keat Chai

Remuneration Committee

Tai Keat Chai (Chairman)
Mohd Shafek Bin Isa
Dr. Leong Wan Leong

Nomination Committee

Mohd Shafek Bin Isa (Chairman)
Tai Keat Chai
Dr. Leong Wan Leong

Group Principal Bankers

Malayan Banking Berhad
Petaling Jaya Business Centre
1st & 2nd Floor, Wisma IJM Annexe
Jalan Yong Shook Lin
46050 Petaling Jaya
Selangor Darul Ehsan

HSBC Bank Malaysia Berhad
17-23, Jalan Sultan
46200 Petaling Jaya
Selangor Darul Ehsan

Solicitors

Teh & Lee
Unit 23-3, 3rd Floor
The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Stock Exchange Listing

Bursa Malaysia Securities Berhad
(Second Board)
Stock Name : Imaspro
Stock Code : 7222

Mohd Shafek Bin Isa Non-Executive Chairman

Encik Mohd Shafek Bin Isa, a Malaysian, aged 49. Appointed to the Board and elected Chairman since 15 November 2005. He also serves as the Chairman of the Nomination Committee and a member of the Remuneration Committee. He is also a Director of Imaspro Resources Sdn. Bhd. and Ideal Command Sdn. Bhd., the subsidiaries of Imaspro Corporation Berhad. He has no directorship in other public companies.

He graduated with a Diploma in Statistics from Mara Institute of Technology (now known as UiTM) in 1979. He then furthered his studies in Australia where he obtained his Postgraduate Diploma from the Securities Institute of Australia.

He began his career as an Investment Analyst with Malaysian National Reinsurance Berhad, Kuala Lumpur and he left the company in 1986 where his position was that of Investment Manager. Between 1986 and 1990, he was the Corporate Planning Manager of the KAB Group of companies. During his tenure in KAB Group, he was temporarily seconded to Tracasia Rental & Machinery Sdn. Bhd. as Manager. In KAB Group, he undertook various feasibility studies including that of a project with Waste Management International, USA to privatise the management of toxic and hazardous waste in Malaysia. He was also involved in a joint-venture project with JVA International BV, a Netherlands based company, for the cultivation of chilli and tomato. In 1991, he returned to the investment and securities industry when he joined BBMB Securities Sdn. Bhd. as Manager of Institutional Sales. He left BBMB Securities in 1992 to join UMBC Securities Sdn. Bhd. as Manager, Dealing before assuming the position of Senior Manager, Dealing in MGI Securities Berhad in 1995. He left MGI Securities in 1998 and was based in London as Fund Manager of TRIM Capital Management Ltd before returning to Malaysia in 2000. Upon returning to Malaysia, he was employed as Head of Islamic Products Unit, a start-up division to participate in the evolving opportunities in Islamic banking, in Melor Permata Capital Management Sdn. Bhd. He left the company in the same year to pursue his personal interest in the investment and securities industry.

Encik Mohd Shafek Bin Isa holds 150,000 shares directly in the Company and 19,118,704 shares indirectly (deemed interested by virtue of his interest in Sunbina Dunia Sdn. Bhd., a substantial shareholder of the Company, pursuant to Section 6A of the Companies Act, 1965). He does not hold any directorship in other public companies. He also does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted for offences within the past ten years other than traffic offences, if any. Attended all three (3) Board meetings held in the financial year.

Tong Chin Hen Managing Director

Mr. Tong Chin Hen, a Malaysian, aged 50. Appointed to the Board and Managing Director since 15 November 2005. He also serves as a member of the Audit Committee. He is also a Director of Imaspro Resources Sdn. Bhd. and Ideal Command

Sdn. Bhd., the subsidiaries of Imaspro Corporation Berhad. He has no directorship in other public companies.

He is a member of the Institute of Directors in the United Kingdom

His career started in 1975 when he joined Ancom Sdn. Bhd., which went public in 1990, and was the first agrochemical plant to be established in Malaysia. He left the company in end 1992 while he was the Executive Commercial Manager. His tenure at Ancom Berhad enabled him to experience first-hand most of the key activities of an international agrochemical company. Early signs of his entrepreneurship surfaced when he was with Ancom Berhad where he initiated and successfully opened up the Pacific Island markets for the company. He was also the first Ancom employee to initiate the sourcing of critical raw materials for production directly from suppliers in China to avoid mark-up by middlemen and traders. Subsequently in June 1993, he bought a stake in Imaspro Resources Sdn. Bhd. and assumed the position of General Manager. He has been solely responsible for the growth of the company to be a leading pesticide player in Malaysia over the last twelve (12) years. He was also directly responsible for creating several export markets for the company, including pioneering exports of pesticides to Russia and Eastern European countries. To date, the products of IRSB have been exported to approximately thirty (30) countries worldwide. His ability to lead a Malaysian agrochemical company to break into and increase its overseas presence amidst growing trade protectionism reflects his market-savvy approach to business and the extent of his networking in the international agrochemical business. He has been a regular participant in the Annual British Crop Protection Conference & Exhibition in the United Kingdom, the largest annual gathering of players in the global agrochemical industry since the 1990s.

Mr. Tong Chin Hen holds 150,000 shares directly in the Company and 33,947,064 shares indirectly (deemed interested by virtue of his interest in Swiss Revenue Sdn. Bhd., a substantial shareholder of the Company, pursuant to Section 6A of the Companies Act, 1965). He is the younger brother of Tong Ah Wah @ Tong Chun Hwi and does not have any conflict of interest with the Company. He has not been convicted for offences within the past ten years other than traffic offences, if any. Attended all three (3) Board meetings held in the financial year.

Tong Ah Wah @ Tong Chun Hwi Executive Director

Mr. Tong Ah Wah @ Tong Chun Hwi, a Malaysian, aged 57. Appointed to the Board since 15 November 2005. He graduated with a Bachelor of Science in Chemical Engineering from National Cheng Kung University in Taiwan in 1972. He has been a member of Institute Kimia Malaysia (IKM) since 1978.

Upon his graduation in 1972, he joined Malaya Acid Works Sdn. Bhd. ("MAWSB") and was later promoted to the position of Process Engineer in 1977. During his tenure with MAWSB, he was extensively involved in various fields in chemical

manufacturing industries. These include project planning, product development, plant expansion, quality control and research and development on production of sodium silicate glass and liquid. In 1987, he achieved a Malaysian first when he pioneered the development and manufacturing of potassium silicate glass and liquid on a commercial scale. The product is now supplied widely to the local and overseas markets. He retired from MAWSB in 2004 as Senior Chemical Engineer of the company. In August 2002, he was appointed as an Independent Non-Executive Director of Stone Master Corporation Berhad ("SMCB"). He is also a member of SMCB's Audit Committee.

Mr. Tong Ah Wah @ Tong Chun Hwi holds 100,000 shares directly in the Company and 2,571,498 shares indirectly (deemed interested by virtue of his wife, Madam Fang Lie Lie's direct interest in the Company). He is the elder brother of Tong Chin Hen and does not have any conflict of interest with the Company. He has not been convicted for offences within the past ten years other than traffic offences, if any. Attended all three (3) Board meetings held in the financial year.

Dr. Leong Wan Leong

**Independent
Non-Executive Director**

Dr. Leong Wan Leong, a Malaysian, aged 56. Appointed to the Board since 15 November 2005. He also serves as the Chairman of the Audit Committee and a member of both the Nomination Committee and the Remuneration Committee. He has no directorship in other public companies.

He graduated in 1973 with a Bachelor of Science Degree in Chemical Engineering from the National Cheng Kung University, Taiwan and a Master of Science Degree in Process Analysis and Development from the University of Aston Birmingham, United Kingdom in 1975.

He joined the University of Malaya in 1977 where he lectured, tutored and conducted research. He later received a PhD Degree from the Department of Chemical Engineering, University of Malaya in 1984. Between mid 1980s until 1996, he held various positions at the Palm Oil Research Institute of Malaysia (PORIM), currently known as Malaysia Palm Oil Board, such as Technical Advisory Service Officer, Researcher, Senior Researcher and Research Group Leader. While at PORIM, he developed a patented process on "Recovery and Concentration of Vitamin E from palm oil by-products" with his team of colleagues. He was then responsible for the design, installation, commissioning and optimisation of a RM5 million proto-type pilot plant for the project. He is a trained assessor for the implementation and auditing of ISO 9000 Quality System for the palm oil industry. He is also the main assessing officer for PORIM's Certificate of Competency Schemes for palm oil refineries and palm oil mills. He is also responsible for the organisation of Diploma and other certified training programs for palm oil mill engineers, production supervisors and laboratory conductors. He has previously attended training programs in Productivity Management in Japan as well as in Applied Ecology in Netherlands. Currently, he has interests over several private limited companies involved in marketing and trading of products.

Dr. Leong Wan Leong holds 50,000 shares directly in the Company. He does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted for offences within the past ten years other than traffic offences, if any. Attended all three (3) Board meetings held in the financial year.

Tai Keat Chai

**Independent
Non-Executive Director**

Mr. Tai Keat Chai, a Malaysian, aged 52. Appointed to the Board since 15 November 2005. He also serves as the Chairman of the Remuneration Committee and a member of both the Nomination Committee and the Audit Committee. Presently, he is a Board member of Chuan Huat Resources Berhad, Amanah Millenia Fund Berhad, Disccomp Berhad, Toyochem Corporation Berhad, MESB Berhad, Datascan Berhad, PECD Berhad and several other private limited companies.

He is a Fellow of the Institute of Chartered Accountants in England & Wales and a member of the Malaysian Institute of Accountants.

He began his career with KPMG London as an Audit Senior in 1977 and a year later joined PricewaterhouseCoopers in Kuala Lumpur, as a Qualified Assistant. In 1981, he joined Alliance Merchant Bank Berhad as an Assistant Manager and rose to the position of Senior Manager (Corporate Finance). Subsequently, in 1988, he returned to PricewaterhouseCoopers Consulting Sdn. Bhd. as Manager for about a year before joining Berjaya Group Berhad as a General Manager (Investment). In 1990, he ventured into the stockbroking industry and has worked in SJ Securities Sdn. Bhd., A.A. Anthony Securities Sdn. Bhd. and ECM Libra Securities Berhad as General Manager, Director and a dealer's representative respectively.

Mr. Tai Keat Chai holds 50,000 shares directly in the Company. He does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted for offences within the past ten years other than traffic offences, if any. Attended all three (3) Board meetings held in the financial year.

The Board of Directors of Imaspro Corporation Berhad ("the Board") fully appreciates the importance of adopting high standards of Corporate Governance within the Group. Since our listing on the Second Board of the Bursa Malaysia Securities Berhad, the Board has been committed to ensuring that the highest standards of corporate governance are consistently observed by the Group. Apart from observance of the Principles and Best Practices on Corporate Governance as set out in the Malaysian Code on Corporate Governance ("the Code"), the Board has also moved to put in place stringent parameters and measures for adherence by the management.

By promoting integrity and professionalism the management of the Group's affairs, the Board aims to enhance business efficacy, transparency, accountability and also to protect and achieve the ultimate objective of realising long-term shareholders' value, the financial performance of the Group as well as the interests of other stakeholders.

