

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

FOURTH QUARTER REPORT ENDED 31 MARCH 2019

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER AND TWELVE MONTHS ENDED 31 MARCH 2019**

	Individual Quarter		Cumulative Quarter	
	Current year quarter ended	Preceding year corresponding quarter ended	Current year to-date for 12 months ended	Preceding year corresponding period of 12 months ended
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Revenue	30,452	35,906	141,350	154,621
Investment revenue	114	252	679	996
Other gains and losses	(914)	(1,198)	919	(3,615)
Changes in inventories of finished goods and work-in-progress	58	(232)	5,453	(1,676)
Raw materials and consumables used	(12,008)	(14,128)	(54,500)	(58,836)
Purchase of trading goods	(2,702)	(3,946)	(21,625)	(17,947)
Employee benefits expense	(9,409)	(9,520)	(43,041)	(44,894)
Depreciation and amortisation of non-current assets	(1,707)	(1,217)	(5,155)	(4,971)
Other operating expenses	(5,931)	(7,625)	(25,851)	(24,456)
Profit/(loss) before tax	(2,047)	(1,708)	(1,771)	(778)
Tax income/(expense)	(585)	68	(405)	461
Profit/(loss) for the period	(2,632)	(1,640)	(2,176)	(317)
Profit/(loss) for the period attributable to:				
Owners of the Company	(2,632)	(1,640)	(2,176)	(317)
Non-controlling interests	-	-	-	-
	(2,632)	(1,640)	(2,176)	(317)
Earnings/(loss) per ordinary share attributable to owners of the Company (sen):				
Basic	(2.99)	(1.86)	(2.47)	(0.36)
Diluted	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 2018 and the accompanying explanatory notes attached to this interim financial report.

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

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FOURTH QUARTER REPORT ENDED 31 MARCH 2019**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND TWELVE MONTHS ENDED 31 MARCH 2019**

	Individual Quarter		Cumulative Quarter	
	Current year quarter ended	Preceding year corresponding quarter ended	Current year to-date for 12 months ended	Preceding year corresponding period of 12 months ended
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Net profit/(loss) for the period	(2,632)	(1,640)	(2,176)	(317)
Exchange differences on translating foreign operations	792	(1,592)	1,208	(5,556)
Total comprehensive income/(loss) for the period	<u>(1,840)</u>	<u>(3,232)</u>	<u>(968)</u>	<u>(5,873)</u>
Total comprehensive income/(loss) attributable to:				
Owners of the Company	(1,840)	(3,232)	(968)	(5,873)
Non-controlling interests	-	-	-	-
	<u>(1,840)</u>	<u>(3,232)</u>	<u>(968)</u>	<u>(5,873)</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to this interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at end of current quarter 31 March 2019 Unaudited RM'000	As at preceding financial year ended 31 March 2018 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	14,837	15,181
Prepaid lease payments on leasehold land	1,464	1,512
Product development costs	16,405	13,581
Deferred tax assets	756	412
Total non-current assets	33,462	30,686
Current assets		
Inventories	51,819	45,565
Trade and other receivables	48,540	41,348
Other financial assets	-	52
Current tax assets	4,779	4,365
Other assets	2,447	4,156
Short-term deposits with licensed banks	4,400	23,904
Cash and bank balances	19,793	26,366
Total current assets	131,778	145,756
Total assets	165,240	176,442
EQUITY AND LIABILITIES		
Capital and reserves		
Issued capital	96,177	96,177
Reserves	3,624	2,416
Retained earnings/(accumulated losses)	40,355	46,932
Total equity attributable to Owners of the Company	140,156	145,525
Non-controlling interest	-	-
Total equity	140,156	145,525
Non-current liabilities		
Deferred tax liabilities	-	976
Total non-current liabilities	-	976
Current liabilities		
Trade and other payables	23,181	28,919
Other financial liabilities	-	-
Tax liabilities	1,903	1,022
Total current liabilities	25,084	29,941
Total liabilities	25,084	30,917
Total equity and liabilities	165,240	176,442
Net assets per share attributable to owners of the Company (RM)	1.59	1.65

