

**IQ GROUP HOLDINGS BERHAD**  
(Company No. 636944-U)

(Incorporated in Malaysia under the Companies Act, 1965)

**THIRD QUARTER REPORT ENDED 31 DECEMBER 2015**

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2015**

	Individual Quarter		Cumulative Quarter	
	Current year quarter ended  31 December 2015 RM'000	Preceding year corresponding quarter ended  31 December 2014 RM'000	Current year to-date for 9 months ended  31 December 2015 RM'000	Preceding year corresponding period of 9 months ended  31 December 2014 RM'000
Revenue	44,389	45,864	138,887	155,061
Investment revenue	259	61	637	121
Other gains and losses	(463)	2,544	4,467	3,060
Changes in inventories of finished goods and work-in-progress	(395)	(1,773)	(4,424)	(2,184)
Raw materials and consumables used	(14,679)	(16,904)	(48,846)	(57,306)
Purchase of trading goods	(6,097)	(5,117)	(15,012)	(20,571)
Employee benefits expense	(10,416)	(9,928)	(30,194)	(29,832)
Depreciation and amortisation of non-current assets	(1,593)	(1,469)	(4,825)	(4,439)
Finance costs	(1)	(1)	(2)	(7)
Other operating expenses	(6,280)	(6,001)	(19,321)	(19,955)
<b>Profit/(loss) before tax</b>	<b>4,724</b>	<b>7,276</b>	<b>21,367</b>	<b>23,948</b>
<b>Tax income/(expense)</b>	<b>(1,199)</b>	<b>(2,296)</b>	<b>(5,383)</b>	<b>(5,374)</b>
<b>Profit/(loss) for the period</b>	<b>3,525</b>	<b>4,980</b>	<b>15,984</b>	<b>18,574</b>
Profit/(loss) for the period attributable to:				
Owners of the Company	3,506	5,053	16,146	18,868
Non-controlling interests	19	(73)	(162)	(294)
	<u>3,525</u>	<u>4,980</u>	<u>15,984</u>	<u>18,574</u>
Earnings/(loss) per ordinary share attributable to owners of the Company (sen):				
Basic	4.00	5.87	18.41	22.08
Diluted	N/A	5.86	N/A	22.04

*The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 31 March 2015 and the accompanying explanatory notes attached to this interim financial report.*

**IQ GROUP HOLDINGS BERHAD**  
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**THIRD QUARTER REPORT ENDED 31 DECEMBER 2015**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2015**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current year quarter ended</b>	Preceding year corresponding quarter ended	<b>Current year to-date for 9 months ended</b>	Preceding year corresponding period of 9 months ended
	<b>31 December 2015 RM'000</b>	31 December 2014 RM'000	<b>31 December 2015 RM'000</b>	31 December 2014 RM'000
<b>Net profit/(loss) for the period</b>	<b>3,525</b>	4,980	<b>15,984</b>	18,574
<b>Exchange differences on translating foreign operations</b>	<b>(1,714)</b>	1,455	<b>6,096</b>	2,323
<b>Total comprehensive income/(loss) for the period</b>	<b><u>1,811</u></b>	<u>6,435</u>	<b><u>22,080</u></b>	<u>20,897</u>
Total comprehensive income/(loss) attributable to:				
Owners of the Company	1,792	6,508	22,242	21,191
Non-controlling interests	19	(73)	(162)	(294)
	<b><u>1,811</u></b>	<u>6,435</u>	<b><u>22,080</u></b>	<u>20,897</u>

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2015 and the accompanying explanatory notes attached to this interim financial report.*

**IQ GROUP HOLDINGS BERHAD**  
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**THIRD QUARTER REPORT ENDED 31 DECEMBER 2015**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at end of current quarter 31 December 2015 Unaudited RM'000	As at preceding financial year ended 31 March 2015 Audited RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	16,313	16,069
Prepaid lease payments on leasehold land	1,621	1,657
Product development costs	9,932	8,466
Deferred tax assets	1,069	974
Goodwill on consolidation	101	101
<b>Total non-current assets</b>	<b>29,036</b>	<b>27,267</b>
<b>Current assets</b>		
Inventories	39,812	40,854
Trade and other receivables	54,890	41,703
Other financial assets	36	-
Current tax assets	-	20
Other assets	4,083	2,893
Short-term deposits with licensed banks	29,070	17,625
Cash and bank balances	23,805	25,535
<b>Total current assets</b>	<b>151,696</b>	<b>128,630</b>
<b>Total assets</b>	<b>180,732</b>	<b>155,897</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	88,029	87,364
Reserves	12,487	6,120
Retained earnings/(accumulated losses)	39,084	26,421
<b>Total equity attributable to Owners of the Company</b>	<b>139,600</b>	<b>119,905</b>
Non-controlling interest	520	683
<b>Total equity</b>	<b>140,120</b>	<b>120,588</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	1,854	1,596
Deferred revenue	236	236
<b>Total non-current liabilities</b>	<b>2,090</b>	<b>1,832</b>
<b>Current liabilities</b>		
Trade and other payables	33,214	27,347
Other financial liabilities	1,652	2,214
Tax liabilities	3,618	3,720
Deferred revenue	38	196
<b>Total current liabilities</b>	<b>38,522</b>	<b>33,477</b>
<b>Total liabilities</b>	<b>40,612</b>	<b>35,309</b>
<b>Total equity and liabilities</b>	<b>180,732</b>	<b>155,897</b>
Net assets per share attributable to owners of the Company (RM)	1.59	1.37