The Board is therefore pleased to report that during the financial year ended 30 June 2006, it had practiced good corporate governance in directing and managing the business affairs of the Company and its subsidiaries ("the Group").

BOARD OF DIRECTORS

Board Composition and Balance

The Board believes that effective corporate governance is premised on three important cornerstones namely, independence, accountability and transparency. Based on these premises, the Board is of the opinion that an effective Board is determined by its composition.

The Board is a well-balanced Board with an effective mix of Executive Directors and Independent Non-Executive Directors. The Board currently has five (5) members, comprising two (2) Executive Directors and three (3) Non-Executive Directors. Of the three (3) Non-Executive Directors, two (2) are independent as defined under the Listing Requirements of Bursa Malaysia Securities Berhad.

The Independent Directors make up more than one third of the membership of the Board. They are independent of management and free from any business relationship which could materially interfere with the exercise of their judgement or the ability to act in the best interests of the Group and of the minority shareholders. The role of the Independent Directors is vital for the successful direction of the Group as they provide guidance, unbiased, fully balanced and independent advice and judgement to many aspects of the Group's strategy so as to safeguard the interests of minority shareholders and to ensure that the highest standards of conduct and integrity were maintained by the Group. The Executive Directors who have good knowledge of the business are responsible for implementing the corporate strategies and policies as well as charged with the management of the day-to-day operations of the business. The Non-Executive Directors complement the skills and experience of the Executive Directors in the formulation of corporate strategies and policies through their knowledge and experience of relevant sectors.

There is clear division of responsibilities between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness, implementation of policies and decisions, corporate affairs and overall financial performance of the Group whilst the Managing Director has overall responsibility over the operating units, organisational effectiveness, coordinating the development and implementation of business and corporate strategy as well as the implementation of Board policies and decisions.

Board Responsibilities

The Board is primarily responsible for the Group's overall corporate governance, strategic plans, business performance, succession planning, risk management, as well as reviewing the adequacy and integrity of its internal control and management information systems.

The Board meets regularly to review the Group's corporate strategies, business operations and financial performance. Matters significant to the Group's business and finances including approval of annual operating budget, major capital expenditure, material acquisition and disposal of assets are also discussed at these meetings.

Board Meetings and Supply of Information

To ensure effective management of the Group, Board Meetings are convened regularly during the year, at quarterly intervals or as and when necessary. During the financial year since its Listing on the Second Board of Bursa Malaysia Securities Berhad, the Board held three (3) meetings.

Details of the attendance of the Directors at the Board of Directors' Meetings held in the financial year ended 30 June 2006 are as follows:

Name of Director	No. of Meetings Attended
Mohd Shafek Bin Isa	3/3
Tong Chin Hen	3/3
Tong Ah Wah @ Tong Chun Hwi	3/3
Dr. Leong Wan Leong	3/3
Tai Keat Chai	3/3

All Directors are provided with an agenda inclusive of relevant Board papers prior to each Board meeting. The Board papers include minutes of the last Board meeting, agenda for the current meeting and any report and documents pertaining to the issues to be discussed at the meeting. The Board papers are issued in sufficient time to enable the Directors to obtain a comprehensive understanding of the issues to be deliberated upon to enable them to arrive at an informed decision.

In addition to quarterly Board meetings, briefings are conducted for the Board from time to time on various issues such as changes to company and securities legislations, rules and regulations to inform them of the latest developments in these areas. The Directors are also notified of any corporate announcements released to the Bursa Malaysia Securities Berhad. They are also informed of the impending restriction in dealing with the securities of the Company at least one month prior to the release of the quarterly financial result announcement.

In exercising their duties, the Directors have unrestricted access to timely and accurate information within the Group, whether as a full Board or in their individual capacity. All Directors also have direct access to the advice and the services of the Group's Company Secretary in carrying out their duties. In addition, the Board may also seek professional opinion and independent advice from external consultants, if necessary, at the Company's expense.

Appointment and Re-Election of Board Members

The proposed appointment of new Board members, resignation of existing members, as well as the proposed re-election of the Directors are approved by the Board upon the recommendation of the Nomination Committee. In accordance to the Company's Articles

of Association, any Director so appointed shall hold office only until the next following Annual General Meeting and shall then be eligible for re-election. All Board members were appointed to the Board during the financial year and therefore shall retire and be eligible for re-election.

The Articles of Association also requires that at least one-third (1/3) of the Directors including Executive Directors, to retire from office by rotation and be eligible for re-election at every Annual General Meeting. All Directors shall submit for re-election at least once every three (3) years from the date of appointment in compliance with the Listing Requirements of the Bursa Malaysia Securities Berhad.

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are over seventy (70) years of age are required to submit themselves for re-appointment annually. None of the Directors of the Company has attained the age of seventy (70) years for the financial year under review.

The Board, through its delegation to the Nomination Committee, has set up and implemented the process for the assessments of its Chairman, the individual Board members and the Board as a whole. For the financial year ended 30 June 2006, the Board has, through the Nomination Committee, reviewed the skills mix and experience of the individual Directors and assessed the effectiveness of the Board as a whole.

Directors' Training

At the date of this statement, all Directors have attended and successfully completed the Mandatory Accreditation Programme ("MAP") conducted by the Research Institute of Investment Analysis Malaysia ("RIIAM") as required under the Listing Requirements of Bursa Malaysia Securities Berhad.

In addition, all Directors are encouraged to attend relevant seminars and training programmes on a continuous basis organised by the relevant regulatory authorities and professional bodies to keep abreast of latest developments in the market place as well as to enhance their skills and knowledge.

Directors' Remuneration

The remuneration of the Executive Directors consists of basic salary and other emoluments. Other benefits customary to the Group are made available as appropriate. Any salary review takes into account market rates and the performance of the individual and the Group. The Non-Executive Directors' remuneration comprises fees that reflect their expected roles and responsibilities, including any additional work and contributions required.

Details of remuneration of Directors who served during the financial year ended 30 June 2006 are as follows:

Aggregate Remuneration by Category	Executive Directors RM	Non-Executive Directors RM
Salaries and bonuses	434,100	-
Fees	144,000	42,000
EPF Contribution	48,120	-
Total	626,120	42,000

The numbers of Directors whose remuneration fall within the respective bands are as follows:

Range of Remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
RM50,000 & below	-	3
RM150,001 to RM200,000	1	-
RM400,001 to RM450,000	1	-

Board Committees

In order to ensure the effective discharge of its fiduciary duties, the Board has established various Board Committees to assist the Board in the running of the Group. This is to allow the members of the Board Committees to deliberate and examine issues within their terms of reference in greater detail and subsequently recommend and report to the Board. The functions and terms of reference of the committees, as well as the authority delegated by the Board to these committees, have been clearly defined and approved by the Board. All Board Committees do not have executive powers but only the power to make recommendations to the Board.

The Board Committees for the financial year under review are as follows:

(a) Audit Committee

The Audit Committee was established pursuant to a resolution of the Board of Directors on 15 November 2005. The Audit Committee presently comprises three (3) members of the Board of which two (2) are Independent Non-Executive Directors and one (1) is an Executive Director:

- i) Dr. Leong Wan Leong (Independent Non-Executive Director) – Chairman
- ii) Tong Chin Hen (Managing Director)
- iii) Tai Keat Chai (Independent Non-Executive Director)

Since the Listing on the Second Board of the Bursa Malaysia Securities Berhad in January 2006, the Audit Committee has held a total of three (3) meetings during the course of the financial year ended 30 June 2006.

(b) Nomination Committee

The Nomination Committee was established on 17 January 2006 and is responsible for ensuring the Board has the appropriate balance and size, and recommending the right candidates with the necessary mix of skills, experience and competencies to be appointed to the Board.

The Nomination Committee comprises three (3) members, all of whom are Non-Executive Directors. Of the three (3) Non-Executive Directors, two (2) are independent:

- i) Mohd Shafek Bin Isa (Non-Executive Chairman) - Chairman
- ii) Tai Keat Chai (Independent Non-Executive Director)
- iii) Dr. Leong Wan Leong (Independent Non-Executive Director)

Meetings of the Nomination Committee are held as and when required, and at least once a year. During the financial year ended 30 June 2006, the Committee met once and the meeting was attended by all its members.

The terms of reference of the Nomination Committee are as follows:

- to review, recommend and consider suitable candidates to the Board of the Company and subsidiary companies of the Group, including committees of the Board;
- to recommend to the Board the optimum size of the Board, formalise a transparent procedure for proposing new nominees to the Board and Board Committees and ensure that the investment of the minority shareholders are fairly reflected on the Board;
- to review and determine the mix of skills, experience and other qualities, including core competencies of Non-Executive Directors, on an annual basis;
- to assess the Directors on an on-going basis and the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director;
- to ensure that there is an orientation and education programme for new Directors with respect to the business and management of the Group;
- to provide feedbacks to Directors in respect of their individual performance;
- to provide constructive input to each individual Director as to how he or she may be better contribute to the functioning of the Board; and
- to ensure the composition of the Board is in accordance with the Memorandum and Articles of Association and the requirements for best practice of corporate governance.

All recommendations of the Nomination Committee are subject to the endorsement of the Board.

(c) Remuneration Committee

The Remuneration Committee was established on 17 January 2006 and is responsible for carrying out annual reviews whereupon recommendations are submitted to the Board on the overall remuneration policy for Directors and Key Senior Management Officers, to ensure that the remuneration policy remains in support of its corporate objectives and shareholder value, and is in tandem with its culture and strategy.

The Remuneration Committee comprises three (3) members, all of whom are Non-Executive Directors. Of the three (3) Non-Executive Directors, two (2) are independent:

- i) Tai Keat Chai (Independent Non-Executive Director) - Chairman
- ii) Mohd Shafek Bin Isa (Non-Executive Chairman)
- iii) Dr. Leong Wan Leong (Independent Non-Executive Director)

Meetings of the Remuneration Committee are held as and when required, and at least once a year. During the financial year ended 30 June 2006, the Committee met once and the meeting was attended by all its members.

The terms of reference of the Remuneration Committee are as follows:

- to establish and review the terms and conditions of employment and remuneration of Executive Directors and Key Senior Management Officers of the Group to ensure that rewards commensurate with their contributions to the Company's growth and profitability; and supports the Company's objectives and shareholder value and is consistent with the Company's culture and strategy.
- to review annually the performance of the Executive Directors and recommend to the Board specific adjustments in remuneration and / or reward payments if any reflecting their contributions for the year.
- to ensure the level of remuneration for Non-Executive Directors and Independent Directors reflects their experience and level of responsibilities undertaken and contribution to the effective functioning of the Board. Reviews and recommends changes to the Board where necessary.
- keep abreast of the terms and conditions of service of the Executive Directors including their total remuneration package for market comparability. Reviews and recommends changes to the Board where necessary.

All recommendations of the Remuneration Committee are subject to the endorsement of the Board.

INVESTORS RELATIONS AND SHAREHOLDERS COMMUNICATION

The Board clearly recognises the importance of transparency and accountability to all its stakeholders, particularly its shareholders and investors as it ensures that market credibility and investors' confidence are maintained. Through extensive disclosures of appropriate and relevant information, using various channels of communication on a timely basis, the Group aims to effectively provide shareholders and investors with information to fulfill transparency and accountability objectives.

