

IQ GROUP HOLDINGS BERHAD
(Company No. 636944-U)
(Incorporated in Malaysia under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 31 DECEMBER 2011

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED 31 DECEMBER 2011**

	Individual Quarter		Cumulative Quarter	
	Current year quarter ended	Preceding year corresponding quarter ended	Current year to-date for 9 months ended	Preceding year corresponding period of 9 months ended
	31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
Revenue	36,499	32,714	113,945	105,090
Investment revenue	49	13	112	36
Other gains and losses	(25)	626	4,010	(1,546)
Changes in inventories of finished goods and work-in-progress	(311)	1,241	(2,368)	4,566
Raw materials and consumables used	(15,222)	(27,637)	(45,413)	(60,825)
Purchase of trading goods	(7,643)	6,716	(19,190)	(6,784)
Employee benefits expense	(7,557)	(7,511)	(23,822)	(22,592)
Depreciation and amortisation of non-current assets	(1,448)	(1,339)	(3,847)	(4,033)
Impairment loss on property, plant and equipment	-	(498)	-	(498)
Finance costs	(102)	(41)	(286)	(116)
Other operating expenses	(6,169)	(5,339)	(19,327)	(20,014)
Share of results of jointly controlled entity	(6)	(232)	(561)	(764)
Profit/(loss) before tax	(1,935)	(1,287)	3,253	(7,480)
Tax income/(expense)	804	(343)	245	22
Net profit/(loss) after tax for the period	(1,131)	(1,630)	3,498	(7,458)
Basic earnings/(loss) per ordinary share (sen)	(1.33)	(1.92)	4.12	(8.77)
Diluted earnings/(loss) per ordinary share (sen)	N/A	N/A	N/A	N/A

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 31 March 2011 and the accompanying explanatory notes attached to this interim financial report.

IQ GROUP HOLDINGS BERHAD
(Company No. 636944-U)
(Incorporated in Malaysia under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 31 DECEMBER 2011

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2011**

	Individual Quarter		Cumulative Quarter	
	Current year quarter ended	Preceding year corresponding quarter ended	Current year to-date for 9 months ended	Preceding year corresponding period of 9 months ended
	31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
Net profit/(loss) for the period	(1,131)	(1,630)	3,498	(7,458)
Exchange differences on translating foreign operations	(256)	24	(363)	(745)
Total comprehensive income/(loss) for the period	<u><u>(1,387)</u></u>	<u><u>(1,606)</u></u>	<u><u>3,135</u></u>	<u><u>(8,203)</u></u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2011 and the accompanying explanatory notes attached to this interim financial report.

IQ GROUP HOLDINGS BERHAD
(Company No. 636944-U)
(Incorporated in Malaysia under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 31 DECEMBER 2011

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at end of current quarter 31 December 2011 Unaudited RM'000	Audited as at preceding financial year ended 31 March 2011 Audited RM'000
Non-current assets		
Property, plant and equipment	17,853	17,885
Prepaid lease payments	1,815	1,851
Product development costs	8,821	9,004
Interest in a jointly controlled entity	2,093	655
Deferred tax assets	99	99
Total non-current assets	30,681	29,494
Current assets		
Inventories	38,915	37,880
Trade and other receivables	37,542	37,938
Other assets	6,085	2,030
Income tax recoverable	509	2,082
Short-term deposits with licensed banks	3,168	3,025
Cash and bank balances	7,982	7,118
Total current assets	94,201	90,073
Total assets	124,882	119,567
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	85,000	85,000
Reserves	6,406	6,786
Retained earnings/(accumulated losses)	(5,859)	(9,374)
Total equity	85,547	82,412
Non-current liabilities		
Deferred tax liabilities	579	72
Total non-current liabilities	579	72
Current liabilities		
Trade and other payables	33,183	29,403
Bank borrowings	4,370	4,098
Other financial liabilities	114	-
Provision for restructuring costs	640	1,707
Current tax liabilities	449	1,875
Total current liabilities	38,756	37,083
Total liabilities	39,335	37,155
Total equity and liabilities	124,882	119,567
Net assets per share (RM)	1.01	0.97

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2011 and the accompanying explanatory notes attached to this interim financial report.

