

**IQ GROUP HOLDINGS BERHAD**  
**(200301034523)(636944-U)**  
(Incorporated in Malaysia under the Companies Act, 1965)

**SECOND QUARTER REPORT ENDED 30 SEPTEMBER 2020**

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE QUARTER AND SIX MONTHS ENDED 30 SEPTEMBER 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 6 months ended</b>	<b>Preceding year corresponding period of 6 months ended</b>
	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>
<b>Revenue</b>	<b>30,112</b>	29,272	<b>68,973</b>	59,700
<b>Investment revenue</b>	<b>76</b>	99	<b>152</b>	179
<b>Other gains and losses</b>	<b>(893)</b>	718	<b>(1,016)</b>	1,584
<b>Changes in inventories of finished goods and work-in-progress</b>	<b>(868)</b>	626	<b>(3,573)</b>	(1,128)
<b>Raw materials and consumables used</b>	<b>(11,081)</b>	(8,955)	<b>(24,748)</b>	(18,286)
<b>Purchase of trading goods</b>	<b>(147)</b>	(5,382)	<b>(3,994)</b>	(10,002)
<b>Employee benefits expense</b>	<b>(9,091)</b>	(10,087)	<b>(19,907)</b>	(20,292)
<b>Depreciation and amortisation of non-current assets</b>	<b>(1,501)</b>	(1,670)	<b>(3,097)</b>	(3,303)
<b>Finance costs</b>	<b>(86)</b>	(51)	<b>(139)</b>	(104)
<b>Other operating expenses</b>	<b>(5,557)</b>	(6,327)	<b>(9,618)</b>	(13,125)
<b>Profit/(loss) before tax</b>	<b>964</b>	(1,757)	<b>3,033</b>	(4,777)
<b>Tax income/(expense)</b>	<b>(617)</b>	278	<b>(909)</b>	160
<b>Profit/(loss) for the period</b>	<b>347</b>	(1,479)	<b>2,124</b>	(4,617)
Profit/(loss) for the period attributable to:				
Owners of the Company	347	(1,479)	2,124	(4,617)
Non-controlling interests	-	-	-	-
	<b>347</b>	<b>(1,479)</b>	<b>2,124</b>	<b>(4,617)</b>
Earnings/(loss) per ordinary share attributable to owners of the Company (sen):				
Basic	0.39	(1.68)	2.41	(5.24)
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****(200301034523)(636944-U)**

(Incorporated in Malaysia under the Companies Act, 1965)

**SECOND QUARTER REPORT ENDED 30 SEPTEMBER 2020****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER AND SIX MONTHS ENDED 30 SEPTEMBER 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 6 months ended</b>	<b>Preceding year corresponding period of 6 months ended</b>
	<b>30 September 2020</b>	<b>30 September 2019</b>	<b>30 September 2020</b>	<b>30 September 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>347</b>	<b>(1,479)</b>	<b>2,124</b>	<b>(4,617)</b>
<b>Exchange differences on translating foreign operations</b>	<b>337</b>	<b>(832)</b>	<b>(275)</b>	<b>(923)</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>684</b>	<b>(2,311)</b>	<b>1,849</b>	<b>(5,540)</b>
Total comprehensive income/(loss) attributable to:				
Owners of the Company	684	(2,311)	1,849	(5,540)
Non-controlling interests	-	-	-	-
	<b>684</b>	<b>(2,311)</b>	<b>1,849</b>	<b>(5,540)</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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**SECOND QUARTER REPORT ENDED 30 SEPTEMBER 2020**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at end of current quarter 30 September 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	13,387	14,041
Right-of-use assets	5,548	6,338
Investment properties	1,642	1,649
Product development costs	11,086	10,441
Deferred tax assets	663	685
<b>Total non-current assets</b>	<b>32,326</b>	<b>33,154</b>
<b>Current assets</b>		
Inventories	42,500	48,873
Trade and other receivables	49,063	49,807
Current tax assets	1,366	1,314
Other assets	1,093	1,418
Short-term deposits with licensed banks	8,485	6,485
Cash and bank balances	23,376	15,586
<b>Total current assets</b>	<b>125,883</b>	<b>123,483</b>
<b>Total assets</b>	<b>158,209</b>	<b>156,637</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Issued capital	96,177	96,177
Reserves	4,274	4,549
Retained earnings/(accumulated losses)	23,538	21,414
<b>Total equity attributable to Owners of the Company</b>	<b>123,989</b>	<b>122,140</b>
Non-controlling interest	-	-
<b>Total equity</b>	<b>123,989</b>	<b>122,140</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	8	8
Lease liabilities	2,574	3,274
Bank Borrowings	5,178	-
<b>Total non-current liabilities</b>	<b>7,760</b>	<b>3,282</b>
<b>Current liabilities</b>		
Trade and other payables	23,754	28,642
Lease liabilities	1,391	1,600
Bank Borrowings	1,002	-
Other financial liabilities	-	63
Tax liabilities	313	910
<b>Total current liabilities</b>	<b>26,460</b>	<b>31,215</b>
<b>Total liabilities</b>	<b>34,220</b>	<b>34,497</b>
<b>Total equity and liabilities</b>	<b>158,209</b>	<b>156,637</b>
Net assets per share attributable to owners of the Company (RM)	1.41	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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**SECOND QUARTER REPORT ENDED 30 SEPTEMBER 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 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				2,124	2,124
Other comprehensive income/(loss) for the period		(275)			(275)
Total comprehensive income/(loss) for the period		(275)		2,124	1,849
Dividends paid				-	-
Balance as of 30 September 2020	96,177	4,149	125	23,538	123,989
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	(189) 40,166	(189) 139,967
Profit/(Loss) for the year				(4,617)	(4,617)
Other comprehensive income/(loss) for the period		(923)			(923)
Total comprehensive income/(loss) for the period		(923)		(4,617)	(5,540)
Dividends paid					-
Balance as of 30 September 2019	96,177	2,576	125	35,549	134,427