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2018 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 TWELVE MONTHS ENDED 31 MARCH 2019**

	-----Attributable to owners of the Company -----						
	Non-Distributable				Distributable		
	Issued Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Legal Reserve RM'000	Retained Earnings RM'000	Non- controlling interest RM'000	Total RM'000
Balance as of 1 April 2018	96,177	-	2,291	125	46,932	-	145,525
Profit/(Loss) for the year					(2,176)		(2,176)
Other comprehensive income/(loss) for the period			1,208				1,208
Total comprehensive income/(loss) for the period			1,208		(2,176)	-	(968)
Dividends paid					(4,401)		(4,401)
Balance as of 31 March 2019	96,177	-	3,499	125	40,355	-	140,156
Balance as of 1 April 2017	96,177		7,847	125	56,932		161,081
Profit/(Loss) for the year					(317)	-	(317)
Other comprehensive income/(loss) for the period			(5,556)				(5,556)
Total comprehensive income/(loss) for the period			(5,556)		(317)	-	(5,873)
Dividends paid					(9,683)		(9,683)
Balance as of 31 March 2018	96,177	-	2,291	125	46,932	-	145,525

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to this interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE TWELVE MONTHS ENDED 31 MARCH 2019**

	Individual Quarter	
	Current year quarter ended 31 March 2019 RM'000	Preceding year corresponding quarter ended 31 March 2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) for the year	(2,176)	(317)
Adjustments for :		
Tax expense recognised in profit or loss	405	(461)
Depreciation and amortisation of non-current assets	5,155	4,971
Unrealised (gain)/loss on foreign exchange	(56)	12
Net fair value (gain)/loss on other financial assets/ liabilities	-	(52)
(Gain)/Loss on disposal of property, plant and equipment	(23)	(36)
Product development cost written off	9	149
Bad debts written off	-	1
Interest income	(555)	(915)
Operating profit/(loss) before working capital changes	2,759	3,352
(Increase) / Decrease in:		
Inventories	(6,254)	973
Trade and other receivables	(7,428)	15,891
Other assets	1,709	(519)
Increase / (Decrease) in:		
Trade and other payables	(5,446)	(5,928)
Cash generated from operations	(14,660)	13,769
Tax refunded	525	104
Tax paid	(1,802)	(2,390)
Net cash (used in)/generated from operating activities	(15,937)	11,483
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	555	917
Proceeds from disposal of property, plant and equipment	449	150
Purchase of property, plant and equipment	(2,799)	(3,499)
Addition to capitalised development costs	(5,273)	(5,224)
Net cash (used in)/generated from investing activities	(7,068)	(7,656)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(4,401)	(9,683)
Net cash (used in)/generated from financing activities	(4,401)	(9,683)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(27,406)	(5,856)
Effect of foreign exchange rate changes	1,329	(675)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	50,270	56,801
CASH AND CASH EQUIVALENTS AT END OF PERIOD	24,193	50,270

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to this interim financial report.

FOURTH QUARTER REPORT ENDED 31 MARCH 2019

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2019

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 2018 except for the accounting policy changes that are expected to be reflected in financial statement for the year ended 31 March 2019.

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 2018.

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 16 Leases	1 January 2019
Amendments to MFRS 9 Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRSs Annual Improvements to MFRSs 2015-2017 Cycle	1 January 2019
IC Int. 23 Uncertainty over Income Tax Treatments	1 January 2019

During the current financial year, the Group and the Company has adopted the new and revised MFRs that are relevant and effective for an accounting period that begins on or after 1 January 2018 as follows:

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers (and the related Clarifications)
Amendments to MFRS 140	Transfers of Investment Property
IC Int. 22	Foreign Currency Transactions and Advance Consideration

The directors anticipate that the abovementioned Standards will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these MFRSs will have no material impact on the financial statements of the Group and of the Company.

