

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

**FIRST QUARTER REPORT ENDED 30 JUNE 2020**

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE QUARTER AND THREE MONTHS ENDED 30 JUNE 2020**

	Individual Quarter		Cumulative Quarter	
	Current year quarter ended	Preceding year corresponding quarter ended	Current year to-date for 3 months ended	Preceding year corresponding period of 3 months ended
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Revenue	38,861	30,428	38,861	30,428
Investment revenue	76	80	76	80
Other gains and losses	(123)	866	(123)	866
Changes in inventories of finished goods and work-in-progress	(2,705)	(1,754)	(2,705)	(1,754)
Raw materials and consumables used	(13,667)	(9,331)	(13,667)	(9,331)
Purchase of trading goods	(3,847)	(4,620)	(3,847)	(4,620)
Employee benefits expense	(10,816)	(10,205)	(10,816)	(10,205)
Depreciation and amortisation of non-current assets	(1,596)	(1,633)	(1,596)	(1,633)
Finance costs	(53)	(53)	(53)	(53)
Other operating expenses	(4,061)	(6,798)	(4,061)	(6,798)
<b>Profit/(loss) before tax</b>	<b>2,069</b>	<b>(3,020)</b>	<b>2,069</b>	<b>(3,020)</b>
Tax income/(expense)	(292)	(118)	(292)	(118)
<b>Profit/(loss) for the period</b>	<b>1,777</b>	<b>(3,138)</b>	<b>1,777</b>	<b>(3,138)</b>
Profit/(loss) for the period attributable to:				
Owners of the Company	1,777	(3,138)	1,777	(3,138)
Non-controlling interests	-	-	-	-
	<b>1,777</b>	<b>(3,138)</b>	<b>1,777</b>	<b>(3,138)</b>
Earnings/(loss) per ordinary share attributable to owners of the Company (sen):				
Basic	2.02	(3.56)	2.02	(3.56)
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 2020 and the accompanying explanatory notes attached to this interim financial report.*

**IQ GROUP HOLDINGS BERHAD**  
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**FIRST QUARTER REPORT ENDED 30 JUNE 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER AND THREE MONTHS ENDED 30 JUNE 2020**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current year quarter ended</b>	<b>Preceding year corresponding quarter ended</b>	<b>Current year to-date for 3 months ended</b>	<b>Preceding year corresponding period of 3 months ended</b>
	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net profit/(loss) for the period</b>	<b>1,777</b>	<b>(3,138)</b>	<b>1,777</b>	<b>(3,138)</b>
<b>Exchange differences on translating foreign operations</b>	<b>(612)</b>	<b>(91)</b>	<b>(612)</b>	<b>(91)</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>1,165</b>	<b>(3,229)</b>	<b>1,165</b>	<b>(3,229)</b>
Total comprehensive income/(loss) attributable to:				
Owners of the Company	1,165	(3,229)	1,165	(3,229)
Non-controlling interests	-	-	-	-
	<b>1,165</b>	<b>(3,229)</b>	<b>1,165</b>	<b>(3,229)</b>

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to this interim financial report.*

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**FIRST QUARTER REPORT ENDED 30 JUNE 2020**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at end of current quarter 30 June 2020 Unaudited RM'000	As at preceding financial year ended 31 March 2020 Audited RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	13,721	14,041
Right-of-use assets	5,924	6,338
Investment properties	1,646	1,649
Product development costs	10,762	10,441
Deferred tax assets	699	685
<b>Total non-current assets</b>	<b>32,752</b>	<b>33,154</b>
<b>Current assets</b>		
Inventories	44,653	48,873
Trade and other receivables	52,703	49,807
Current tax assets	1,317	1,314
Other assets	1,280	1,418
Short-term deposits with licensed banks	8,485	6,485
Cash and bank balances	16,819	15,586
<b>Total current assets</b>	<b>125,257</b>	<b>123,483</b>
<b>Total assets</b>	<b>158,009</b>	<b>156,637</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Issued capital	96,177	96,177
Reserves	3,937	4,549
Retained earnings/(accumulated losses)	23,191	21,414
<b>Total equity attributable to Owners of the Company</b>	<b>123,305</b>	<b>122,140</b>
Non-controlling interest	-	-
<b>Total equity</b>	<b>123,305</b>	<b>122,140</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	8	8
Lease liabilities	2,861	3,274
Bank Borrowings	1,000	-
<b>Total non-current liabilities</b>	<b>3,869</b>	<b>3,282</b>
<b>Current liabilities</b>		
Trade and other payables	27,936	28,642
Lease liabilities	1,421	1,600
Bank Borrowings	1,000	-
Other financial liabilities	-	63
Tax liabilities	478	910
<b>Total current liabilities</b>	<b>30,835</b>	<b>31,215</b>
<b>Total liabilities</b>	<b>34,704</b>	<b>34,497</b>
<b>Total equity and liabilities</b>	<b>158,009</b>	<b>156,637</b>
Net assets per share attributable to owners of the Company (RM)	1.40	1.39