At this juncture, the channel of communication to shareholders, stakeholders and general public for the overall performance and operations of the Group's business activities are press releases, public announcements on quarterly basis, annual report and disclosures to the Bursa Malaysia Securities Berhad.

Meetings with institutional investors, fund managers and analysts from time to time provide an additional avenue for the Board and management to convey information about Group performance, strategy and other matters affecting shareholders' interests.

The upcoming Annual General Meeting represents the principal forum for dialogue and interaction with shareholders. A presentation is given by the Chairman to explain the Group's strategy, performance and major developments to shareholders during every Annual General Meeting. Shareholders are accorded both the opportunity and time to raise questions on the agenda items of the general meeting. The notice of meeting and the annual report are sent out to shareholders at least 21 days before the date of the meeting in accordance with the Company's Articles of Association.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a balanced, insightful and timely assessment of the Group's financial position and prospects by ensuring quality financial reporting through the annual audited financial statements and quarterly financial results to its stakeholders, in particular, shareholders, investors and the regulatory authorities.

The Audit Committee assists the Board in scrutinising information for disclosure to ensure the quality of financial reporting and adequacy of such information, prior to submission to the Board for its approval.

As required by the Companies Act, 1965, the Directors are responsible for the preparation of financial statements in accordance with applicable approved accounting standards and to give a true and fair view of the state of affairs of the Group and Company at the end of each financial year and of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured that applicable accounting standards have been followed; and
- prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Act and applicable approved accounting standards.

In addition, the Directors are also responsible for taking reasonable steps to safeguard the assets for the Group and Company and to prevent and detect fraud as well as other irregularities.

Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls that provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines. The effectiveness of the systems of internal controls of the Group is reviewed periodically by the Audit Committee.

Further details of the Group's system of internal controls are set out in the Statement on Internal Control section of this Annual Report.

Relationship with Auditors

The Board maintains a transparent and professional relationship with the external auditors. The Audit Committee meets with the external auditors at least once a year to discuss their audit plan, audit findings and the financial statements. The Audit Committee also meets the external auditors without the presence of the Executive Directors and the management whenever deemed necessary. From time to time, the auditors highlight to the Audit Committee and the Board on matters that require the Board's attention.

The role of the Audit Committee in relation to both the internal and external auditors is described in the Audit Committee Report of this Annual Report.

MEMBERS

Dr. Leong Wan Leong (Independent Non-Executive Director) – Chairman
 Tong Chin Hen (Managing Director)
 Tai Keat Chai (Independent Non-Executive Director)

TERMS OF REFERENCE

1. Member

The Audit Committee shall be appointed by the Board of Directors amongst the Directors and shall consist of not less than three (3) members. A majority of the Audit Committee members must be Independent Non-Executive Directors. The Chairman, who shall be elected by the Audit Committee, shall be an Independent Director. No alternate Director shall be appointed as a member of the Audit Committee.

The Board shall at all times ensure that at least one (1) member of the Audit Committee:

- (i) must be a member of the Malaysian Institute of Accountants ("MIA"); or
- (ii) if he is not a member of the MIA, he must have at least three (3) years' working experience and:
 - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

At least once in every three (3) years, the Board of Directors must review the terms of office and performance of the Audit Committee and each of its members to determine whether the Audit Committee and its members carried out their duties in accordance to the terms of reference.

2. Meetings and Reporting Procedures

The Audit Committee shall convene meetings as and when required, and at least four (4) times during the financial year. The Chairman of the Audit Committee, or the Secretary on the requisition of any members, the head of internal audit or the external auditors, shall at any time summon a meeting by giving reasonable notice. A quorum shall be two (2) members present and majority of which must be Independent Directors.

The chief executive officer, the chief financial officer, the company secretary and the head of internal audit shall attend all meetings of the Audit Committee but may be requested to leave a meeting as and when deemed necessary by the Audit Committee. The presence of the external auditors will be requested, if required. Other Board members may attend meetings upon the invitation of the Audit Committee.

The Company Secretary shall act as secretary of the Audit Committee. The Secretary shall draw up an agenda for each meeting, in consultation with the Chairman of the Audit Committee. The agenda shall be distributed to all members of the Audit Committee and the head of internal audit before the meeting together with supporting papers. The minutes of the meeting of the Audit Committee shall be circulated to all members of the Board. The Chairman of the Audit Committee shall report on each meeting to the Board and all recommendations of the Audit Committee shall be submitted to the Board for approval.

3. Authority

The Audit Committee is authorised by the Board in accordance with the procedures to be determined by the Board (if any) and at the cost of the Company to:

- investigate any activity within its Terms of Reference, or as directed by the Board of Directors;
- determine and obtain the resources required to perform its duties, including approving the budget for the external and internal audit functions;
- have full and unrestricted access to any information pertaining to the Company or the Group for the purpose of discharging its functions and responsibilities;
- have direct communication channels with the external auditors and persons carrying out the internal audit function for the Group (if any);
- approve the appointment of the head of internal audit;
- engage independent professional advisers and to secure the attendance of outsiders with relevant experience and expertise if necessary; and
- to review the adequacy of the structure and Terms of Reference of the Board Committee.

4. Responsibilities and Duties

The Audit Committee shall review and, where appropriate, report to the Board of Directors on the following:

Financial Reporting

- i) to review and recommend acceptance or otherwise of accounting policies, principles and practices;
- ii) to review the quarterly and annual financial statements of the Group and the Company for recommendation to the Board of Directors for approval, focusing particularly on:
 - any changes in or implementation of new accounting policies and practices;
 - major judgemental areas, significant and unusual events;
 - significant adjustments arising from the audit;
 - the going concern assumptions; and
 - compliance with the applicable approved accounting standards, Listing Requirements of the Bursa Malaysia Securities Berhad and other legal and statutory requirements.
- iii) to review with the management and the external auditors the results of the audit, including any difficulties encountered.

Risk Management

- i) to review the adequacy of and to provide independent assurance to the Board of the effectiveness of risk management functions of the Group;
- ii) to ensure that the principal and requirements of managing risk are consistently adopted throughout the Group; and
- iii) to deliberate on the key risk issues highlighted by the Group Risk Management Committee in their report.

Internal Control

- i) to assess the quality and effectiveness of the systems of the internal control and the efficiency of the Group's operations;
- ii) to review the findings on the internal control in the Group by internal and external auditors; and

- iii) to review and approve the Statement on Internal Control for the Annual Report as required under Listing Requirements of the Bursa Malaysia Securities Berhad.

Internal Audit

- i) to approve the corporate audit charters of internal audit functions in the Group;
- ii) to ensure that the internal audit function have appropriate standing in the Group and have the necessary authority and resources to carry out their work. This includes a review of the organisational structure, resources, budgets and qualifications of the internal audit personnel;
- iii) to review the adequacy of internal audit plans and the scope of audits, and ensure that the internal audit functions are carried out without any hindrance;
- iv) to be informed of resignations and transfers of senior internal audit staff and provide resigning/transferred staff an opportunity in expressing their views; and
- v) to direct any special investigation to be carried out by internal audit.

External Audit

- i) consider the appointment of the external auditors, their terms of appointment and reference and any questions of resignation or dismissal;
- ii) to review the external auditors' management letter and the management's response and actions taken in respect of these. Where actions are not taken within an adequate timeframe by the management, the Audit Committee will report the matter to the Board of Directors; and
- iii) to discuss with the external auditors their audit plan, scope and nature of audit before the commencement of audit.

Corporate Governance

- i) to review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow up (including disciplinary action) any instances of non-compliance;
- ii) to review the findings of any examinations by regulatory authorities;
- iii) to consider any related party transaction and conflict of interest that may arise within the Group including any transaction, procedure or course of conduct that raises questions of integrity;
- iv) to review and approve the Statement of Corporate Governance for the annual report as required under Listing Requirements of the Bursa Malaysia Securities Berhad;
- v) to review the investor relations programme and shareholder communications policy for the Company;
- vi) to examine instances and matters that may have compromised the principles of corporate governance and report back to the Board;
- vii) to develop and regularly review the Group's Code of Corporate Governance and Business Ethics; and
- viii) where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved, resulting in a breach of Listing Requirements of the Bursa Malaysia Securities Berhad, the Audit Committee must promptly report such matters to Bursa Malaysia Securities Berhad.

MEETINGS AND MINUTES

During the year ended 30 June 2006, three (3) Audit Committee Meetings were held. Details of attendance of each Committee member were as follows:

	No. of Audit Committee Meetings	
	Held	Attended
Dr. Leong Wan Leong	3	3
Tong Chin Hen	3	3
Tai Keat Chai	3	3

At each of these Committee Meetings, the Senior Management personnel, the Company Secretary together with representatives of the external auditors were in attendance.

SUMMARY OF ACTIVITIES

The Audit Committee carried out its duties in accordance with its Terms of Reference during the financial year.

The main activities undertaken by the Audit Committee included the following:

- i) reviewed the interim financial reports relating to the quarterly reporting of the Group to ensure adequacy of disclosure of information essential to a fair and full presentation of the financial affairs of the Group for recommendation to the Board for approval for the release of the said quarterly reporting;
- ii) reviewed the audited financial statements before submitting them to the Board, ensuring that the financial statements were prepared in accordance with the applicable accounting standards and provisions of the Companies Act, 1965;
- iii) evaluated the performance of the external auditors, reviewed the external auditors' scope of work, audit plan and their audit fees and recommending the appointment of external auditors at the Annual General Meeting;
- iv) discussed the internal audit plan, programmes and resources requirement and skill levels of the internal auditors for the year and assessed the performance of the internal audit function; and
- v) reviewed and discussed Related Party Transaction ("RPT") and Recurrent Related Party Transactions ("RRPT") to ascertain if the transactions are conducted at arm's length and on normal commercial terms, and such transactions are not detrimental to the interest of minority shareholders.

Directors' Responsibilities

The Board of Directors has the overall responsibility for establishing and maintaining a sound system of internal control for the Group to safeguard shareholders' investment and the Group's assets. The system of internal control is designed to manage and minimize risk rather than eliminating it. Shareholders should be aware that there are inherent limitations in any system of internal control. Accordingly, it can only provide reasonable assurance but not absolute assurance against material misstatement of management and financial information or against financial losses or fraud.

Internal Control Environment

Within the Group, there are organisational structures in place for each operating unit with clearly defined levels of authority. Management of each operating unit has clear responsibility for identifying risk affecting their unit and the overall Group's business as a whole. They are also charged with instituting adequate procedures and internal controls to mitigate and monitor such risks on an ongoing basis. Since its listing on the Second Board of Bursa Malaysia Securities Berhad, the Board has regularly addressed issues or risks that may have arisen.

Standard operating policies and procedures that document how transactions are captured and where internal controls are applied exist for all operating units of the Group. As part of the performance monitoring process, management information in the form of forecasts and quarterly management accounts and reports are provided to the Board for review and approval.

Audit Committee

Since its listing on the Second Board of Bursa Malaysia Securities Berhad, the Audit Committee has met three (3) times. The Audit Committee provides assurance to the Board in discharging its overall responsibility for the effectiveness of internal controls in the Group. The key functions performed by the Committee were:-

- Review of audit plans of both external and internal auditors.
- Review of quarterly results and announcements and recommend to The Board for approval.
- Review any related party transactions and conflict of interest situations.