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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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 29 August 2018, the shareholders of the Company had granted a mandate for the Company to purchase its own ordinary shares 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 March 2019.

8. DIVIDENDS PAID

	12 months ended 31 March	
	2019	2018
	RM'000	RM'000
Second interim single-tier dividend of RM0.06, for financial year ended 31 March 2017	-	5,282
First interim single-tier dividend of RM0.05, for financial year ended 31 March 2018	-	4,401
Second interim single-tier dividend of RM0.05, for financial year ended 31 March 2018	4,401	-
	4,401	9,683

9. SEGMENT REPORTING

**Cumulative quarter ended
31 March 2019**

	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Eliminations RM'000	Total RM'000
<u>Revenue</u>					
External revenue	-	97,767	43,583		141,350
Inter-segment revenue	12,791	121,080	125,581	(259,452)	-
Total revenue	12,791	218,847	169,164	(259,452)	141,350

	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Eliminations RM'000	Total RM'000
<u>Results</u>					
Profit/(loss) from operations	5,068	2,561	(4,672)	(5,407)	(2,450)
Investment revenue	321	356	2		679
Finance cost					-
Profit/(loss) before tax					(1,771)
Income tax income/(expense)					(405)
Profit/(loss) after tax					(2,176)

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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 March 2019 up to the date of this report.

12. CHANGES IN THE COMPOSITION OF THE GROUP

On 30 January 2019, the Company has incorporated a wholly owned subsidiary in China, IQ Group (Wuning) Ltd. (IQW) with a registered capital of USD2.65 million. IQW will be principally involved in manufacturing and sales of sensor lighting, door bells, home security system, lighting fixtures, sensor product, wireless product, security product and household electrical appliances.

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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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2019

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

1. PERFORMANCE REVIEW

Financial review for current quarter and financial year to date

	Individual Quarter		Changes	Cumulative Quarter		Changes
	Current year quarter ended	Preceding year corresponding quarter ended		Current year to-date for 12 months ended	Preceding year corresponding period of 12 months ended	
	31 March 2019	31 March 2018		31 March 2019	31 March 2018	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	30,452	35,906	-15%	141,350	154,621	-9%
Operating Profit	(1,247)	(762)	64%	(3,369)	1,841	-283%
Profit/(Loss) Before Interest and Tax	(2,047)	(1,708)	20%	(1,771)	(778)	128%
Profit/(Loss) Before Tax	(2,047)	(1,708)	20%	(1,771)	(778)	128%
Profit/(Loss) After Tax	(2,632)	(1,640)	60%	(2,176)	(317)	586%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(2,632)	(1,640)	60%	(2,176)	(317)	586%

For the current quarter under review, the Group's revenue decreased by RM5.45 million or 15.2% as compared to the fourth quarter ended 31 March 2018 mainly due to a delay in product shipments to customers as a result of labour shortages in the Dongguan, China manufacturing plant. The Group has addressed the labour shortage by taking the approved steps to relocate the majority of its manufacturing operation in Dongguan to a newly incorporated subsidiary in Wuning, China where stable workforce is more easily achieved.

The Group recorded a loss before taxation of RM2.05 million for the quarter under review, representing an increase in loss by RM0.34 million as compared to that of the preceding year quarter, resulting primarily from shipment delays.

With the exercise of moving the majority of IQ Malaysia's manufacturing to our facility in China, the Group has incurred retrenchment compensations to employees in Malaysia amounting RM1.3 million in the current year. Should we exclude this retrenchment compensation, the Group's loss before taxation for the financial year ended 31 March 2019 would have reduced to RM0.47 million. Furthermore, had labour shortages in Dongguan (now fully addressed by the successful establishment of IQW) not resulted in the delayed shipment of goods with a sales value of approximately RM8 million, the 4th quarter result would have achieved a profitable year end position.