IQ GROUP HOLDINGS BERHAD
(Company No. 636944-U)
(Incorporated in Malaysia under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 31 DECEMBER 2011

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 2011**

	Non-Distributable			Distributable		Total RM'000
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Share Option Reserve RM'000	Retained Earnings RM'000	
Balance as of 1 April 2011	85,000	7,504	(901)	183	(9,374)	82,412
Total comprehensive income/(loss) for the period			(363)		3,498	3,135
Transactions with owners:						
Share-based payment forfeited				(17)	17	-
Recognition of share-based payment						-
Balance as of 31 December 2011	<u>85,000</u>	<u>7,504</u>	<u>(1,264)</u>	<u>166</u>	<u>(5,859)</u>	<u>85,547</u>
Balance as of 1 April 2010	85,000	7,504	304	194	4,054	97,056
Total comprehensive income/(loss) for the period			(745)		(7,458)	(8,203)
Transactions with owners:						
Share-based payment forfeited				(8)	8	-
Recognition of share-based payment						-
Balance as of 31 December 2010	<u>85,000</u>	<u>7,504</u>	<u>(441)</u>	<u>186</u>	<u>(3,396)</u>	<u>88,853</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2011 and the accompanying explanatory notes attached to this interim financial report.

IQ GROUP HOLDINGS BERHAD
(Company No. 636944-U)
(Incorporated in Malaysia under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 31 DECEMBER 2011

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 31 DECEMBER 2011**

	Individual Quarter	
	Current year quarter ended 31 December 2011 RM'000	Preceding year corresponding quarter ended 31 December 2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	3,253	(7,480)
Adjustments for :		
Depreciation and amortisation of non-current assets	3,847	4,033
Allowance for slow moving inventories	-	1,313
Impairment loss on property, plant and equipment	-	498
Product development cost written off	-	2
Interest expenses recognised in profit and loss	286	116
Property, plant and equipment written off	-	171
Unrealised (gain)/loss on foreign exchange	(856)	(1,067)
Interest revenue recognised in profit and loss	(25)	(36)
(Gain)/Loss on disposal of property, plant and equipment	31	-
Unrealised (gain)/loss arising from forward contract	114	-
Share of results of jointly controlled entity	561	764
Operating profit/(loss) before working capital changes	7,211	(1,686)
(Increase) / Decrease in:		
Inventories	(1,035)	(7,663)
Trade and other receivables	1,397	2,121
Other assets	(4,056)	387
Increase / (Decrease) in:		
Trade and other payables	3,635	(1,669)
Cash generated from operations	7,152	(8,510)
Tax refunded	1,904	989
Tax paid	(1,092)	(698)
Net cash (used in)/generated from operating activities	7,964	(8,219)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	1,920	69
Interest received	25	40
Purchase of property, plant and equipment	(3,833)	(1,668)
Payment of capitalised development costs	(1,222)	(2,378)
Investment in joint venture	(2,000)	-
Short-term deposits held as security value	(3,168)	(3,086)
Net cash (used in)/generated from investing activities	(8,278)	(7,023)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	19	2,557
Interest paid	(286)	(116)
Net cash (used in)/generated from financing activities	(267)	2,441
NET INCREASE IN CASH AND CASH EQUIVALENTS	(581)	(12,801)
Effect of foreign exchange rate changes	(1,580)	(258)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	10,143	21,964
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7,982	8,905
Cash and cash equivalents included in the consolidated cash flow statement comprise the following amount:		
Short term deposits with licensed banks	3,168	3,086
Cash and bank balances	7,982	8,905
	11,150	11,991
Less: Short-term deposits pledged as security value	(3,168)	(3,086)
	7,982	8,905

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 March 2011 and the accompanying explanatory notes attached to this interim financial report.

THIRD QUARTER REPORT ENDED 31 DECEMBER 2011

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2011

PART A : EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (FRS) 134 - INTERIM FINANCIAL REPORTING

1. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with FRS 134: Interim Financial Reporting, Paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities).

The accounting policies and methods of computation adopted by the Group for the interim financial report are consistent with those adopted in the audited financial statements for the year ended 31 March 2011 except for the accounting policy changes that are expected to be reflected in financial statement for the year ended 31 March 2012. Details of these changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with FRS 134, Interim Financial Reporting requires management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2011.

2. CHANGES IN ACCOUNTING POLICIES

The MASB has issued a number of new and revised Financial Reporting Standards (FRS) that are effective for financial period beginning on or after 1 January 2011.