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2015 and the accompanying explanatory notes attached to this interim financial report.*

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTHS ENDED 31 DECEMBER 2015**

	< -----Attributable to owners of the Company ----->							
	Non-Distributable					Distributable		
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Share Option Reserve RM'000	Legal Reserve RM'000	Retained Earnings RM'000	Non- controlling interest RM'000	Total RM'000
Balance as of 1 April 2015	87,364	7,854	(1,885)	81	70	26,421	683	120,588
Profit/(Loss) for the year						16,147	(163)	15,984
Other comprehensive income/(loss) for the period			6,096					6,096
Total comprehensive income/(loss) for the period			<u>6,096</u>			<u>16,147</u>	<u>(163)</u>	<u>22,080</u>
Transactions with owners of the Company:								
Share-based payment forfeited				(5)		5		-
Share-based payment exercised				(76)		76		-
Recognition of share-based payment								-
Non-controlling interest arising on the acquisition of subsidiary							-	-
Issue of ordinary shares under employee share option scheme	665	295						960
Dividends paid						(3,508)		(3,508)
Appropriation to reserve on dividends paid by subsidiary					57	(57)		-
Balance as of 31 December 2015	<u>88,029</u>	<u>8,149</u>	<u>4,211</u>	<u>-</u>	<u>127</u>	<u>39,084</u>	<u>520</u>	<u>140,120</u>
Balance as of 1 April 2014	85,030	7,504	(5,231)	409	28	8,772	611	97,123
Profit/(Loss) for the year						18,868	(294)	18,574
Other comprehensive income/(loss) for the period			2,323					2,323
Total comprehensive income/(loss) for the period			<u>2,323</u>			<u>18,868</u>	<u>(294)</u>	<u>20,897</u>
Transactions with owners of the Company:								
Share-based payment forfeited						-		-
Share-based payment exercised				(1)		1		-
Recognition of share-based payment				(206)		206		-
Non-controlling interest arising on the acquisition of subsidiary							217	217
Issue of ordinary shares under employee share option scheme	1,413	104						1,517
Appropriation to reserve on dividends paid by subsidiary					40	(40)		-
Balance as of 31 December 2014	<u>86,443</u>	<u>7,608</u>	<u>(2,908)</u>	<u>202</u>	<u>68</u>	<u>27,807</u>	<u>534</u>	<u>119,754</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 2015 and the accompanying explanatory notes attached to this interim financial report.*

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**THIRD QUARTER REPORT ENDED 31 DECEMBER 2015**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE NINE MONTHS ENDED 31 DECEMBER 2015**

	Individual Quarter	
	Current year quarter ended 31 December 2015 RM'000	Preceding year corresponding quarter ended 31 December 2014 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) for the year	15,984	18,574
Adjustments for :		
Depreciation and amortisation of non-current assets	4,825	4,439
Tax expense recognised in profit or loss	5,383	5,374
Unrealised (gain)/loss on foreign exchange	631	(1,605)
Finance costs recognised in profit and loss	2	7
(Gain)/Loss on disposal of property, plant and equipment	4	(12)
Product development cost written off		(1,253)
Net fair value (gain)/loss on other financial asset	(598)	1,068
Interest revenue recognised in profit and loss	(546)	(71)
Operating profit/(loss) before working capital changes	25,685	26,521
(Increase) / Decrease in:		
Inventories	1,042	(2,081)
Trade and other receivables	(13,850)	(8,088)
Other assets	(1,190)	(1,043)
Increase / (Decrease) in:		
Trade and other payables	5,588	(983)
Deferred revenue	(158)	921
Cash generated from operations	17,117	15,247
Tax refunded	-	195
Tax paid	(4,965)	(2,514)
<b>Net cash (used in)/generated from operating activities</b>	<b>12,152</b>	<b>12,928</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	91	118
Interest received	546	71
Purchase of property, plant and equipment	(2,610)	(1,934)
Addition to capitalised development costs	(3,282)	(1,343)
Net cash on acquisition of subsidiary	-	216
<b>Net cash (used in)/generated from investing activities</b>	<b>(5,255)</b>	<b>(2,872)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	960	1,518
Repayment of borrowings	-	(198)
Dividend paid	(3,508)	-
Interest paid	(2)	(7)
<b>Net cash (used in)/generated from financing activities</b>	<b>(2,550)</b>	<b>1,313</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>4,347</b>	<b>11,369</b>
Effect of foreign exchange rate changes	5,368	1,723
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>43,160</b>	<b>20,927</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>52,875</b>	<b>34,019</b>