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Segmental Analysis

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 12 months ended	Preceding year corresponding period of 12 months ended
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
Investment holding	7,305	7,699	12,791	19,107
Manufacturing	51,867	47,389	218,847	205,453
Trading	44,065	35,350	169,164	129,810
Total	103,237	90,438	400,802	354,370
Eliminations	(72,785)	(54,532)	(259,452)	(199,749)
Revenue after eliminations	30,452	35,906	141,350	154,621
<u>Profit/(loss) before tax</u>				
Investment holding	3,746	5,793	5,389	11,502
Manufacturing	1,961	(2,874)	2,917	(8,102)
Trading	(3,086)	958	(4,670)	5,292
Total	2,621	3,877	3,636	8,692
Eliminations	(4,668)	(5,585)	(5,407)	(9,470)
Profit/(loss) before tax after eliminations	(2,047)	(1,708)	(1,771)	(778)

Investment Holdings

Q4 FY2019 vs. Q4 FY2018

The investment holding segment profit decreased by RM2.05 million in the current quarter as compared to preceding year quarter, mainly due to the following:

- a. Lower revenue by RM0.39 million in current year quarter as compared to preceding year quarter.
- b. Impairment loss on investment in subsidiary of RM1.9 million in the current year quarter.

Q4 YTD FY2019 vs. Q4 YTD FY2018

The investment holding segment YTD profit decreased by RM6.11 million in the current year as compared to preceding year, mainly due to the following:

- a. Lower dividends received from wholly owned subsidiaries by RM5.09 million in current year as compared to preceding year.
- b. Impairment loss on investment in subsidiary of RM1.9 million in the current year.

However, the negative impact was offset by foreign exchange gain of RM0.42 million in current year as compared to foreign exchange loss of RM0.62 million in preceding year.

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Manufacturing

Q4 FY2019 vs. Q4 FY2018

The manufacturing segment profit increased by RM4.83 million, mainly due to the following:

- a. Higher gross profit due to higher revenue in current quarter as compared to preceding year quarter.
- b. Lower foreign exchange loss by RM0.27 million in current quarter as compared to preceding year quarter.

Q4 YTD FY2019 vs. Q4 YTD FY2018

The manufacturing segment YTD profit is higher by RM11.02 million, mainly due to the following:

- a. Higher gross profit due to higher revenue in current year as compared to preceding year.
- b. Lower operating expenses in current year as there was a one off expense amounting RM1.3 million for Employee Performance Reward incurred in preceding year.
- c. Foreign exchange gain of RM0.33 million in current year as compared to foreign exchange loss of RM3.49 million in preceding year.

Trading

Q4 FY2019 vs. Q4 FY2018

The trading segment profit decreased by RM4.04 million in the current year quarter as compared to preceding year quarter. Despite increase in revenue, the profit reduced due to lower gross profit as a result of change in sales model mixes and higher operating expenses.

Q4 YTD FY2019 vs. Q4 YTD FY2018

The trading segment YTD profit decreased by RM9.96 million in the current year as compared to preceding year. Despite increase in revenue, the profit reduced due to lower gross profit as a result of change in sales model mixes and higher operating expenses.

2. COMPARISON WITH THE IMMEDIATE PRECEDING QUARTER'S RESULTS

Financial review for current quarter compared to immediate preceding quarter

	Current Year Quarter ended 31 March 2019 RM'000	Immediate Preceding Quarter ended 31 December 2018 RM'000	Changes %
Revenue	30,452	39,625	-23%
Operating Profit	(1,247)	309	-504%
Profit/(Loss) Before Interest and Tax	(2,047)	499	-510%
Profit/(Loss) Before Tax	(2,047)	499	-510%
Profit/(Loss) After Tax	(2,632)	276	-1054%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(2,632)	276	-1054%

The Group's revenue for the current quarter was RM30.45 million, representing a decrease of RM9.17 million or 23.2% as compared to that of the immediate preceding quarter ended 31 December 2018. This was mainly due to delay in shipments to customers as a result of labour shortage in Dongguan, China manufacturing plant.