FRS 1 :	First-time Adoption of Financial Reporting Standards (revised)
FRS 1 :	First-time Adoption of Financial Reporting Standards (Amendments relating to limited exemption from Comparative FRS 7 Disclosures for First-time Adopters)
FRS 1 :	First-time Adoption of Financial Reporting Standards (Amendments relating to additional exemptions for first-time adopters)
FRS 2 :	Share-based Payment (Amendments relating to group cash-settled share-based payment transactions)
FRS 2 :	Share-based Payment (Amendments relating to scope of FRS 2 and revised FRS 3)
FRS 3 :	Business Combinations (revised)
FRS 5 :	Non-current Assets Held for Sale and Discontinued Operations (Amendments relating to plan to sell controlling interest in a subsidiary)
FRS 7 :	Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments)
FRS 124 :	Related Party Disclosures (revised)
FRS 127 :	Consolidated and Separate Financial Statements (revised)
FRS 128 :	Investments in Associates (revised)
FRS 138 :	Intangible Assets (Amendments relating to additional consequential amendments arising from revised FRS 3)
FRS 139 :	Financial Instruments: Recognition and Measurement (Amendments relating to additional consequential amendments arising from revised FRS 3 and revised FRS 127)

Improvements to FRSs 2010

IC Interpretation 4 :	Determining whether an Arrangement contains a Lease
IC Interpretation 9 :	Reassessment of Embedded Derivatives (Amendments relating to additional consequential amendments arising from revised FRS 3)
IC Interpretation 12 :	Service Concession Arrangements
IC Interpretation 14 :	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (Amendments relating to prepayments of a minimum funding requirement)
IC Interpretation 16 :	Hedges of a Net Investment in a Foreign Operation

IQ GROUP HOLDINGS BERHAD
(Company No. 636944-U)
(Incorporated in Malaysia under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 31 DECEMBER 2011

IC Interpretation 17 : Distributions of Non-cash Assets to Owners

IC Interpretation 18 : Transfer of Assets from Customers

The above FRS do not have significant impact on the financial statements of the Group except for the changes arising from the adoption of the following:

- a. FRS 3 Business Combinations (Revised in 2010)
- b. FRS 127 Consolidated and Separate Financial Statements (Revised in 2010)

3. AUDIT REPORT ON THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the preceding annual financial statements was not subject to any qualification.

4. SEASONAL OR CYCLICAL FACTORS

The Group serves a wide customer base in Europe, Japan and USA. The demand for the Group's products in the normal course of events is seasonal with demand peaking during the third and fourth quarter of the financial year.

5. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There was no unusual material event during the reporting quarter.

6. MATERIAL CHANGES IN ESTIMATES

There were no changes in estimates that have a material effect in the current quarter results.

7. CHANGES IN DEBT AND EQUITY SECURITIES

Proposed Authority for the Company to purchase its own shares

At the Annual General Meeting of the Company held on 23 September 2011, the shareholders of the Company had granted a mandate for the Company to purchase its own ordinary shares of RM1.00 each as may be determined by the Directors of the Company up to maximum of 10% of the issued and paid-up capital of the Company. The mandate will expire upon the conclusion of the next Annual General Meeting of the Company.

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities, share buy-back or shares held as treasury shares during the quarter ended 31 December 2011.

8. DIVIDENDS PAID

No interim dividend was paid by the Company for the quarter ended 31 December 2011.

9. SEGMENT REPORTING

**Cumulative quarter ended
31 December 2011**

	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Eliminations RM'000	Total RM'000
Revenue					
External revenue	-	64,129	49,816		113,945
Inter-segment revenue	4,608	52,807	60,512	(117,927)	-
Total revenue	<u>4,608</u>	<u>116,936</u>	<u>110,328</u>	<u>(117,927)</u>	<u>113,945</u>

IQ GROUP HOLDINGS BERHAD
(Company No. 636944-U)
(Incorporated in Malaysia under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 31 DECEMBER 2011

	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Eliminations RM'000	Total RM'000
<u>Results</u>					
Profit/(loss) from operations	3,798	25,756	(2,410)	(23,156)	3,988
Investment revenue	97	6	9		112
Finance cost					(286)
Share of results of jointly controlled entity					<u>(561)</u>
Profit/(loss) before tax					3,253
Income tax income/(expense)					<u>245</u>
Profit/(loss) after tax					<u><u>3,498</u></u>

10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation. There was no revaluation of property, plant and equipment for the current quarter.

11. MATERIAL SUBSEQUENT EVENT

There were no material events subsequent to the current financial quarter ended 31 December 2011 up to the date of this report.

12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter.

13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no material contingent liabilities or contingent assets as at date of issue of this interim financial report.

IQ GROUP HOLDINGS BERHAD
(Company No. 636944-U)
(Incorporated in Malaysia under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 31 DECEMBER 2011

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2011

PART B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. PERFORMANCE REVIEW

For the current quarter under review, the Group's revenue increased by RM3.8 million or 11.6% as compared to the third quarter ended 31 December 2010, mainly due to sales of new products launched during the year.