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to this interim financial report.*

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**FIRST QUARTER REPORT ENDED 30 JUNE 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED 30 JUNE 2020**

	-----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 2020	96,177	4,424	125	21,414	122,140
Profit/(Loss) for the year				1,777	1,777
Other comprehensive income/(loss) for the period		(612)			(612)
Total comprehensive income/(loss) for the period		(612)		1,777	1,165
Dividends paid				-	-
Balance as of 30 June 2020	96,177	3,812	125	23,191	123,305
Balance as of 1 April 2019	96,177	3,499	125	40,355	140,156
Effects of changes in accounting policies	96,177	3,499	125	(138) 40,217	(138) 140,018
Profit/(Loss) for the year				(3,138)	(3,138)
Other comprehensive income/(loss) for the period		(91)			(91)
Total comprehensive income/(loss) for the period		(91)		(3,138)	(3,229)
Dividends paid					-
Balance as of 30 June 2019	96,177	3,408	125	37,079	136,789

*The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to this interim financial report.*

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**FIRST QUARTER REPORT ENDED 30 JUNE 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE THREE MONTHS ENDED 30 JUNE 2020**

	<b>Individual Quarter</b>	
	<b>Current year quarter ended 30 June 2020 RM'000</b>	<b>Preceding year corresponding quarter ended 30 June 2019 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) for the year	1,777	(3,138)
Adjustments for :		
Tax expense/ (income) recognised in profit or loss	292	118
Depreciation and amortisation of non-current assets	1,596	1,633
Unrealised (gain)/loss on foreign exchange	(498)	(161)
(Gain)/Loss on disposal of property, plant and equipment	-	(1)
Finance costs	53	53
Interest income	(45)	(48)
Other non-cash items	(2)	-
Operating profit/(loss) before working capital changes	3,173	(1,544)
(Increase) / Decrease in:		
Inventories	4,220	3,217
Trade and other receivables	(2,249)	6,341
Other assets	137	(2,691)
Increase / (Decrease) in:		
Trade and other payables	(761)	762
Cash generated from operations	4,520	6,085
Tax refunded	-	77
Tax paid	(739)	(1,614)
<b>Net cash (used in)/generated from operating activities</b>	3,781	4,548
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	45	48
Proceeds from disposal of property, plant and equipment	1	1
Purchase of property, plant and equipment	(346)	(1,794)
Addition to capitalised development costs	(875)	(698)
<b>Net cash (used in)/generated from investing activities</b>	(1,175)	(2,443)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of lease liabilities	(573)	(352)
Interest on lease liabilities	(53)	(53)
Proceeds from bank borrowings	2,000	-
<b>Net cash (used in)/generated from financing activities</b>	1,374	(405)
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	3,980	1,700
Effect of foreign exchange rate changes	(747)	(60)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	22,071	24,193
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	25,304	25,833

*The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to this interim financial report.*

**FIRST QUARTER REPORT ENDED 30 JUNE 2020**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2020**

**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 2020 except for the accounting policy changes that are expected to be reflected in financial statement for the year ended 31 March 2021.

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 2020.

**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 17	Insurance Contracts	1 January 2021
Amendments to MFRS 101	Classification of liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred to a date to be announced by MASB

**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.

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**FIRST QUARTER REPORT ENDED 30 JUNE 2020**

**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 30 June 2020.

**8. DIVIDENDS PAID**

No dividend has been paid by the Company for the quarter ended 30 June 2020.

**9. SEGMENT REPORTING**

**Cumulative quarter ended  
30 June 2020**

	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Eliminations RM'000	Total RM'000
<b>Revenue</b>					
External revenue	-	31,223	7,638		38,861
Inter-segment revenue	1,699	33,928	35,216	(70,843)	-
Total revenue	<u>1,699</u>	<u>65,151</u>	<u>42,854</u>	<u>(70,843)</u>	<u>38,861</u>
<b>Results</b>					
Profit/(loss) from operations	91	(1,008)	3,236	(326)	1,993
Investment revenue	63	13	-		76
Profit/(loss) before tax					2,069
Income tax income/(expense)					(292)
Profit/(loss) after tax					<u>1,777</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 30 June 2020 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.