Internal Audit

During the financial year, the Group outsourced its internal audit function to an independent firm of consultants.

The internal audit team will assist the Audit Committee in providing assurance that a sound system of internal controls exists by reviewing such controls and procedures of the Group. At the onset, the audit programme will be presented to the Audit Committee for their perusal and agreement and findings will be presented to the Committee accordingly. The internal audit team is totally independent. It has no involvement in the operations of the Group and is not involved in providing any form of advisory to the management of the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.24 of the Bursa Securities Listing Requirements, the external auditors have reviewed this Statement of Internal Control. This review was performed in accordance with Recommended Practice Guide ("RPG") 5 issued by Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.



FINANCIAL STATEMENTS

Directors' Report

30 June 2006

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2006.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are set out in Note 4 to the financial statements. There were no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit from operations after finance costs	12,875,957	3,432,365
Negative goodwill recognised	9,877,823	-
Profit before taxation	22,753,780	3,432,365
Taxation	(3,472,277)	(723,000)
Net profit after taxation	19,281,503	2,709,365
Pre-acquisition profit	(2,418,786)	-
Net profit for the year	16,862,717	2,709,365

There were no material transfers to or from reserves and provisions during the financial year other than as disclosed in the statements of changes in equity.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividends was declared and paid during the financial year.

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 30 June 2006 of 1 sen tax exempt and 2.5 sen non-tax exempt on 80,000,000 ordinary shares, amounting to RM2,240,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of unappropriated profit in the financial year ending 30 June 2007.

DIRECTORS

The names of the Directors of the Company in office since the date of last report and at the date of this report are:

Mohd Shafek Bin Isa	(appointed on 15.11.2005)
Tong Chin Hen	(appointed on 15.11.2005)
Tong Ah Wah @ Tong Chun Hwi	(appointed on 15.11.2005)
Dr. Leong Wan Leong	(appointed on 15.11.2005)
Tai Keat Chai	(appointed on 15.11.2005)
Stephen Kuek Hock Eng	(resigned on 16.11.2005)
Ng Soon Chian	(resigned on 16.11.2005)

In accordance with Article 80 of the Company's Articles of Association, Mohd Shafek Bin Isa, Tong Chin Hen, Tong Ah Wah @ Tong Chun Hwi, Dr. Leong Wan Leong and Tai Keat Chai shall retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial period, no Director has received or become entitled to receive a benefit, (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the notes to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which he has a substantial financial interest.

Directors' Report

30 June 2006

DIRECTORS' INTEREST

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Shareholdings in the name of the Director	Number of ordinary shares of RM0.50 each in the Company			
	At 1.7.2005	Acquired	Disposed	At 30.6.2006
Mohd Shafek Bin Isa	-	19,268,704	19,118,704	150,000
Tong Chin Hen	-	38,032,306	37,882,306	150,000
Tong Ah Wah @ Tong Chun Hwi	-	100,000	-	100,000
Dr. Leong Wan Leong	-	50,000	-	50,000
Tai Keat Chai	-	50,000	-	50,000
Shareholdings in which the Director is deemed to have an interest				
Mohd Shafek Bin Isa	-	19,118,704	-	19,118,704 *
Tong Chin Hen	-	33,947,064	-	33,947,064 **
Tong Ah Wah @ Tong Chun Hwi	-	2,571,498	-	2,571,498 ***

Notes:

* Deemed interest by virtue of interest in Sunbina Dunia Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965

** Deemed interest by virtue of interest in Swiss Revenue Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965

*** Deemed interest by virtue of his wife, Fang Lie Lie's direct interest in the Company

ISSUE OF SHARES

During the financial year, the Company increased:

- (a) the authorised share capital of the Company from RM100,000 to RM100,000,000 through the creation of 199,800,000 ordinary shares of RM0.50 each; and
- (b) the issued and fully paid-up ordinary share capital from RM2 to RM40,000,000 by the issuance of 79,999,996 new ordinary shares of RM0.50 each pursuant to the flotation exercise as follows:
 - (i) the issuance of 59,342,276 new ordinary shares of RM0.50 each at an issue price of RM0.50 per ordinary share as purchase consideration for the acquisition of Imaspro Resources Sdn. Bhd.;
 - (ii) the issuance of 3,592,962 new ordinary shares of RM0.50 each at an issue price of RM0.50 per ordinary share as purchase consideration for the acquisition of Ideal Command Sdn. Bhd.; and
 - (iii) the Public Issue of 17,064,758 new ordinary shares of RM0.50 each at an issue price of RM0.75 per ordinary share, for cash, for purposes as approved by the Securities Commission.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
 - (i) it necessary to write off any bad debts or the amount of allowance for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

Directors' Report

30 June 2006

- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets and liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

- (a) In conjunction with, and as an integral part of the listing of the Company on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company implemented the following:
- (i) On 28 October 2005, the Company acquired the entire issued and fully paid-up ordinary share capital of the following companies:
 - Imaspro Resources Sdn. Bhd. ("IRSB") for a purchase consideration of RM29,671,138 satisfied wholly by the issuance of 59,342,276 new ordinary shares of RM0.50 each of the Company; and
 - Ideal Command Sdn. Bhd. ("ICSB") for a purchase consideration of RM1,796,481 satisfied wholly by the issuance of 3,592,962 new ordinary shares of RM0.50 each of the Company.
 - (ii) Public Issue of 17,064,758 new ordinary shares of RM0.50 each of an issue price of RM0.75 per share and an offer for sales of 3,935,242 existing shares of the Company by the offeror at an offer price of RM0.75 per share.

The listing of and quotation of the entire issued and fully paid-up ordinary shares capital of the Company comprising 80,000,000 ordinary shares of RM0.50 each on the Second Board of Bursa Securities was completed on 20 January 2006.

- (b) On 27 June 2006, one of its subsidiaries entered into an Agreement with Malaysian Palm Oil Board ("MPOB") on the "Development of EW-Pyrethroid Insecticides and their Effects against Insects Pest in Oil Palm Plantation" to jointly research and develop with MPOB, among others, a water-based agrochemical via incorporation of environmental friendly, bio-degradable solvent, which is derived from oil palm using bio-palm formulation technology and upon the terms and conditions as stipulated in the Agreement.

AUDITORS

The auditors, Roger Yue, Tan & Associates have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors

TONG CHIN HEN
Director

Petaling Jaya

Date : 19 October 2006

MOHD SHAFEK BIN ISA
Director

Statement By Directors

19 October 2006

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, the undersigned, being two of the Directors of IMASPRO CORPORATION BERHAD do hereby state on behalf of the Directors that in our opinion, the accompanying financial statements together with the notes thereon, are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2006 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the Directors

TONG CHIN HEN

Director

Petaling Jaya

Date : 19 October 2006

MOHD SHAFEK BIN ISA

Director

**STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, TONG CHIN HEN, being the Director primarily responsible for the financial management of IMASPRO CORPORATION BERHAD do solemnly and sincerely declare that the accompanying financial statements together with the notes thereon, are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the abovenamed at Petaling Jaya)
in Selangor Darul Ehsan)
on 19 October 2006)

Before me

Commissioner for Oaths

S. Selvarajah
Petaling Jaya
Selangor Darul Ehsan

REPORT OF THE AUDITORS TO THE MEMBERS OF IMASPRO CORPORATION BERHAD

(Incorporated in Malaysia)

(Company No. 657527-H)

30 JUNE 2006

We have audited the financial statements as set out.

The financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall financial statements presentation.

We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as at 30 June 2006 and of the results and cash flows of the Group and of the Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and registers required by the Companies Act, 1965 to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for these purposes.

The auditors' report on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Companies Act, 1965.

ROGER YUE, TAN & ASSOCIATES

AF : 0134
Chartered Accountants

Petaling Jaya

Date : 19 October 2006

ROGER YUE SAU YIN

Partner of Firm
838/3/08 (J)

Balance Sheets

As At 30 June 2006

	Note	Group 2006 RM	Company 2006 RM	2005 RM
NON-CURRENT ASSETS				
Property, plant and equipment	3	10,687,383	-	-
Investments in subsidiary companies	4	-	31,467,619	-
		<u>10,687,383</u>	<u>31,467,619</u>	<u>-</u>
CURRENT ASSETS				
Inventories	5	9,306,357	-	-
Trade receivables	6	33,616,427	-	-
Other receivables	7	643,737	-	-
Amount due from subsidiary company	8	-	5,072,000	-
Short term deposits with licensed banks	9	14,716,000	9,000,000	-
Cash and bank balances	9	1,747,223	25,023	2
Tax recoverable		5,000	5,000	-
		<u>60,034,744</u>	<u>14,102,023</u>	<u>2</u>
CURRENT LIABILITIES				
Trade payables	10	7,488,086	-	-
Other payables	11	593,728	6,535	1,000
Amount due to director		-	-	2,290
Bills payable – secured	12	762,680	-	-
Term loan – secured	13	259,100	-	-
Tax payable		1,036,800	-	-
		<u>10,140,394</u>	<u>6,535</u>	<u>3,290</u>
NET CURRENT ASSETS/ (LIABILITIES)		<u>49,894,350</u>	<u>14,095,488</u>	<u>(3,288)</u>
		<u>60,581,733</u>	<u>45,563,107</u>	<u>(3,288)</u>
Financed by :				
SHARE CAPITAL AND RESERVES				
Share capital	14	40,000,000	40,000,000	2
Share premium		2,857,032	2,857,032	-
Unappropriated profit/(accumulated loss)	15	16,859,427	2,706,075	(3,290)
		<u>59,716,459</u>	<u>45,563,107</u>	<u>(3,288)</u>
SHAREHOLDERS' EQUITY/(CAPITAL DEFICIENCY)				
		<u>59,716,459</u>	<u>45,563,107</u>	<u>(3,288)</u>
NON-CURRENT LIABILITIES				
Term loan – secured	13	134,044	-	-
Deferred tax liabilities	16	731,230	-	-
		<u>865,274</u>	<u>-</u>	<u>-</u>
		<u>60,581,733</u>	<u>45,563,107</u>	<u>(3,288)</u>

The accompanying notes form an integral part of the financial statements.

Income Statements

For The Year Ended 30 June 2006

	Note	Group 2006 RM	Company	
			1.7.2005 To 30.6.2006 RM	28.6.2004 To 30.6.2005 RM
Revenue		81,293,232	3,400,000	-
Cost of sales		(64,698,701)	-	-
GROSS PROFIT		16,594,531	3,400,000	-
Other operating income		449,498	129,345	-
Distribution cost		(117,865)	-	-
Administration expenses		(3,180,129)	(96,980)	(3,290)
Other operating expenses		(780,404)	-	-
PROFIT/(LOSS) FROM OPERATIONS	17	12,965,631	3,432,365	(3,290)
Finance costs	20	(89,674)	-	-
PROFIT/(LOSS) FROM OPERATIONS AFTER FINANCE COSTS		12,875,957	3,432,365	(3,290)
Negative goodwill recognised		9,877,823	-	-
PROFIT/(LOSS) BEFORE TAXATION		22,753,780	3,432,365	(3,290)
Taxation	21	(3,472,277)	(723,000)	-
NET PROFIT/(LOSS) AFTER TAXATION		19,281,503	2,709,365	(3,290)
Pre-acquisition profit		(2,418,786)	-	-
NET PROFIT/(LOSS) FOR THE YEAR		16,862,717	2,709,365	(3,290)
Basic earnings per share (sen)	22	13.88		

The accompanying notes form an integral part of the financial statements.