*The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 March 2015 and the accompanying explanatory notes attached to this interim financial report.*

**THIRD QUARTER REPORT ENDED 31 DECEMBER 2015**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2015**

**PART A : EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (MFRS) 134 - INTERIM FINANCIAL REPORTING**

**1. BASIS OF PREPARATION**

The interim financial report is unaudited and has been prepared in accordance with MFRS 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 2015 except for the accounting policy changes that are expected to be reflected in financial statement for the year ended 31 March 2016.

The preparation of an interim financial report in conformity with MFRS 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.

At the transition date, the Group reviewed its accounting policies and the adoption of MFRS has no significant impact on the financial statements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2015.

**2. CHANGES IN ACCOUNTING POLICIES**

At the date of authorisation of these interim financial statements, the following MFRSs and Amendments to MFRS were issued but not yet effective and have not been applied by the Group.

MFRS and Amendments to MFRS	Effective for annual period beginning on or after	
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101	Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRSs	Annual Improvements to MFRSs 2012-2014 Cycle	1 January 2016

**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, Australasia and USA with localised seasonal and model mix requirements. Hence fluctuations in demand during the year are normal and expected.

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**THIRD QUARTER REPORT ENDED 31 DECEMBER 2015**

**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 2015, 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 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 2015.

**8. DIVIDENDS PAID**

An interim single-tier dividend of RM0.04 per share in respect of the financial year ending 31 March 2016 has been paid on 29 January 2016 to shareholders registered in the Record of Depositors at the close of business on 30 December 2015.

**9. SEGMENT REPORTING**

**Cumulative quarter ended  
31 December 2015**

	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Eliminations RM'000	Total RM'000
<b>Revenue</b>					
External revenue	-	105,846	33,041		138,887
Inter-segment revenue	9,302	68,280	75,100	(152,682)	-
Total revenue	<u>9,302</u>	<u>174,126</u>	<u>108,141</u>	<u>(152,682)</u>	<u>138,887</u>
<b>Results</b>					
	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Eliminations RM'000	Total RM'000
Profit/(loss) from operations	7,661	15,461	2,698	(5,088)	20,732
Investment revenue	182	454	1		637
Finance cost					<u>(2)</u>
Profit/(loss) before tax					21,367
Income tax income/(expense)					<u>(5,383)</u>
Profit/(loss) after tax					<u>15,984</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 2015 up to the date of this report.

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**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.



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**THIRD QUARTER REPORT ENDED 31 DECEMBER 2015**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2015**

**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 decreased by RM1.47 million or 3.2% as compared to the third quarter ended 31 December 2014.

The Group recorded a profit before taxation of RM4.72 million for the quarter under review, representing a decrease in profit by RM2.55 million as compared to that of the preceding year quarter. This was mainly due to foreign exchange loss of RM0.5 million in the current year quarter as compared to foreign exchange gain of RM2.6 million in preceding year quarter.

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 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
Investment holding	5,843	3,790	9,302	7,094
Manufacturing	54,145	56,061	174,126	190,394
Trading	35,483	40,040	108,141	137,841
Total	95,471	99,891	291,569	335,329
Eliminations	(51,082)	(54,027)	(152,682)	(180,268)
Revenue after eliminations	44,389	45,864	138,887	155,061
<u>Profit/(loss) before tax</u>				
Investment holding	5,258	2,937	7,844	3,914
Manufacturing	3,650	4,448	15,914	15,467
Trading	593	1,917	2,699	7,159
Total	9,501	9,302	26,457	26,540
Eliminations	(4,777)	(2,026)	(5,090)	(2,592)
Profit/(loss) before tax after eliminations	4,724	7,276	21,367	23,948

Investment Holdings

Q3 FY2016 vs. Q3 FY2015

The investment holdings segment profit increased by RM2.32 million in the current quarter as compared to preceding year quarter, mainly due to higher dividends received from a wholly owned subsidiary by RM1.68 million in the current year quarter as compared to preceding year quarter.

Q3 YTD FY2016 vs. Q3 YTD FY2015

The investment holdings segment YTD profit increased by RM3.93 million in the current year as compared to preceding year, mainly due to the following:

- Higher dividends received from wholly owned subsidiaries by RM1.53 million in the current year period as compared to preceding year period.
- Higher foreign exchange gain by RM0.69 million in the current year period as compared to preceding year period.
- Allowance for doubtful debts no longer required on amount owing by a subsidiary company of RM1.13 million in the current year period.