Despite increase in sales, the Group's loss before tax for the quarter increased by RM0.65 million as compared to the third quarter ended 31 December 2010, mainly due to the following:

(a) increase in material and direct labour cost in China.

(b) there was a foreign exchange loss amounting RM0.16 million in the current quarter as compared to foreign exchange gain of RM0.86 million in the third quarter ended 31 December 2010.

The performance of the respective operating segments are analysed as follows:-

	Individual Quarter		Cumulative Quarter	
	Current year quarter ended	Preceding year corresponding quarter ended	Current year to-date for 9 months ended	Preceding year corresponding period of 9 months ended
	31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
<u>Revenue</u>				
Investment holding	1,444	1,595	4,608	4,747
Manufacturing	37,196	32,966	116,936	124,178
Trading	39,216	34,406	110,328	107,617
<u>Profit before tax</u>				
Investment holding	671	135	3,816	(118)
Manufacturing	23,817	(4,347)	25,556	(9,289)
Trading	(2,797)	2,982	(2,402)	2,896

Investment Holdings

Q3 FY2012 vs. Q3 FY2011

The investment holdings segment profit increased by RM0.54 million mainly due to the foreign exchange gain of RM0.64 million in the current quarter as compared to foreign exchange gain of RM0.03 million in preceding year quarter.

Q3 YTD FY2012 vs. Q3 YTD FY2011

The investment holdings segment YTD profit increased by RM3.93 million mainly due to debts waiver from a wholly owned subsidiary of RM1.53 million upon its liquidation and foreign exchange gain of RM1.53 million as compared to foreign exchange loss of RM0.68 million in preceding year cumulative quarter.

Manufacturing

Q3 FY2012 vs. Q3 FY2011

The manufacturing segment profit increased by RM28.16 million mainly due to increase in revenue by RM4.23 million and debts waiver of RM25 million received by a manufacturing subsidiary company from its related companies within the group upon its liquidation.

IQ GROUP HOLDINGS BERHAD
(Company No. 636944-U)
(Incorporated in Malaysia under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 31 DECEMBER 2011

Q3 YTD FY2012 vs. Q3 YTD FY2011

The manufacturing segment YTD profit increased by RM34.85 million mainly due to increase in revenue by RM7.24 million and debts waiver of RM25 million received by a manufacturing subsidiary company from its related companies within the group upon its liquidation. Moreover, there was a foreign exchange gain of RM3.15 million in current period as compared to foreign exchange gain of RM0.94 million in preceeding year period.

Trading

Q3 FY2012 vs. Q3 FY2011

The trading segment profit decreased by RM5.8 million mainly due to debts waiver by a trading subsidiary upon the liquidation of a manufacturing subsidiary company.

Q3 YTD FY2012 vs. Q3 YTD FY2011

The trading segment YTD profit decreased by RM5.3 million mainly due to debts waiver by a trading subsidiary upon the liquidation of a manufacturing subsidiary company.

2. COMPARISON WITH THE IMMEDIATE PRECEDING QUARTER'S RESULTS

The Group's revenue for the current quarter was RM36.5 million, representing a decrease of RM4.56 million or 11.1% as compared to that of the immediate preceding quarter ended 30 September 2011. This is mainly due to higher sales in the immediate preceding quarter ended 30 September 2011 as a result of new products launched and the associated initial pipe line filled volume.

The Group recorded a loss before taxation of RM1.94 million for the quarter under review, representing a decrease in profit by RM6.88 million as compared to that of the immediate preceding quarter. This was due to the following:

(a) decrease in gross profit as a result of decrease in revenue

(b) foreign exchange loss of RM0.16 million in the current quarter as compared to foreign exchange gain of RM3.28 million in second quarter ended 30 September 2011.

3. COMMENTARY ON PROSPECTS

The market response for the Group's newly launched LED Products have been good and encouraging. The demand for LED products in Japan was good due to the year 2011 tsunami disaster and the subsequent electric power shortage.

The group's restructuring plan to turnaround the company has been implemented. Initiatives to grow the business are in progress. The Group continues to be exposed to the impact from foreign currency fluctuations. But notwithstanding this exchange rate challenge, barring any unforeseen circumstances, the Directors are optimistic that this business turnaround plan will enhance group's performance in the future and the future outlook of the group will be positive.

4. VARIANCE OF ACTUAL AND FORECASTED PROFIT AND SHORTFALL IN PROFIT GUARANTEE

The disclosure requirements for explanatory notes for the variance of actual profit after tax and forecast profit after tax are not applicable.