Consolidated Statement Of Changes In Equity

For The Year Ended 30 June 2006

Consolidated Statement Of Changes In Equity

	Share Capital RM	Non- Distributable Share Premium RM	Distributable Unappropriated Profit/ (Accumulated Loss) RM	Total RM
At 1 July 2005	2	-	(3,290)	(3,288)
Issue of ordinary shares	39,999,998	4,266,189	-	44,266,187
Listing expenses	-	(1,409,157)	-	(1,409,157)
Net profit for the year	-	-	16,862,717	16,862,717
At 30 June 2006	40,000,000	2,857,032	16,859,427	59,716,459

The accompanying notes form an integral part of the financial statements.

Statement Of Changes In Equity

For The Year Ended 30 June 2006

	Share Capital RM	Non- Distributable Share Premium RM	Distributable Unappropriated Profit/ (Accumulated Loss) RM	Total RM
At 28 June 2004 (date of incorporation)	2	-	-	2
Net loss for the period	-	-	(3,290)	(3,290)
At 30 June 2005	2	-	(3,290)	(3,288)
At 1 July 2005	2	-	(3,290)	(3,288)
Issue of ordinary shares	39,999,998	4,266,189	-	44,266,187
Listing expenses	-	(1,409,157)	-	(1,409,157)
Net loss for the year	-	-	2,709,365	2,709,365
At 30 June 2006	40,000,000	2,857,032	2,706,075	45,563,107

Statement Of Changes In Equity

The accompanying notes form an integral part of the financial statements.

Cash Flow Statements

For The Year Ended 30 June 2006

	Group 2006 RM	Company	
		1.7.2005 To 30.6.2006 RM	28.6.2004 To 30.6.2005 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation	22,753,780	3,432,365	(3,290)
Adjustments for:			
Profit on disposal of property, plant and equipment	(13,986)	-	-
Interest expenses	89,674	-	-
Interest income	(245,768)	(129,345)	-
Allowance for doubtful debts	282,081	-	-
Allowance for doubtful debts no longer required	(125,144)	-	-
Depreciation	614,743	-	-
Negative goodwill recognised	(9,877,823)	-	-
Pre-acquisition profit	(2,418,786)	-	-
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	11,058,771	3,303,020	(3,290)
Increase in inventories	(1,181,035)	-	-
Increase in receivables	(10,243,215)	-	-
Increase in payables	2,139,605	5,535	1,000
Increase in amount due from subsidiary company	-	(5,072,000)	-
(Decrease)/increase in amount due to director	-	(2,290)	2,290
CASH GENERATED FROM/(DEPLETED IN) OPERATIONS	1,774,126	(1,765,735)	-
Interest paid	(89,674)	-	-
Interest received	245,768	129,345	-
Taxes paid	(2,598,328)	(728,000)	-
NET CASH USED IN OPERATING ACTIVITIES	(668,108)	(2,364,390)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiary companies, net of cash (Note 4)	6,165,783	-	-
Purchase of property, plant and equipment	(926,673)	-	-
Proceeds from disposal of property, plant and equipment	37,988	-	-
NET CASH FROM INVESTING ACTIVITIES	5,277,098	-	-

The accompanying notes form an integral part of the financial statements.

Cash Flow Statements

For The Year Ended 30 June 2006

	Group 2006 RM	Company	
		1.7.2005 To 30.6.2006 RM	28.6.2004 To 30.6.2005 RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of term loan	(162,274)	-	-
Net proceeds of bills payable	636,290	-	-
Repayment of hire purchase payable	(9,196)	-	-
Proceeds from issuance of ordinary shares (net of listing expenses)	11,389,411	11,389,411	2
NET CASH GENERATED FROM FINANCING ACTIVITIES	11,854,231	11,389,411	2
NET INCREASE IN CASH AND CASH EQUIVALENTS	16,463,221	9,025,021	2
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/ PERIOD	2	2	-
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD (NOTE 9)	16,463,223	9,025,023	2

Cash Flow Statements

The accompanying notes form an integral part of the financial statements.

Notes To The Financial Statements

30 June 2006

1. CORPORATE INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are set out in Note 4 to the financial statements. There were no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Second Board of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Wisma Goshen, 2nd Floor, 60 & 62 Jalan SS 22/21, Damansara Jaya, 47400 Petaling Jaya, Selangor Darul Ehsan and the principal place of business of the Company is located at 37 Jalan 5, Kawasan 16, Taman Intan, 41300 Klang, Selangor Darul Ehsan.

The number of employees in the Group at the end of the financial year was 78 and there are no employees in the Company.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 19 October 2006.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention except for that indicated in the individual policy notes.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary companies. Subsidiary companies are those entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiary companies are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiary companies are measured at their fair values at the date of acquisition.

The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary company at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation. Goodwill on consolidation is stated at cost less accumulated impairment losses. Negative goodwill on consolidation will be recognised in income statement immediately.

Intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences, if any.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

(c) Investments in Subsidiary Companies

The Company's investment in subsidiary companies is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

(d) Property, Plant and Equipment, and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m).

Revaluations are made as and when the Directors deemed necessary. Any revaluation increase is credited to equity as a revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is recognised in the income statement to the extent of the decrease previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised as an expense. Upon the disposal of revalued assets, the attributable revaluation surplus remaining in the revaluation reserve is transferred to unappropriated profit.

Freehold land is not depreciated as it has an infinite life. Long term leasehold land and building are depreciated over its lease period of 82 years.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%
Office equipment	20%
Furniture and fittings	10%-15%
Renovation	25%
Motor vehicles	20%
Plant and machinery	10%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the unutilised portion of the related revaluation surplus is taken directly to unappropriated profit, if any.

Notes To The Financial Statements

30 June 2006

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Inventories

Inventories comprise raw materials, packaging materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value.

Cost is determined using the first in first out method. The costs of raw materials and packaging materials comprise the original cost of purchase plus the cost of bringing the inventories to their present location and for finished goods and work-in-progress include direct materials, direct labour, other direct costs and appropriate production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(f) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(g) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

(i) Finance leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2(d).

(ii) Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Income Tax

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(i) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(j) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Notes To The Financial Statements

30 June 2006

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Sale of goods

Revenue relating to sale of goods is recognised net of discounts upon the transfer of risks and rewards.

(ii) Interest income

Interest is recognised on an accrual basis (taking into account the effective yield on the asset) unless collectibility is in doubt, in which case it is recognised on a receipt basis.

(iii) Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

(iv) Dividend income

Dividend income is recognised when the right to receive payment is established and that no significant uncertainty exists with regard to its receipts.

(k) Foreign Currency Transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined. All exchange rate differences are taken to the income statement.

The principal exchange rates used for each respective unit of foreign currency ruling at the balance sheet date are as follows:

	2006
	RM
1 United States Dollar	3.71
1 Euro	4.70
1 Australian Dollar	2.75

(l) Dividends

Interim dividends are accounted for in the shareholders' equity as an appropriation of unappropriated profit in the period. Final dividends are not accounted for until approved at the Annual General Meeting.

(m) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset.

(n) Contingent Liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events which existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

(o) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Trade receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(ii) Trade payables

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iii) Interest-bearing borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(iv) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

Notes To The Financial Statements

30 June 2006

Notes To The Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT

The Group Cost	Freehold land		Long term leasehold land		Buildings	Office equipment	Furniture and fittings	Renovation	Motor vehicles	Plant and machinery	Total
	RM	RM	RM	RM							
Balance at date of acquisition	1,761,526	1,266,861	3,565,596	564,518	471,452	471,698	839,862	4,484,605	13,426,118		
Additions	-	-	-	67,901	1,950	2,780	86,300	767,742	926,673		
Disposals	-	-	-	(3,200)	-	-	(80,421)	-	(83,621)		
At 30 June 2006	1,761,526	1,266,861	3,565,596	629,219	473,402	474,478	845,741	5,252,347	14,269,170		
Accumulated Depreciation											
Balance at date of acquisition	-	20,662	102,347	272,077	369,154	259,988	627,944	1,374,491	3,026,663		
Depreciation charge for the year	-	10,427	32,818	59,801	29,735	72,592	73,345	336,025	614,743		
Disposals	-	-	-	(3,199)	-	-	(56,420)	-	(59,619)		
At 30 June 2006	-	31,089	135,165	328,679	398,889	332,580	644,869	1,710,516	3,581,787		
Net Book Value											
At 30 June 2006	1,761,526	1,235,772	3,430,431	300,540	74,513	141,898	200,872	3,541,831	10,687,383		
At date of acquisition	1,761,526	1,246,199	3,463,249	292,441	102,298	211,710	211,918	3,110,114	10,399,455		

The net book values of property, plant and equipment pledged to licensed banks as securities for borrowings (Notes 12 and 13) are as follows:

	Group 2006 RM
Long term leasehold land	1,235,772
Freehold land	448,000
Buildings	2,723,804
	<u>4,407,576</u>

4. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2006 RM	2005 RM
Unquoted shares - at cost	<u>31,467,619</u>	-

Details of the subsidiary companies are as follows:

Name of Subsidiary Companies	Country of Incorporation	Equity Interest Held 2006 (%)	Principal Activities
Imaspro Resources Sdn. Bhd. *	Malaysia	100	Manufacturing of pesticides and plant micronutrients, distribution and agency of pesticides and other agrochemicals, and trading of pesticides and other agrochemicals
Ideal Command Sdn. Bhd. *	Malaysia	100	Investment holding

* Audited by Roger Yue, Tan & Associates

(a) Acquisition of subsidiary companies

On 28 October 2005, the Company acquired 100% equity interests in the subsidiary companies, Imaspro Resources Sdn. Bhd. and Ideal Command Sdn. Bhd. for a total purchase consideration of RM31,467,619 satisfied by way of the issuance of 62,935,238 new ordinary shares of RM0.50 each of the Company at an issue price of RM0.50 each.