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**FIRST QUARTER REPORT ENDED 30 JUNE 2020**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2020**

**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 3 months ended	Preceding year corresponding period of 3 months ended	
	30 June 2020	30 June 2019		30 June 2020	30 June 2019	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	38,861	30,428	28%	38,861	30,428	28%
Operating Profit/(Loss)	2,169	(3,913)	-155%	2,169	(3,913)	-155%
Profit/(Loss) Before Interest and Tax	2,122	(2,967)	-172%	2,122	(2,967)	-172%
Profit/(Loss) Before Tax	2,069	(3,020)	-169%	2,069	(3,020)	-169%
Profit/(Loss) After Tax	1,777	(3,138)	-157%	1,777	(3,138)	-157%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	1,777	(3,138)	-157%	1,777	(3,138)	-157%

For the current quarter under review, the Group's revenue increased by RM8.43 million or 27.7% as compared to the first quarter ended 30 June 2019. Sales from delayed delivery caused by Covid-19 outbreak in China during the fourth quarter of last financial year were shipped in this quarter.

The Group recorded a profit before taxation of RM2.07 million for the quarter under review, representing an increase in profit before tax by RM5.09 million as compared to that of the preceding year quarter. The increase in profit before tax was mainly due to higher gross profit due to higher revenue as well as higher gross profit margin due to sales model mixes in current year quarter as compared to preceding year quarter.

However, the positive impact was offset by the following:

- a. Retrenchment compensations to employees amounting RM1.46 million in the current year quarter.
- b. Foreign exchange loss of RM0.25 million in current year quarter as compared to foreign exchange gain of RM0.79 million in 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 3 months ended	Preceding year corresponding period of 3 months ended
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
Investment holding	1,699	1,856	1,699	1,856
Manufacturing	65,151	48,325	65,151	48,325
Trading	42,854	34,389	42,854	34,389
<b>Total</b>	<b>109,704</b>	<b>84,570</b>	<b>109,704</b>	<b>84,570</b>
Eliminations	(70,843)	(54,142)	(70,843)	(54,142)
<b>Revenue after eliminations</b>	<b>38,861</b>	<b>30,428</b>	<b>38,861</b>	<b>30,428</b>
<b>Profit/(loss) before tax</b>				
Investment holding	154	464	154	464
Manufacturing	(995)	(2,236)	(995)	(2,236)
Trading	3,236	(1,418)	3,236	(1,418)
<b>Total</b>	<b>2,395</b>	<b>(3,190)</b>	<b>2,395</b>	<b>(3,190)</b>
Eliminations	(326)	170	(326)	170
<b>Profit/(Loss) before tax after eliminations</b>	<b>2,069</b>	<b>(3,020)</b>	<b>2,069</b>	<b>(3,020)</b>

**Investment Holdings**

**Q1 FY2021 vs. Q1 FY2020**

The investment holding segment profit decreased by RM0.31 million in the current quarter as compared to preceding year quarter, mainly due to the following:

- a. Lower revenue by RM0.16 million in current year quarter as compared to preceding year quarter.
- b. Foreign exchange loss of RM0.08 million in current year quarter as compared to foreign exchange gain of RM0.11 million in preceding year quarter.
- c. Retrenchment compensation to employee in UK amounting RM0.16 million.

**Manufacturing**

**Q1 FY2021 vs. Q1 FY2020**

The manufacturing segment loss decreased by RM1.24 million in the current year quarter as compared to preceding year quarter, mainly due to higher gross profit due to higher revenue in current year quarter as compared to preceding year quarter.

However, the positive impact was offset by the following:

- a. Retrenchment compensations to employees in Malaysia and China amounting RM1.3 million in the current year quarter.
- b. Foreign exchange loss of RM0.17 million in current year quarter as compared to foreign exchange gain of RM0.55 million in preceding year quarter.

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Trading

Q1 FY2021 vs. Q1 FY2020

The trading segment profit increased by RM4.65 million in the current year quarter as compared to preceding year quarter, mainly due to the following:

- a. Higher gross profit due to higher revenue in current year quarter.
- b. However, the positive impact was offset by lower foreign exchange gain by RM0.13 million in current year quarter as compared to preceding year quarter.