The Group did not announce any profit guarantee.

IQ GROUP HOLDINGS BERHAD
(Company No. 636944-U)
(Incorporated in Malaysia under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 31 DECEMBER 2011

5. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 31 Dec 2011 RM'000	Current year- to-date ended 31 Dec 2011 RM'000
Interest income	(49)	(112)
Other income including investment income	(187)	560
Interest expense	102	286
Depreciation and amortisation	1,448	3,847
Provision for and written off of receivables *	-	-
Provision for and written off of inventories *	-	-
(Gain)/loss on disposal of quoted/unquoted investments *	-	-
(Gain)/Loss on disposal of properties *	-	-
Impairment of assets *	-	-
Foreign exchange (gain) or loss	162	3,450
(Gain) or loss on derivatives *	-	-
Exceptional item charged / (credited) *	-	-

* Not applicable during the period

6. INCOME TAX EXPENSE

	Quarter ended 31 Dec 2011 RM'000	Current year- to-date ended 31 Dec 2011 RM'000
Estimated income tax expense:		
Current tax expense/(income)	159	969
Under/(over)-provision in prior quarter/ year	(794)	(1,721)
Deferred tax	(169)	507
	<u>(804)</u>	<u>(245)</u>

The Group's current quarter and year to-date income tax reflects an effective tax rate which is lower than the statutory income tax rate mainly due to adjustment for over-provision of tax in prior year and unabsorbed losses b/f which off-set against current period's statutory income.

7. DISCLOSURE ON REALISED AND UNREALISED PROFITS/(LOSSES)

The breakdown of the retained earnings/(accumulated losses) are as follows:

	As at 31 Dec 2011 RM'000	As at 30 Sep 2011 RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries		
Realised	32,558	8,115
Unrealised	(437)	1,478
	<u>32,121</u>	<u>9,593</u>
Total share of accumulated losses from jointly controlled entity		
Realised	(1,872)	(1,890)
Unrealised	(35)	(10)
	<u>(1,907)</u>	<u>(1,900)</u>
Add: Consolidation adjustments	(36,073)	(12,422)
Total Group retained earnings/(accumulated losses) as per statement of financial position	<u>(5,859)</u>	<u>(4,729)</u>

IQ GROUP HOLDINGS BERHAD
(Company No. 636944-U)
(Incorporated in Malaysia under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 31 DECEMBER 2011

8. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT YET TO BE COMPLETED

There were no corporate proposals announced but not completed as at the date of issue of this interim financial report.

9. GROUP BORROWINGS AND DEBT SECURITIES

Group borrowing as of 31 December 2011 are as follows:

	Included in the total borrowings are amounts denominated in foreign currency RMB	Quarter ended 31 Dec 2011 RM
Bank borrowings:		
Short term - unsecured	5,900,000	2,970,060
Short term - unsecured	-	<u>1,400,000</u>
		<u><u>4,370,060</u></u>

10. FINANCIAL INSTRUMENTS

As at 31 December 2011, the foreign currency contracts which have been entered into by the Group to hedge its foreign receivables in US Dollar are as follows:

	Contract value USD'000	Notional value RM'000	Financial liabilities carried at fair value RM'000
Forward Foreign Currency Contracts			
Less than 1 year	<u>2,800</u>	<u>8,758</u>	<u>114</u>

Financial instruments are classified as Financial assets/liabilities at fair value through profit or loss (FVTPL).

Financial assets/liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss is included in the "other gains and losses" line item in the statement of comprehensive income.

11. MATERIAL LITIGATION

There was no material litigation pending as at date of issue of this interim financial report.

12. DIVIDENDS DECLARED OR PAYABLE

No interim dividend has been declared by the Company for the quarter ended 31 December 2011.

IQ GROUP HOLDINGS BERHAD
(Company No. 636944-U)
(Incorporated in Malaysia under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 31 DECEMBER 2011

13. EARNINGS PER SHARE

a. Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

	Current Quarter ended 31 Dec 2011	Current year- to-date ended 31 Dec 2011
Net profit/(loss) for the period (RM'000)	<u>(1,131)</u>	<u>3,498</u>
Weighted average number of ordinary shares in issue ('000)	<u>85,000</u>	<u>85,000</u>
Basic earnings/(loss) per share (sen)	<u>(1.33)</u>	<u>4.12</u>

b. Diluted earnings per share

The average fair value of the shares of the Company is lower than the average exercise price of the share options granted to employees. The effect of this would be anti-dilutive to the earnings per ordinary share.

Date: 27 February 2012