

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

THIRD QUARTER REPORT ENDED 31 DECEMBER 2019

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2019**

	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 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
Revenue	28,894	39,625	88,594	110,898
Investment revenue	97	160	276	565
Other gains and losses	(645)	30	939	1,833
Changes in inventories of finished goods and work-in-progress	2,393	(1,269)	1,265	5,395
Raw materials and consumables used	(7,457)	(11,255)	(25,743)	(42,492)
Purchase of trading goods	(6,442)	(5,941)	(16,444)	(18,923)
Employee benefits expense	(10,117)	(11,028)	(30,409)	(33,632)
Depreciation and amortisation of non-current assets	(1,663)	(1,154)	(4,966)	(3,448)
Finance costs	(59)	-	(163)	-
Other operating expenses	(10,383)	(8,669)	(23,508)	(19,920)
Profit/(loss) before tax	(5,382)	499	(10,159)	276
Tax income/(expense)	(1,751)	(223)	(1,591)	180
Profit/(loss) for the period	(7,133)	276	(11,750)	456
Profit/(loss) for the period attributable to:				
Owners of the Company	(7,133)	276	(11,750)	456
Non-controlling interests	-	-	-	-
	(7,133)	276	(11,750)	456
Earnings/(loss) per ordinary share attributable to owners of the Company (sen):				
Basic	(8.10)	0.31	(13.35)	0.52
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 2019 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 2019**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2019**

	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 2019	31 December 2018	31 December 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
Net profit/(loss) for the period	(7,133)	276	(11,750)	456
Exchange differences on translating foreign operations	(546)	(226)	(1,469)	416
Total comprehensive income/(loss) for the period	<u>(7,679)</u>	<u>50</u>	<u>(13,219)</u>	<u>872</u>
Total comprehensive income/(loss) attributable to:				
Owners of the Company	(7,679)	50	(13,219)	872
Non-controlling interests	-	-	-	-
	<u>(7,679)</u>	<u>50</u>	<u>(13,219)</u>	<u>872</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2019 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 December 2019 Unaudited RM'000	As at preceding financial year ended 31 March 2019 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	14,345	13,173
Prepaid lease payments on leasehold land	1,427	1,464
Investment properties	1,653	1,664
Product development costs	15,875	16,405
Right-of-use assets	4,888	-
Deferred tax assets	729	764
Total non-current assets	38,917	33,470
Current assets		
Inventories	50,767	51,819
Trade and other receivables	40,828	48,540
Current tax assets	3,310	4,779
Other assets	5,761	2,447
Short-term deposits with licensed banks	9,513	4,400
Cash and bank balances	14,153	19,793
Total current assets	124,332	131,778
Total assets	163,249	165,248
EQUITY AND LIABILITIES		
Capital and reserves		
Issued capital	96,177	96,177
Reserves	2,155	3,624
Retained earnings/(accumulated losses)	28,416	40,355
Total equity attributable to Owners of the Company	126,748	140,156
Non-controlling interest	-	-
Total equity	126,748	140,156
Non-current liabilities		
Deferred tax liabilities	8	8
Lease liabilities	5,105	-
Total non-current liabilities	5,113	8
Current liabilities		
Trade and other payables	29,849	23,181
Tax liabilities	1,539	1,903
Total current liabilities	31,388	25,084
Total liabilities	36,501	25,092
Total equity and liabilities	163,249	165,248
Net assets per share attributable to owners of the Company (RM)	1.44	1.59

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

	-----Attributable to owners of the Company -----				
	Non-Distributable			Distributable	
	Issued Capital RM'000	Translation Reserve RM'000	Legal Reserve RM'000	Retained Earnings RM'000	Total RM'000
Balance as of 1 April 2019	96,177	3,499	125	40,355	140,156
Effects of changes in accounting policies				(189)	(189)
	96,177	3,499	125	40,166	139,967
Profit/(Loss) for the year				(11,750)	(11,750)
Other comprehensive income/(loss) for the period		(1,469)			(1,469)
Total comprehensive income/(loss) for the period		(1,469)		(11,750)	(13,219)
Dividends paid				-	-
Balance as of 31 December 2019	96,177	2,030	125	28,416	126,748
Balance as of 1 April 2018	96,177	2,291	125	46,932	145,525
Profit/(Loss) for the year				456	456
Other comprehensive income/(loss) for the period		416			416
Total comprehensive income/(loss) for the period		416		456	872
Dividends paid				(4,401)	(4,401)
Balance as of 31 December 2018	96,177	2,707	125	42,987	141,996