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Manufacturing

Q3 FY2016 vs. Q3 FY2015

The manufacturing segment profit decreased by RM0.8 million, mainly due to foreign exchange loss of RM0.46 million in the current year quarter as compared to foreign exchange gain of RM1.33 million preceding year quarter.

Q3 YTD FY2016 vs. Q3 YTD FY2015

The manufacturing segment YTD profit increased by RM0.45 million, mainly due to higher foreign exchange gain by RM1.54 million in the current year period as compared to preceding year period but was off-set by loss of profit due to lower revenue.

Trading

Q3 FY2016 vs. Q3 FY2015

The trading profit decreased by RM1.32 million in the current quarter as compared to preceding year quarter, mainly due to decrease in gross profit as a result of lower revenue and lower foreign exchange gain by RM0.62 million in current year quarter as compared to preceding year quarter.

Q3 YTD FY2016 vs. Q3 YTD FY2015

The trading segment YTD profit decreased by RM4.46 million in the current quarter as compared to preceding year, mainly due to decrease in gross profit as a result of lower revenue and lower foreign exchange gain by RM0.75 million in current year period as compared to preceding year period.

**2. COMPARISON WITH THE IMMEDIATE PRECEDING QUARTER'S RESULTS**

The Group's revenue for the current quarter was RM44.39 million, representing a decrease of RM0.07 million or 0.2% as compared to that of the immediate preceding quarter ended 30 September 2015.

The Group recorded a profit before taxation of RM4.72 million for the quarter under review, representing a decrease in profit by RM3.49 million as compared to that of the immediate preceding quarter. This was mainly due to foreign exchange loss of RM0.5 million in the current quarter as compared to foreign exchange gain of RM3.7 million in immediate preceding quarter.

**3. COMMENTARY ON PROSPECTS**

As evident from the last financial year and recent results, initiatives remain focused on driving business growth. Such current and emerging initiatives remain central to our considerations and as such the Directors are confident that the Group is well positioned to enjoy a positive business outlook.

**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.

**5. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME**

	Quarter ended 31 Dec 2015 RM'000	Current year- to-date ended 31 Dec 2015 RM'000
Interest income	(259)	(637)
Other income including investment income	(15)	96
Interest expense	1	2
Depreciation and amortisation	1,593	4,825
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	478	(4,563)
(Gain) or loss on derivatives *	-	-
Exceptional item charged / (credited) *	-	-

\* Not applicable during the period

# Product development cost written off

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**6. INCOME TAX EXPENSE**

	Quarter ended 31 Dec 2015 RM'000	Current year- to-date ended 31 Dec 2015 RM'000
Estimated income tax expense:		
Current tax expense/(income)	1,187	4,576
Under/(over)-provision in prior quarter/ year	-	477
Deferred tax	12	330
	<u>1,199</u>	<u>5,383</u>

The Group's current quarter and financial year to-date income tax reflects an effective tax rate which is higher than the statutory income tax rate mainly due to higher deferred tax liability.

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

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

	As at 31 Dec 2015 RM'000	As at 30 Sep 2015 RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries		
Realised	75,948	64,789
Unrealised	943	7,868
	<u>76,891</u>	<u>72,657</u>
Add: Consolidation adjustments	(37,807)	(37,082)
Total Group retained earnings/(accumulated losses) as per statement of financial position	<u>39,084</u>	<u>35,575</u>

**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**

There were no group borrowings and debt securities as at the end of the reporting quarter.

**10. FINANCIAL INSTRUMENTS**

As at 31 December 2015, the foreign currency contracts which have been entered into by the Group to hedge its foreign receivables in US Dollar and Japanese Yen 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>3,300</u>	<u>12,516</u>	<u>1,652</u>
	Contract value JPY'000	Notional value USD'000	Financial assets carried at fair value RM'000
Forward Foreign Currency Contracts			
Less than 1 year	<u>479,801</u>	<u>3,994</u>	<u>36</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.

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

**THIRD QUARTER REPORT ENDED 31 DECEMBER 2015**

**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 2015.

**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 2015	Current year- to-date ended 31 Dec 2015
Profit/(loss) for the period attributable to the owners of the Company (RM'000)	<u>3,506</u>	<u>16,146</u>
Weighted average number of ordinary shares in issue ('000)	<u>87,712</u>	<u>87,712</u>
Basic earnings/(loss) per share (sen)	<u>4.00</u>	<u>18.41</u>

**b. Diluted earnings per share**

The Group has no dilution in its earnings per ordinary share for the current quarter and year to-date under review as the Group has no potential ordinary shares in issue.

Date: 25 February 2016