The Group recorded a loss before taxation of RM2.05 million for the quarter under review. The Group's loss before tax increased by RM2.55 million as compared to that of the immediate preceding quarter. This is mainly due to the following:

- a. Lower gross profit as a result of lower revenue.
- b. Higher foreign exchange loss by RM0.85 million in current quarter as compared to immediate preceding quarter.

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3. COMMENTARY ON PROSPECTS

Two major initiatives were accomplished in FY18/19, i.e. the exercise of moving the majority of IQ Malaysia's manufacturing to our established facility in China and the subsequent step of establishing manufacturing operations further inland within China (IQW). Whilst these changes carried costs, these initiatives have been concluded in order to derive tangible bottom line benefit in subsequent years.

Had it not been for the delays in shipments with a value of approximately RM8 million during the fourth quarter of FY18/19 (the result of labour shortages in Dongguan and a key reason for establishing IQ's new facility further inland) combined with the retrenchment costs incurred in scaling down our operation in Malaysia, this financial year would have achieved a profitable year end position. We are pleased that these issues have now been addressed via the successful establishment of IQW and we already see the benefits materialising.

We remain very confident in our strategic decision to pursue a duality of approaches, i.e. whilst the majority of resources remain focussed on the historic ODM business, we have allocated a portion of our resources to focus on our own brand / own distribution. We continue to enjoy very positive relations with our global customer base (with various developing prospects) and the mentioned dual approach also offers increased and exciting prospects in the areas of Industrial Lighting (under the Lumiqs Brand), Big Box retail (working with leading DIY retailers) as well as On-Line 'DIY' retail sales. We are in the midst of the period where we seek to establish a more equitable balance between ODM and Own Brand business and in doing so we are building towards greater confidence and heightened expectations in the medium to long term. FY18/19 therefore reflects this transitional period and the required balance and focus as we seek to build for a more exciting and rewarding future with long term attraction and considerable prospects.

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 Mar 2019 RM'000	Current year- to-date ended 31 Mar 2019 RM'000
Interest income	(83)	(555)
Other income including investment income **	(22)	(460)
Interest expense	-	-
Depreciation and amortisation	1,707	5,155
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 #	-	9
Foreign exchange (gain) or loss	905	(583)
(Gain) or loss on derivatives *	-	-
Exceptional item charged / (credited) *	-	-

* Not applicable during the period

Product development cost written off

** Exclude interest income

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6. INCOME TAX EXPENSE

	Quarter ended 31 Mar 2019 RM'000	Current year- to-date ended 31 Mar 2019 RM'000
Estimated income tax expense:		
Current tax expense/(income)	679	1,900
Under/(over)-provision in prior year	116	117
Deferred tax	(210)	(1,612)
	585	405

The Group's current quarter and financial year to-date reflects an effective tax rate which is higher than the statutory income tax rate mainly due to under-provision of income tax in prior year and losses of certain subsidiaries which cannot be offset against taxable profits made by other subsidiaries. .

7. 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.

8. GROUP BORROWINGS AND DEBT SECURITIES

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

9. FINANCIAL INSTRUMENTS

As at 31 March 2019, there is no foreign currency contract which have been entered into by the Group to hedge its foreign receivables.

10. MATERIAL LITIGATION

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

11. DIVIDENDS DECLARED OR PAYABLE

No interim dividend has been declared by the Company for the quarter ended 31 March 2019.

12. 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 Mar 2019	Current year- to-date ended 31 Mar 2019
Profit/(loss) for the period attributable to the owners of the Company (RM'000)	(2,632)	(2,176)
Weighted average number of ordinary shares in issue ('000)	88,028	88,028
Basic earnings/(loss) per share (sen)	(2.99)	(2.47)

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: 30 May 2019