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

**Financial review for current quarter compared to immediate preceding quarter**

	Current Year Quarter ended 30 June 2020 RM'000	Immediate Preceding Quarter ended 31 March 2020 RM'000	Changes  %
Revenue	38,861	30,981	25%
Operating Profit/(Loss)	2,169	(8,352)	-126%
Profit/(Loss) Before Interest and Tax	2,122	(7,008)	-130%
Profit/(Loss) Before Tax	2,069	(7,104)	-129%
Profit/(Loss) After Tax	1,777	(7,191)	-125%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	1,777	(7,191)	-125%

The Group's revenue for the current quarter was RM38.86 million, representing an increase of RM7.88 million or 25.4% as compared to that of the immediate preceding quarter ended 31 March 2020. Sales from delayed delivery caused by Covid-19 outbreak in China during the fourth quarter of last financial year were shipped in this quarter.

The Group recorded a profit before taxation of RM2.07 million for the quarter under review. The Group's profit before tax increased by RM9.17 million as compared to that of the immediate preceding quarter, mainly due to the following:

- a. Higher gross profit due to higher revenue in current year quarter.
- b. Product development cost written off by RM5.68 million in immediate preceding year quarter.
- c. Inventories written off of RM1.53 million and provision for stock obsolescence of RM0.54 million in immediate preceding year quarter.

However, the positive impact was offset by the following:

- a. Foreign exchange loss of RM0.25 million in current year quarter as compared to foreign exchange gain of RM1.56 million in immediate preceding quarter.
- b. Retrenchment compensations to employees amounting RM1.46 million in the current year quarter.

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**3. COMMENTARY ON PROSPECTS**

We remain focussed in our determined pursuit of three key objectives: 1. Cost reduction, 2. Business Simplification and 3. Business Growth.

The global pandemic continues to present uncertainty as to the ramifications on the business activities and related performance of IQ-group's key customers, with on-going potential implications to IQ-group's sales. Having said this, our coordinated efforts in reducing costs via headcount reduction and other means, combined with our efforts in working with the customer base to maintain an optimised situation have yielded a more positive Quarter 1 than might have been expected in the midst of such circumstances.

IQ-group maintains the 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 continue to restructure 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 also arranged such that we can scale up in response to the targeted market successes and in readiness for improved external influences. It is encouraging that the restructuring and related cost reduction initiatives are already yielding results which improve IQ-group's performance. If retrenchment related costs were not taken into account, the first quarter trading profit would be even higher than the Profit Before Tax stated position of RM2.069 million.

As previously mentioned, to compliment the historic ODM and Lumiqs business activities, IQ-group identified connected DC (battery) products as a significant area of potential opportunity. Market feedback is confirming our impressions to be correct and thus the advanced 'own destiny' preparations in this field which have been progressing towards market launch provide exciting possibilities which lend themselves to both Online and Global sales (as well as via the traditional big-box retailers). The planned Online activities will ride upon the ever growing proportion of Online retail sales, which continue to boom in the midst of the Covid-19 pandemic.

Brand establishment and greater influence over distribution are key to this initiative's ambition and we are making every effort to maximise the success of our leading product definitions in this area targeting successive related market introductions in the months and years 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 30 Jun 2020 RM'000	Current year- to-date ended 30 Jun 2020 RM'000
Interest income	(45)	(45)
Other expense/ (income) including investment income **	(159)	(159)
Interest expense	53	53
Depreciation and amortisation	1,596	1,596
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	251	251
(Gain) or loss on derivatives *	-	-
Exceptional item charged / (credited) *	-	-

\* Not applicable during the period

# Product development cost written off

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\*\* Exclude interest income

**6. INCOME TAX EXPENSE**

	Quarter ended 30 Jun 2020 RM'000	Current year- to-date ended 30 Jun 2020 RM'000
Estimated income tax expense:		
Current tax expense/(income)	306	306
Under/(over)-provision in prior year		
Deferred tax	(14)	(14)
	<u>292</u>	<u>292</u>

The Group's current quarter income tax reflects an effective tax rate which is lower than the statutory income tax rate mainly due to profit of a subsidiary which is not subject to corporate tax.

**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**

Bank borrowings

	As at 30 June 2020 RM'000	As at 31 March 2020 RM'000
<u>Short term</u>		
Term loan (secured)	1,000	-
<u>Long term</u>		
Term loan (secured)	1,000	-
	<u>2,000</u>	<u>-</u>

**9. FINANCIAL INSTRUMENTS**

As at 30 June 2020, 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 30 June 2020.

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

**FIRST QUARTER REPORT ENDED 30 JUNE 2020**

**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 30 Jun 2020	Current year- to-date ended 30 Jun 2020
Profit/(loss) for the period attributable to the owners of the Company (RM'000)	<u>1,777</u>	<u>1,777</u>
Weighted average number of ordinary shares in issue ('000)	<u>88,028</u>	<u>88,028</u>
Basic earnings/(loss) per share (sen)	<u>2.02</u>	<u>2.02</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: 27 Aug 2020