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2019 and the accompanying explanatory notes attached to this interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE NINE MONTHS ENDED 31 DECEMBER 2019**

	Individual Quarter	
	Current year quarter ended 31 December 2019 RM'000	Preceding year corresponding quarter ended 31 December 2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) for the year	(11,750)	456
Adjustments for :		
Tax expense recognised in profit or loss	1,591	(180)
Depreciation and amortisation of non-current assets	4,966	3,448
Unrealised (gain)/loss on foreign exchange	120	(552)
(Gain)/Loss on disposal of property, plant and equipment	(19)	11
Product development cost written off	1,273	9
Property, plant and equipment written off	98	-
Finance costs	163	-
Interest income	(181)	(472)
Other non-cash items	10	-
Operating profit/(loss) before working capital changes	(3,729)	2,720
(Increase) / Decrease in:		
Inventories	1,052	(7,745)
Trade and other receivables	7,085	(13,259)
Other assets	(3,314)	(2,531)
Increase / (Decrease) in:		
Trade and other payables	7,175	6,283
Cash generated from operations	8,269	(14,532)
Tax refunded	1,713	525
Tax paid	(2,116)	(2,030)
Net cash (used in)/generated from operating activities	7,866	(16,037)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	181	472
Proceeds from disposal of property, plant and equipment	20	211
Purchase of property, plant and equipment	(3,472)	(2,610)
Addition to capitalised development costs	(2,480)	(4,162)
Net cash (used in)/generated from investing activities	(5,751)	(6,089)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(4,401)
Repayment of lease liabilities	(1,144)	-
Interest on lease liabilities	(163)	-
Net cash (used in)/generated from financing activities	(1,307)	(4,401)
NET INCREASE IN CASH AND CASH EQUIVALENTS	808	(26,527)
Effect of foreign exchange rate changes	(1,335)	552
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	24,193	50,270
CASH AND CASH EQUIVALENTS AT END OF PERIOD	23,666	24,295

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 March 2019 and the accompanying explanatory notes attached to this interim financial report.

THIRD QUARTER REPORT ENDED 31 DECEMBER 2019

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 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 2019 except for the accounting policy changes that are expected to be reflected in financial statement for the year ended 31 March 2020.

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.

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 2019.

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
Amendments to MFRSs References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 Definition of a Business	1 January 2020
Amendments to MFRS 101 Definition of Material and MFRS 108	1 January 2020

During the current financial year, the Group and the Company has adopted MFRS 16, Leases that is relevant and effective for an accounting period that begins on or after 1 January 2019 as follows:

MFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both leases. MFRS 16 supersedes the previous guidance including MFRS 117 *Leases* and the related interpretations.

MFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed of lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows; whereas under MFRS 16 model, the lease payments will be split into a principal and interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

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The Group adopted the modified retrospective approach when applying MFRS 16 to lease commitments on April 1, 2019 and elects to adjust the opening balance of retained earnings for any financial impact.

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.

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 2019, 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 December 2019.

8. DIVIDENDS PAID

No dividend has been paid by the Company for the quarter ended 31 December 2019.

9. SEGMENT REPORTING

**Cumulative quarter ended
31 December 2019**

	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Eliminations RM'000	Total RM'000
<u>Revenue</u>					
External revenue	-	69,158	19,436		88,594
Inter-segment revenue	5,288	76,939	86,768	(168,995)	-
Total revenue	<u>5,288</u>	<u>146,097</u>	<u>106,204</u>	<u>(168,995)</u>	<u>88,594</u>
<u>Results</u>					
	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Eliminations RM'000	Total RM'000
Profit/(loss) from operations	717	(6,586)	(4,904)	338	(10,435)
Investment revenue	225	48	3		276
Profit/(loss) before tax					(10,159)
Income tax income/(expense)					(1,591)
Profit/(loss) after tax					<u>(11,750)</u>

THIRD QUARTER REPORT ENDED 31 DECEMBER 2019

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

The Covid-19 outbreak in China resulted in an extended CNY holiday and due to the lockdown in the affected areas, employees' resumption to work and material supply from our vendors were further delayed therefore causing unforeseen interruption to both production and shipment. This has impacted our fourth quarter performance of this financial year.