(b) The acquisition had the following effects on the Group's financial result for the financial year:

	RM
Revenue	60,763,389
Profit before taxation	9,575,809
Net profit for the year	<u>6,947,530</u>

Notes To The Financial Statements

30 June 2006

4. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

- (c) The acquisition had the following effects on the financial position of the Group as at the end of the financial year:

	RM
Property, plant and equipment	10,687,383
Inventories	9,306,357
Trade and other receivables	34,260,164
Cash and cash equivalents	7,438,200
Trade and other payables	(8,075,279)
Term loan	(393,144)
Bills payable	(762,680)
Tax payable	(1,036,800)
Deferred tax liabilities	(731,230)
	<u>50,692,971</u>
Group's share of total net assets	<u>50,692,971</u>

- (d) The fair values of the assets acquired and cash flow arising from the acquisition of subsidiary companies were as follows:

	At date of acquisition RM
Property, plant and equipment	10,399,455
Inventories	8,125,322
Trade and other receivables	24,173,886
Cash and cash equivalents	6,165,783
Trade and other payables	(5,938,919)
Hire purchase payable	(9,196)
Term loan	(555,418)
Bill payable	(126,390)
Tax payable	(272,384)
Deferred tax liabilities	(616,697)
	<u>41,345,442</u>
Fair value of total net assets	<u>41,345,442</u>
Less: Negative goodwill on consolidation	<u>(9,877,823)</u>
Total purchase consideration	31,467,619
Total purchase consideration discharged by shares issued (Note 14)	(31,467,619)
Cash and cash equivalents of subsidiary companies acquired	<u>6,165,783</u>
Net cash inflow to the Group	<u>6,165,783</u>

Notes To The Financial Statements

30 June 2006

Notes To The Financial Statements

5. INVENTORIES

	Group 2006 RM
At cost:	
Finished goods	2,783,478
Raw materials	5,682,156
Packaging materials	589,408
Work-in-progress	251,315
	<u>9,306,357</u>

6. TRADE RECEIVABLES

	Group 2006 RM
Trade receivables	34,263,553
Less : Allowance for doubtful debts	<u>(647,126)</u>
	<u>33,616,427</u>

The Group's normal trade credit terms ranges from 90 days to 180 days. Other credit terms are assessed and approved on a case by case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

7. OTHER RECEIVABLES

	Group 2006 RM
Deposits	29,870
Prepayments	612,899
Sundry receivable	968
	<u>643,737</u>

Credit risk with respect to sundry receivable is concentrated on a single debtor.

Notes To The Financial Statements

30 June 2006

8. AMOUNT DUE FROM SUBSIDIARY COMPANY

The amount due from subsidiary company represents advance which is unsecured, interest free and with no fixed term of repayment.

9. CASH AND CASH EQUIVALENTS

	Group	Company	
	2006	2006	2005
	RM	RM	RM
Cash and bank balances	1,747,223	25,023	2
Short term deposits with licensed banks	14,716,000	9,000,000	-
Cash and cash equivalents	<u>16,463,223</u>	<u>9,025,023</u>	<u>2</u>

One of the short term deposits in respect of a subsidiary company amounting to RM11,000 is held under lien with a licensed bank as security for a bank guarantee issued in favour of Tenaga Nasional Berhad.

The weighted average effective interest rates of short term deposits at the balance sheet date were as follows:

	Group	Company	
	2006	2006	2005
	%	%	%
Licensed banks	<u>3.04</u>	<u>2.60</u>	<u>-</u>

The average maturities of short term deposits as at the end of the financial year were as follows:

	Group	Company	
	2006	2006	2005
	Days	Days	Days
Licensed banks	<u>30</u>	<u>30</u>	<u>-</u>

10. TRADE PAYABLES

Trade payables comprise amounts outstanding for trade purchases. The normal trade credit terms granted to the Group ranges from 30 days to 90 days.

11. OTHER PAYABLES

	Group	Company	
	2006	2006	2005
	RM	RM	RM
Deposits received	20,700	-	-
Accruals	471,053	5,000	1,000
Sundry payables	101,975	1,535	-
	<u>593,728</u>	<u>6,535</u>	<u>1,000</u>

12. BILLS PAYABLE - secured

These are secured against:

- (i) Legal charges on a subsidiary company's freehold land and buildings;
- (ii) Three adjoining agricultural land of a company where a Director of a company has financial interest;
- (iii) General Security Agreement Relating to Goods;
- (iv) Deposit of foreign letter of credits or export documents against Acceptance terms;
- (v) Jointly and severally guaranteed by certain Directors of the Company; and
- (vi) Corporate guarantee by the Company.

13. TERM LOAN - secured

	Group
	2006
	RM
Maturity of term loan	
Within one year	259,100
More than 1 year and less than 2 years	134,044
	<u>393,144</u>
Analysed as:	
Under current liabilities	259,100
Under non-current liabilities	134,044
	<u>393,144</u>

The weighted average effective interest rate of the term loan at the balance sheet date was 7.75%.

The term loan is secured against a first legal charge on a subsidiary company's long term leasehold land and building and jointly and severally guaranteed by certain Directors of the Company.

14. SHARE CAPITAL

	Number of Ordinary		Amount	
	Shares of RM0.50 Each			
	2006	2005	2006	2005
			RM	RM
Authorised:				
At 1 July 2005/28 June 2004 (date of incorporation)	200,000	200,000	100,000	100,000
Created during the year	199,800,000	-	99,900,000	-
At 30 June	<u>200,000,000</u>	<u>200,000</u>	<u>100,000,000</u>	<u>100,000</u>
Issued and fully paid:				
At 1 July 2005/28 June 2004 (date of incorporation)	4	4	2	2
Issued during the year	79,999,996	-	39,999,998	-
At 30 June	<u>80,000,000</u>	<u>4</u>	<u>40,000,000</u>	<u>2</u>

Notes To The Financial Statements

30 June 2006

14. SHARE CAPITAL (continued)

During the financial year, the Company increased:

- (a) the authorised share capital of the Company from RM100,000 to RM100,000,000 through the creation of 199,800,000 ordinary shares of RM0.50 each; and
- (b) the issued and fully paid-up ordinary share capital from RM2 to RM40,000,000 by the issuance of 79,999,996 new ordinary shares of RM0.50 each pursuant to the flotation exercise as follows:
 - (i) the issuance of 59,342,276 new ordinary shares of RM0.50 each at an issue price of RM0.50 per ordinary share as purchase consideration for the acquisition of Imaspro Resources Sdn. Bhd.;
 - (ii) the issuance of 3,592,962 new ordinary shares of RM0.50 each at an issue price of RM0.50 per ordinary share as purchase consideration for the acquisition of Ideal Command Sdn. Bhd.; and
 - (iii) the Public Issue of 17,064,758 new ordinary shares of RM0.50 each at an issue price of RM0.75 per ordinary share, for cash, for purposes as approved by the Securities Commission.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

15. UNAPPROPRIATED PROFIT

Subject to agreement with Inland Revenue Board, the entire unappropriated profit of the Company is available for distribution by way of dividends without incurring additional tax liability, based on the Company's tax credit and exempt income at 30 June 2006.

16. DEFERRED TAX LIABILITIES

	Group
	2006
	RM
Balance at date of acquisition	616,697
Recognised in income statements (Note 21)	114,533
At 30 June	<u>731,230</u>

Presented after appropriate offsetting as follows:

Deferred tax assets	-
Deferred tax liabilities	731,230
	<u>731,230</u>

Notes To The Financial Statements

30 June 2006

16. DEFERRED TAX LIABILITIES (continued)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

	Prepayment RM	Total RM
Deferred tax assets		
At 1 July 2005	-	-
Acquisition of subsidiary companies	(15,418)	(15,418)
Recognised in income statement	15,418	15,418
At 30 June 2006	-	-

	Property, plant and equipment RM	Prepayment RM	Total RM
Deferred tax liabilities			
At 1 July 2005	-	-	-
Acquisition of subsidiary companies	623,715	8,400	632,115
Recognised in income statement	107,515	(8,400)	99,115
At 30 June 2006	731,230	-	731,230

17. PROFIT / (LOSS) FROM OPERATIONS

Profit / (loss) from operations is stated after charging / (crediting):

	Group	Company	
		1.7.2005 To 30.6.2006 RM	28.6.2004 To 30.6.2005 RM
Staff costs (Note 18)	1,486,803	-	-
Directors' remuneration (Note 19)	668,120	66,000	-
Auditors' remuneration	19,200	5,000	1,000
Loss on foreign exchange			
- realised	87,469	-	-
Depreciation	410,854	-	-
Allowance for doubtful debts	282,081	-	-
Included in cost of production			
- depreciation	485,318	-	-
Allowance for doubtful debts no longer required	(125,144)	-	-
Short term deposits interest	(245,768)	(129,345)	-
Rental income	(64,600)	-	-
Profit on disposal of property, plant and equipment	(13,986)	-	-
Dividend income	-	(3,400,000)	-

Notes To The Financial Statements

30 June 2006

18. STAFF COSTS

	Group 2006 RM
Wages, salaries, bonuses and allowances	1,318,870
Social security costs	15,121
Pension costs – defined contribution plans	152,812
	<u>1,486,803</u>

19. DIRECTORS' REMUNERATION

	Group	Company	
		1.7.2005 To 30.6.2006	28.6.2004 To 30.6.2005
	2006 RM	RM	RM
Executive:			
Salaries and other emoluments	434,000	-	-
Fees	144,000	24,000	-
Pension costs – defined contribution plans	48,120	-	-
	<u>626,120</u>	<u>24,000</u>	<u>-</u>
Non-Executive:			
Fees	42,000	42,000	-
TOTAL	<u>668,120</u>	<u>66,000</u>	<u>-</u>

20. FINANCE COSTS

	Group 2006 RM
Interest expenses on:	
Hire purchase	492
Term loan	40,823
Bills payable	48,359
	<u>89,674</u>

Notes To The Financial Statements

30 June 2006

21. TAXATION

	Group	Company	
		1.7.2005 To 30.6.2006	28.6.2004 To 30.6.2005
	RM	RM	RM
Income tax:			
Malaysian income tax	(3,364,000)	(723,000)	-
Overprovided in prior years	6,256	-	-
	<u>(3,357,744)</u>	<u>(723,000)</u>	-
Deferred tax (Note 16)			
Relating to origination and reversal of temporary differences	(97,318)	-	-
Underprovided in prior year	(17,215)	-	-
	<u>(114,533)</u>	-	-
TOTAL	<u>(3,472,277)</u>	<u>(723,000)</u>	-

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group	Company	
		1.7.2005 To 30.6.2006	28.6.2004 To 30.6.2005
	RM	RM	RM
Profit/(loss) before taxation	22,753,780	3,432,365	(3,290)
Taxation at Malaysian statutory tax rate of 28%	(6,371,058)	(961,062)	921
Tax benefits for small and medium companies in Malaysia	56,686	40,000	-
Effect of expenses not deductible for tax purposes	(75,760)	(25,938)	(921)
Effect of income not subject to tax	2,765,790	224,000	-
Expenditure qualified for double deduction	35,581	-	-
Utilisation of reinvestment allowances	127,443	-	-
Overprovision of taxation in prior years	6,256	-	-
Underprovision of deferred tax in prior year	(17,215)	-	-
	<u>(3,472,277)</u>	<u>(723,000)</u>	-
Tax expense for the year			

Notes To The Financial Statements

30 June 2006

22. EARNINGS PER SHARE - GROUP

(a) Basic

The basic earnings per share has been calculated based on the Group's net profit for the year before recognition of negative goodwill divided by the weighted average number of ordinary shares of RM0.50 each in issued during the financial year held by the Company.

	Group
	2006
	RM
Net profit for the year	16,862,717
Less: Negative goodwill recognised	<u>(9,877,823)</u>
Net profit for the year before recognition of negative goodwill	<u>6,984,894</u>
Number of ordinary shares at beginning of the year	4
Effects of shares issued	42,416,626
Public Issue	7,901,217
Weighted average number of ordinary shares in issue	<u>50,317,847</u>
Basic earnings per share (sen)	<u>13.88</u>

(b) Diluted

No diluted earnings per share is presented as there are no dilution potential ordinary shares.