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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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 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 9 months ended	Preceding year corresponding period of 9 months ended	
	31 December 2019	31 December 2018		31 December 2019	31 December 2018	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	28,894	39,625	-27%	88,594	110,898	-20%
Operating Profit/(Loss)	(4,775)	309	-1645%	(11,211)	(2,122)	428%
Profit/(Loss) Before Interest and Tax	(5,323)	499	-1167%	(9,996)	276	-3722%
Profit/(Loss) Before Tax	(5,382)	499	-1179%	(10,159)	276	-3781%
Profit/(Loss) After Tax	(7,133)	276	-2684%	(11,750)	456	-2677%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(7,133)	276	-2684%	(11,750)	456	-2677%

For the current quarter under review, the Group's revenue decreased by RM10.73 million or 27.1% as compared to the third quarter ended 31 December 2018, primarily due to a notable slow down within the industry which is being experienced in the midst of the current global economic uncertainties.

The Group recorded a loss before taxation of RM5.38 million for the quarter under review, representing a decrease in profit before tax by RM5.88 million as compared to that of the preceding year quarter. The decrease in profit before tax was mainly due to the following:

- a. Decrease in gross profit as a result of decrease in revenue in current year quarter.
- b. Product development cost written off of RM1.27 million in current year quarter.
- c. Higher Foreign exchange loss by RM0.63 million in current year quarter as compared to preceding year quarter.

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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 9 months ended	Preceding year corresponding period of 9 months ended
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
Revenue				
Investment holding	1,687	1,726	5,288	5,486
Manufacturing	45,992	57,980	146,097	166,980
Trading	37,746	42,579	106,204	125,100
Total	85,425	102,285	257,589	297,566
Eliminations	(56,531)	(62,660)	(168,995)	(186,668)
Revenue after eliminations	28,894	39,625	88,594	110,898
Profit/(loss) before tax				
Investment holding	157	333	942	1,642
Manufacturing	(4,412)	1,302	(6,538)	956
Trading	(1,437)	(913)	(4,901)	(1,584)
Total	(5,692)	722	(10,497)	1,014
Eliminations	310	(223)	338	(738)
Profit/(Loss) before tax after eliminations	(5,382)	499	(10,159)	276

Investment Holdings

Q3 FY2020 vs. Q3 FY2019

The investment holding segment profit decreased by RM0.18 million in the current quarter as compared to preceding year quarter, mainly due to the following:

- Lower revenue by RM0.04 million in current year quarter as compared to preceding year quarter.
- Foreign exchange loss of RM0.08 million in current year quarter as compared to foreign exchange gain of RM0.02 million in preceding year quarter.

Q3 YTD FY2020 vs. Q3 YTD FY2019

The investment holding segment YTD profit decreased by RM0.7 million in the current year as compared to preceding year, mainly due to the following:

- Lower revenue by RM0.2 million in current year as compared in preceding year.
- Lower Foreign exchange gain by RM0.44 million in current year as compared to preceding year.

Manufacturing

Q3 FY2020 vs. Q3 FY2019

The manufacturing segment profit decreased by RM5.71 million in the current year quarter as compared to preceding year quarter, mainly due to the following:

- Lower gross profit due to lower revenue in current year quarter as compared to preceding year quarter .
- Product development cost written off of RM1.27 million in current year quarter.

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Q3 YTD FY2020 vs. Q3 YTD FY2019

The manufacturing segment YTD loss is higher by RM7.49 million, mainly due to the following:

- a. Lower gross profit due to lower revenue in current year as compared to preceding year.
- b. Product development cost written off of RM1.27 million in current year.
- c. Higher operating expenses in current year as compared to preceding year due to some duplication and one-off set up cost from moving manufacturing operations from Dongguan to Wuning.

Trading

Q3 FY2020 vs. Q3 FY2019

The trading segment loss increased by RM0.52 million in the current year quarter as compared to preceding year quarter, mainly due to lower revenue.

Q3 YTD FY2020 vs. Q3 YTD FY2019

The trading segment YTD loss increased by RM3.32 million in the current year as compared to preceding year, mainly due to lower revenue.