23. DIVIDENDS

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 30 June 2006 of 1 sen tax exempt and 2.5 sen non-tax exempt on 80,000,000 ordinary shares, amounting to RM2,240,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of unappropriated profit in the financial year ending 30 June 2007.

24. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant transactions with related parties in the financial statements are as follow:

	Group	Company	
		1.7.2005 To 30.6.2006	28.6.2004 To 30.6.2005
	2006 RM	30.6.2006 RM	30.6.2005 RM
Dividends receivable from Imaspro Resoures Sdn. Bhd., a subsidiary company	-	3,400,000	-
Sales to Dewana Sdn. Bhd., a company in which the Director, Tong Chin Hen has equity interest in this Company via his shareholding in Imaspro Process Technology Sdn. Bhd.	139,281	-	-

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

25. CONTINGENT LIABILITIES

During the financial year, the Group and the Company is contingently liable for the following:

	Group	Company	
		2006	2005
	2006 RM	2006 RM	2005 RM
Unsecured:			
- Corporate guarantee given to a licensed bank for credit facilities granted to a subsidiary company	-	1,550,000	-

26. CAPITAL COMMITMENT

The Group and the Company has no capital commitment approved and contracted for as the date of this report.

27. SEGMENT INFORMATION

(a) Business Segment

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 and other agrochemicals which are substantially within a single business segment and therefore segment reporting is deemed not necessary.

Notes To The Financial Statements

30 June 2006

27. SEGMENT INFORMATION *(continued)*

(b) Geographical Segment

In determining the geographical segments of the Group, segment revenue is based on the geographical location of customers. There are no inter-segment revenues. No segment results, assets and capital expenditure are presented as the Group does not have a legal presence in any other country other than Malaysia.

	Group
	2006
	RM
Revenue (from external customers)	
Local	46,077,391
Export	35,215,841
	<u>81,293,232</u>

28. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign currency, liquidity, credit and market risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt; the Group had no substantial long term interest-bearing assets as at 30 June 2006. The investments in financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings and manages its interest rates risk by placing the financial assets on varying maturities and interest rates terms. The Group reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of the financial assets and liabilities are disclosed in their respective notes.

(c) Foreign Exchange Risk

The Group is exposed to foreign currency risk as a result of its normal trading activities with external supplier and customer where the currency denomination differs from the local currency, Ringgit Malaysia (RM). The Group's policy is to minimise the exposure to transaction risk by matching foreign currency income against foreign currency costs.

The Group does not consider it necessary to enter into foreign exchange contracts in managing its foreign exchange risk resulting from cash flows from transactions denominated in foreign currency, given the nature of the business for the time being.

28. FINANCIAL INSTRUMENTS (continued)

(d) Liquidity Risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

(e) Credit Risk

Credit risk arises when sales are made on deferred credit terms. Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments except for as disclosed in the notes to the financial statements.

(f) Market Risk

The Group's principal exposure to market risk arises mainly from the changes in raw material prices. This risk is however mitigated by the Group being able to maintain a healthy stock level when prices are low and due to this, the Group is able to transfer increases in market costs to consumers at competitive prices.

(g) Fair Values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and Cash Equivalents, Trade and Other Receivables/Payables and Short Term Borrowings

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Borrowings

The fair value of borrowings is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

Notes To The Financial Statements

30 June 2006

29. SIGNIFICANT EVENTS

The significant events during the financial year under review are as follows:

- (a) In conjunction with, and as an integral part of the listing of the Company on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company implemented the following:
- (i) On 28 October 2005, the Company acquired the entire issued and fully paid-up ordinary share capital of the following companies:
 - Imaspro Resources Sdn. Bhd. ("IRSB") for a purchase consideration of RM29,671,138 satisfied wholly by the issuance of 59,342,276 new ordinary shares of RM0.50 each of the Company; and
 - Ideal Command Sdn. Bhd. ("ICSB") for a purchase consideration of RM1,796,481 satisfied wholly by the issuance of 3,592,962 new ordinary shares of RM0.50 each of the Company.
 - (ii) Public Issue of 17,064,758 new ordinary shares of RM0.50 each of an issue price of RM0.75 per share and an offer for sales of 3,935,242 existing shares of the Company by the offeror at an offer price of RM0.75 per share.

The listing of and quotation of the entire issued and fully paid-up ordinary share capital of the Company comprising 80,000,000 ordinary shares of RM0.50 each on the Second Board of Bursa Securities was completed on 20 January 2006.

- (b) On 27 June 2006, one of its subsidiaries entered into an Agreement with Malaysian Palm Oil Board ("MPOB") on the "Development of EW-Pyrethroid Insecticides and their Effects against Insects Pest in Oil Palm Plantation" to jointly research and develop with MPOB, among others, a water-based agrochemical via incorporation of environmental friendly, bio-degradable solvent, which is derived from oil palm using bio-palm formulation technology and upon the terms and conditions as stipulated in the Agreement.

30. COMPARATIVE FIGURES

No comparative figures for the consolidated financial statements as the Group came into effect on 28 October 2005.

The following information is provided in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad for the financial year ended 30 June 2006:

Material Contracts Involving Directors and Substantial Shareholders

Save as otherwise disclosed in Significant Related Party Transactions in the Financial Statements, there are no material contracts including contracts relating to any loan entered into by the Company and its subsidiaries involving Directors and major shareholders' interests.

Sanction and Penalties

There were no sanctions or penalties imposed by any regulatory authorities on the Company and its subsidiaries, Directors or management during the financial year ended 30 June 2006.

Share Buy-Backs

The Company did not make any share buy-back during the financial year ended 30 June 2006.

Non-Audit Fees

Non-audit fees paid to external auditors during the financial year ended 30 June 2006 amounted to RM30,000.

Options, Warrants or Convertible Securities Exercised

No options, warrants or convertible securities were issued during the financial year ended 30 June 2006.

Variation in Results for the Financial Year

There was no deviation of 10% or more between the audited results for the financial year and the unaudited financial results previously announced.

American Depository Receipt ("ADR")/Global Depository Receipt ("GDR")

The Company did not sponsor any ADR or GDR programme during the financial year ended 30 June 2006.

Profit Estimate, Forecast or Projection

The actual profit for the financial year has exceeded the forecasted profit provided in the Listing Prospectus dated 28 December 2005 by approximately 10% due mainly to the increase in revenue.

Profit Guarantee

There were no profit guarantees given by the Company during the financial year ended 30 June 2006.

Utilisation of Proceeds from Corporate Proposals

As an integral part of the listing of Imaspro Corporation Berhad ("ICB") on the Second Board of Bursa Malaysia Securities Berhad, a Public Issue of 17,064,758 ICB Shares at an issue/offer price of RM0.75 per ICB Share raised a total of RM12,798,569 in proceeds. The proceeds from the Public Issue have been utilised in the following manner:

	Total amount of proceeds RM'000	Amount utilised as at 30 June 2006 RM'000	Balance unutilised as at 30 June 2006 RM'000
Acquisition of a property	5,500	-	5,500
Acquisition of plant and machineries	3,500	-	3,500
Working capital requirements	2,099	(2,099)	-
Estimated listing expenses	1,700	(1,409)	291 #
Total	<u>12,799</u>	<u>(3,508)</u>	<u>9,291</u>

Note:

- # The actual listing expenses were lower than the estimated. As such, the unutilised balance of proceeds of RM291,000 allocated for listing expenses was utilised for working capital of the Group as at 30 June 2006.

Extension of Time to Dismantle Unapproved Structures

The Company had on 4 April 2006 announced that it had obtained an approval from the Securities Commission ("SC") on the extension of time until 19 January 2007 for ICB to comply with the dismantling of unapproved structures of the Group's existing factory in Port Klang pursuant to one of the conditions imposed by the SC on the Flotation Exercise of Imaspro Corporation Berhad.

As of to date, the unapproved structures for the abovementioned have yet to be rectified.

Revaluation of Properties

The Group does not have a revaluation policy on landed properties.

The details of landed properties of ICB Group are as follows:

Company/ Location	Description/ Existing use	Land Area/Built-up Area (Sq ft)	Tenure (years)	Age of Building (years)	Net Book Value RM'000	Date of Acquisition
Imaspro Resources Sdn. Bhd.						
H.S. (D) 13013, Lot No. P.T. 11539, Mukim of Kapar, District of Klang, State of Selangor 33, Jalan 5, Kawasan 16, Taman Intan, 41300 Klang, Selangor.	3-storey shophouse/ Rented out	Land area: 1,540 Built-up area: 4,386	Freehold	22	163	1 March 1990
H.S. (D) 13012, Lot No. P.T. 11538, Mukim of Kapar, District of Klang, State of Selangor 35, Jalan 5, Kawasan 16, Taman Intan, 41300 Klang, Selangor.	3-storey shophouse/ Administrative head office & Rented out	Land area: 1,540 Built-up area: 4,386	Freehold	22	163	10 April 1990
H.S. (D) 13011, Lot No. P.T. 11537, Mukim of Kapar, District of Klang, State of Selangor 37, Jalan 5, Kawasan 16, Taman Intan, 41300 Klang, Selangor.	3-storey shophouse/ Administrative head office	Land area: 1,540 Built-up area: 4,386	Freehold	22	653	21 May 2004
H.S. (M) No. 175, 176, 177, 178, 179, 180, 181 and 182, Mukim of RIM, District of Jasin, State of Melaka Same as above	Freehold land with agricultural research centre comprising a single storey office block and laboratory/ Research and development centre of ICB Group	Land area: 43 acres Built-up area: 168,653	Freehold	4	2,020	8 November 2004

The details of landed properties of ICB Group are as follows:

Company/ Location	Description/ Existing use	Land Area/Built-up Area (Sq ft)	Tenure (years)	Age of Building (years)	Net Book Value RM'000	Date of Acquisition
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Ideal Command Sdn. Bhd.

H.S. (M) 6289 No. P.T. 4258, Mukim of Kapar, District of Klang, State of Selangor	Manufacturing plant for agrochemicals/ Housing of manufacturing facilities for the production of agrochemicals	Land area: 73,378 Built-up area: 31,621 #	Leasehold interest for 99 years expiring on 9 June 2086 leaving an unexpired term of 80 years	18	3,429	15 November 1996
Lot 2, Solok Sultan Hishamuddin 7, Kawasan 20, Selat Klang Utara, 42000 Port Klang, Selangor						

Note:

The built-up area includes the non-permanent extensions erected by ICSB on the property

SHARE CAPITAL AS AT 14 NOVEMBER 2006

Authorised Share Capital	: RM100,000,000
Issued and Paid Up Capital	: RM40,000,000
Class of Shares	: Ordinary shares of RM0.50 each
Voting Right	: One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS AS AT 14 NOVEMBER 2006

No. of Holders	%	Size of Holdings	No. of Shares	%
1	0.28	Less than 100 shares	50	0.00
115	32.58	100 – 1,000 shares	65,300	0.08
145	41.08	1,001 – 10,000 shares	635,550	0.79
61	17.28	10,001 – 100,000 shares	2,357,604	2.95
29	8.21	100,001 to less than 5% of issued shares	23,875,728	29.85
2	0.57	5% and above of issued shares	53,065,768	66.33
353	100.00	Total	80,000,000	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 14 NOVEMBER 2006

Name	Direct Interest	No. of Shares Held		%
		%	Deemed Interest	
Swiss Revenue Sdn Bhd	33,947,064	42.43	-	-
Sunbina Dunia Sdn Bhd	19,118,704	23.90	-	-
Mohd Shafek Bin Isa	150,000	0.19	19,118,704 *	23.90
Tong Chin Hen	150,000	0.19	33,947,064 #	42.43

Deemed interest through Swiss Revenue Sdn. Bhd.