2. COMPARISON WITH THE IMMEDIATE PRECEDING QUARTER'S RESULTS

Financial review for current quarter compared to immediate preceding quarter

	Current Year Quarter ended 31 December 2019 RM'000	Immediate Preceding Quarter ended 30 September 2019 RM'000	Changes %
Revenue	28,894	29,272	-1%
Operating Profit/(Loss)	(4,775)	(2,523)	89%
Profit/(Loss) Before Interest and Tax	(5,323)	(1,706)	212%
Profit/(Loss) Before Tax	(5,382)	(1,757)	206%
Profit/(Loss) After Tax	(7,133)	(1,479)	382%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(7,133)	(1,479)	382%

The Group's revenue for the current quarter was RM28.89 million, representing a decrease of RM0.38 million or 1.3% as compared to that of the immediate preceding quarter ended 30 September 2019.

The Group recorded a loss before taxation of RM5.38 million for the quarter under review. The Group's loss before tax increased by RM3.62 million as compared to that of the immediate preceding quarter, mainly due to the following:

- a. Lower gross profit due to lower revenue and change in sales model mixes.
- b. Foreign exchange loss of RM0.68 million in current year quarter as compared to foreign exchange gain of RM0.71 million in immediate preceding quarter.
- c. Product development cost written off of RM1.27 million in current year.

3. COMMENTARY ON PROSPECTS

The challenging business environment created by the various global economic and political situations, combined with a general slowdown in the lighting industry, remains a developing situation. Similar to most businesses with interests in China, IQ-group is also currently being further impacted by the Covid-19 situation. The implication of these realities is resulting in performance below our expectations; however we remain upbeat about business prospects from the mid-term due to our response to these changes and the advanced initiatives within the Company.

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IQ-group has for some time set a course towards increased emphasis on business under our own control. Brand establishment and influence or control over the distribution permits the prospect of much heightened levels of market penetration and it is for this reason that we have made our commitment and ambition in this direction, whilst at the same time continuing to support our valued ODM customer base via an increasingly harmonised approach. In doing so IQ-group is adopting a strategy of simplification to move the business progressively away from the historic high mix low volume business model towards a low mix high volume scenario where fixed costs can also be adjusted to reflect the simplified / more focused requirements. To this end we are restructuring the business to match this less complex requirement with the added benefit of also better matching the fixed costs against the current performance. This initiative is being progressed such that we can scale up in response to the targeted market successes and in readiness for improved external influences.

IQ-group perceives significant potential via our product leading approach in the area of connected DC (battery) products, targeted at the consumer market predominantly via big box retail and on-line sales and to this end we are launching a new brand to advance the accelerated global initiatives in this area, this initiative complimenting both the Lumiqs activities in the Industrial/Commercial sector as well as the increasingly harmonised ODM business.

There is no doubt that the current business environment is a challenging one, but we are not complacent. We are applying our strategic plans, implementing significant cost reduction and rolling out market/product leading business growth initiatives which we believe position us positively to navigate our way through the current turbulent times and best positioning ourselves for exciting times ahead.

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 2019 RM'000	Current year- to-date ended 31 Dec 2019 RM'000
Interest income	(66)	(181)
Other income including investment income **	(65)	(215)
Interest expense	59	163
Depreciation and amortisation	1,663	4,966
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 #	1,273	1,273
Foreign exchange (gain) or loss	678	(820)
(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 Dec 2019 RM'000	Current year- to-date ended 31 Dec 2019 RM'000
Estimated income tax expense:		
Current tax expense/(income)	41	1,103
Under/(over)-provision in prior year	439	461
Deferred tax	1,271	27
	1,751	1,591

The Group's current quarter income tax reflects an effective tax rate which is higher than the statutory income tax rate mainly due to higher deferred tax liability and prior year tax paid by one of the subsidiary in relation to participation in the Special Voluntary Disclosure Program (SVDP).

The Group's financial year to-date income tax reflects an effective tax rate which is higher than the statutory income tax rate mainly due to prior year tax paid by one of the subsidiary in relation to participation in the Special Voluntary Disclosure Program (SVDP).

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 December 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 December 2019.

12. EARNINGS PER SHARE

a. Basic earnings per share

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

	Current Quarter ended 31 Dec 2019	Current year- to-date ended 31 Dec 2019
Profit/(loss) for the period attributable to the owners of the Company (RM'000)	(7,133)	(11,750)
Weighted average number of ordinary shares in issue ('000)	88,028	88,028
Basic earnings/(loss) per share (sen)	(8.10)	(13.35)

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

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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: 27 February 2020