* Deemed interest through Sunbina Dunia Sdn. Bhd.

DIRECTORS' SHAREHOLDINGS AS AT 14 NOVEMBER 2006

Name	Direct Interest	No. of Shares Held		%
		%	Deemed Interest	
Mohd Shafek Bin Isa	150,000	0.19	19,118,704 *	23.90
Tong Chin Hen	150,000	0.19	33,947,064 #	42.43
Tong Ah Wah @ Tong Chun Hwi	100,000	0.13	2,571,498 ^	3.21
Dr. Leong Wan Leong	50,000	0.06	-	-
Tai Keat Chai	50,000	0.06	-	-

Deemed interest through Swiss Revenue Sdn. Bhd.

* Deemed interest through Sunbina Dunia Sdn. Bhd.

^ Deemed interest by virtue of his wife, Fang Lie Lie's direct interest in the Company

LIST OF THIRTY LARGEST REGISTERED SHAREHOLDERS AS AT 14 NOVEMBER 2006

No.	Name of Shareholders	No. of shares held	%
1.	Swiss Revenue Sdn Bhd	33,947,064	42.43
2.	Sunbina Dunia Sdn Bhd	19,118,704	23.90
3.	Fang Lie Lie	2,571,498	3.21
4.	Chin Wei Ching	2,373,692	2.97
5.	HLG Nominee (Asing) Sdn Bhd - Commerzbank (SEA) Ltd for Spice World Investments Inc	2,120,000	2.65
6.	HLG Nominee (Asing) Sdn Bhd - Commerzbank (SEA) Ltd for Pyco Holdings Ltd	2,100,000	2.63
7.	M & A Nominee (Asing) Sdn Bhd - Multivers Aktiengesellschaft	1,832,900	2.29
8.	Universal Trustee (Malaysia) Berhad - SBB Dana Al-Azam	1,553,100	1.94
9.	Amanah Raya Berhad - SBB Dana Al-Faiz	1,528,300	1.91
10.	M & A Nominee (Asing) Sdn Bhd - Lewey Marketing Aktiengesellschaft	1,179,000	1.47
11.	Ku Kooi Khang	1,073,338	1.34
12.	Azariah Binti Abd Aziz	1,035,400	1.29
13.	Chin Siew Kong	1,000,000	1.25
14.	Agrimart Sdn Bhd	940,000	1.18
15.	HSBC Nominees (Asing) Sdn Bhd - UBS AG Zurich for Hans Wirth	900,000	1.13
16.	Teh Kiat Hock	530,000	0.66
17.	Lim Eng Kok	400,000	0.50
18.	Neo Khoo Seng	350,700	0.44
19.	Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Pang Sar	310,000	0.39
20.	Lee Chay Heong	260,000	0.33
21.	Wong Klin Chai @ Wong Kum Heng	246,100	0.31
22.	Lim Boon Liat	210,000	0.26
23.	Kamol Lertdetdecha	191,800	0.24
24.	Ong Kong Beng	185,900	0.23
25.	Tan Chong Seng	170,000	0.21
26.	Lee Tan Yan	150,000	0.19
27.	Mohd Shafek Bin Isa	150,000	0.19
28.	Tong Chin Hen	150,000	0.19
29.	Lee Kim Heage	135,000	0.17
30.	Yap Kim Yok	127,000	0.16
Total		76,839,496	96.05

Notice Of Second Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Second Annual General Meeting of IMASPRO CORPORATION BERHAD will be held at KELAB SHAH ALAM SELANGOR, No.1A, Jalan Aerobik 13/43, Persiaran Kayangan, Seksyen 13, 40704 Shah Alam, Selangor Darul Ehsan on Monday, 18 December 2006 at 10.30 a.m. for the following purposes:-

AGENDA

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the year ended 30 June 2006 together with the Directors' and the Auditors' Reports thereon.
ORDINARY RESOLUTION 1
2. To approve the payment of a first and final dividend of 2.5 sen per share, less 28% income tax and 1.0 sen per share, tax exempt, in respect of the financial year ended 30 June 2006.
ORDINARY RESOLUTION 2
3. To approve the payment of Directors' Fees for the year ended 30 June 2006.
ORDINARY RESOLUTION 3
4. To re-elect Encik Mohd Shafek Bin Isa who is retiring pursuant to Article 80 of the Company's Articles of Association.
ORDINARY RESOLUTION 4
5. To re-elect Mr. Tong Chin Hen who is retiring pursuant to Article 80 of the Company's Articles of Association.
ORDINARY RESOLUTION 5
6. To re-elect Mr. Tong Ah Wah @ Tong Chun Hwi who is retiring pursuant to Article 80 of the Company's Articles of Association.
ORDINARY RESOLUTION 6
7. To re-elect Dr. Leong Wan Leong who is retiring pursuant to Article 80 of the Company's Articles of Association.
ORDINARY RESOLUTION 7
8. To re-elect Mr. Tai Keat Chai who is retiring pursuant to Article 80 of the Company's Articles of Association.
ORDINARY RESOLUTION 8
9. To re-appoint Messrs. Roger Yue, Tan & Associates as Auditors of the Company and to authorise the Directors to fix their fees.
ORDINARY RESOLUTION 9

Notice Of Second Annual General Meeting

As Special Business

To consider and, if thought fit, to pass the following Ordinary Resolution:-

10. Authority to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965

"That, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

ORDINARY RESOLUTION 10

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the Second Annual General Meeting of the Company, a first and final dividend of 2.5 sen per share, less 28% income tax and 1.0 sen per share, tax exempt, in respect of the financial year ended 30 June 2006 will be paid to the shareholders on 23 January 2007. The entitlement date for the said dividend shall be 10 January 2007.

A Depositor shall qualify for entitlement to the Dividend only in respect of:

- a. Shares transferred into the Depositors' Securities Account before 4.00 p.m. on 10 January 2007 in respect of ordinary transfers;
- b. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

ENG SOO FUNN (f) (MACS 00044)
CHONG MUN YEW (MIA 18436)
Secretaries

Petaling Jaya
Date: 24 November 2006

Notice Of Second Annual General Meeting

NOTES:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid, the instrument appointing a proxy, duly completed must be deposited at the Share Registrar of the Company at PFA Registration Services Sdn. Bhd., Level 13, Uptown 1, No. 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time for holding the meeting provided that in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).
3. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

Where the appointer is a corporation, the instrument appointing a proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised.

5. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

Explanatory Note on Special Business

Ordinary Resolution 10 on the Authority to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965.

Resolution 10 is proposed pursuant to Section 132D of the Companies Act, 1965 and if passed, will give the Directors of the Company, from the date of the above annual general meeting, authority to issue and allot shares from the unissued share capital of the Company for such purposes as the Directors may deem fit and in the interest of the Company. This authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Notice Of Second Annual General Meeting

STATEMENT ACCOMPANYING NOTICE OF SECOND ANNUAL GENERAL MEETING

Pursuant to the Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad appended hereunder are:-

1. Directors who are standing for re-election at the Second Annual General Meeting of the Company are as follows:-

- a. Encik Mohd Shafek Bin Isa
- b. Mr. Tong Chin Hen
- c. Mr. Tong Ah Wah @ Tong Chun Hwi
- d. Dr. Leong Wan Leong
- e. Mr. Tai Keat Chai

Further details of the above Directors are set out in the Profile of the Board of Directors on pages 6 to 7 of this Annual Report.

2. Details of attendance of Directors at Board Meetings

There were three (3) Board Meetings held during the financial year ended 30 June 2006. The details of Directors' attendance at Board Meetings are set out on page 9 of this Annual Report.

3. Place, Date and Hour of the Second Annual General Meeting of the Company

The Second Annual General Meeting of the Company will be held at KELAB SHAH ALAM SELANGOR, No.1A, Jalan Aerobik 13/43, Persiaran Kayangan, Seksyen 13, 40704 Shah Alam, Selangor Darul Ehsan on Monday, 18 December 2006 at 10.30 a.m.



IMASPRO CORPORATION BERHAD
(Company No. 657527-H)
(Incorporated in Malaysia)

FORM OF PROXY

No. of Shares held

I/We _____
of _____
being a member/members of IMASPRO CORPORATION BERHAD, hereby appoint _____
_____ of _____
_____ or failing him, _____
_____ of _____

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Second Annual General Meeting of the Company to be held at KELAB SHAH ALAM SELANGOR, No.1A, Jalan Aerobik 13/43, Persiaran Kayangan, Seksyen 13, 40704 Shah Alam, Selangor Darul Ehsan on Monday, 18 December 2006 at 10.30 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:

NO.	Resolutions	For	Against
Ordinary Resolution 1	Adoption of Audited Financial Statements and Directors' and Auditors' Reports for the year ended 30 June 2006		
Ordinary Resolution 2	Approval on the payment of a First and Final Dividend		
Ordinary Resolution 3	Approval on the payment of Directors' Fees		
Ordinary Resolution 4	Re-election of Encik Mohd Shafek Bin Isa as Director		
Ordinary Resolution 5	Re-election of Mr. Tong Chin Hen as Director		
Ordinary Resolution 6	Re-election of Mr. Tong Ah Wah @ Tong Chun Hwi as Director		
Ordinary Resolution 7	Re-election of Dr. Leong Wan Leong as Director		
Ordinary Resolution 8	Re-election of Mr. Tai Keat Chai as Director		
Ordinary Resolution 9	Re-appointment of Messrs. Roger Yue, Tan & Associates as Auditors of the Company		
Ordinary Resolution 10	Authority to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965		

(Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he thinks fit.)

Signed this _____ day of _____ 2006

.....
Signature of Member/Common Seal

Notes:-

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid, the instrument appointing a proxy, duly completed must be deposited at the Registered Office of the Company at PFA Registration Services Sdn Bhd, Level 13, Uptown 1, No. 1, Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time for holding the meeting provided that in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).
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Where the appointer is a corporation, the instrument appointing a proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

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STAMP

The Company

IMASPRO CORPORATION BERHAD (Company No.657527-H)
(Incorporated in Malaysia)

PFA Registration Services Sdn. Bhd.
Level 13, Uptown 1,
No.1, Jalan SS21/58,
Damansara Uptown,
47400 Petaling Jaya,
Selangor Darul Ehsan

Fold Here ²



IMASPRO CORPORATION BERHAD

(657527-H)



Poised

for accelerated
global growth

IMASPRO CORPORATION BERHAD (657527-H)

37, Jalan 5, Kawasan 16, Taman Intan, 41300 Klang,
Selangor Darul Ehsan, Malaysia

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website: <http://www.imaspro.com>