*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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**SECOND QUARTER REPORT ENDED 30 SEPTEMBER 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

	<b>Individual Quarter</b>	
	<b>Current year quarter ended 30 September 2020 RM'000</b>	<b>Preceding year corresponding quarter ended 30 September 2019 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) for the year	2,124	(4,617)
Adjustments for :		
Tax expense/ (income) recognised in profit or loss	909	(160)
Depreciation and amortisation of non-current assets	3,097	3,303
Unrealised (gain)/loss on foreign exchange	737	(360)
(Gain)/Loss on disposal of property, plant and equipment	77	(1)
Property, plant and equipment written off	22	-
Finance costs	139	104
Interest income	(86)	(115)
Other non-cash items		(13)
Operating profit/(loss) before working capital changes	7,019	(1,859)
(Increase) / Decrease in:		
Inventories	6,373	3,970
Trade and other receivables	(822)	7,185
Other assets	325	(2,589)
Increase / (Decrease) in:		
Trade and other payables	(3,723)	1,423
Cash generated from operations	9,172	8,130
Tax refunded	-	577
Tax paid	(1,534)	(2,191)
<b>Net cash (used in)/generated from operating activities</b>	<b>7,638</b>	<b>6,516</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	86	115
Proceeds from disposal of property, plant and equipment	1	1
Purchase of property, plant and equipment	(636)	(2,604)
Addition to capitalised development costs	(1,733)	(1,656)
<b>Net cash (used in)/generated from investing activities</b>	<b>(2,282)</b>	<b>(4,144)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of lease liabilities	(914)	(734)
Interest on lease liabilities	(139)	(104)
Proceeds from bank borrowings	6,180	-
<b>Net cash (used in)/generated from financing activities</b>	<b>5,127</b>	<b>(838)</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>10,483</b>	<b>1,534</b>
Effect of foreign exchange rate changes	(693)	(811)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>22,071</b>	<b>24,193</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>31,861</b>	<b>24,916</b>

*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.*

**SECOND QUARTER REPORT ENDED 30 SEPTEMBER 2020**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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 MATERIAL EVENTS**

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.

**SECOND QUARTER REPORT ENDED 30 SEPTEMBER 2020**

**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 22 September 2020, 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 September 2020.

**8. DIVIDENDS PAID**

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

**9. SEGMENT REPORTING**

**Cumulative quarter ended  
30 September 2020**

	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Eliminations RM'000	Total RM'000
<b><u>Revenue</u></b>					
External revenue	-	53,295	15,678		68,973
Inter-segment revenue	3,349	70,145	38,165	(111,659)	-
Total revenue	<u>3,349</u>	<u>123,440</u>	<u>53,843</u>	<u>(111,659)</u>	<u>68,973</u>

	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Eliminations RM'000	Total RM'000
<b><u>Results</u></b>					
Profit/(loss) from operations	58	(655)	3,445	33	2,881
Investment revenue	124	28	-		152
Profit/(loss) before tax					3,033
Income tax income/(expense)					(909)
Profit/(loss) after tax					<u>2,124</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 September 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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**SECOND QUARTER REPORT ENDED 30 SEPTEMBER 2020**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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 6 months ended	Preceding year corresponding period of 6 months ended	
	30 September 2020	30 September 2019		30 September 2020	30 September 2019	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	30,112	29,272	3%	68,973	59,700	16%
Operating Profit/(Loss)	1,867	(2,523)	-174%	4,036	(6,436)	-163%
Profit/(Loss) Before Interest and Tax	1,050	(1,706)	-162%	3,172	(4,673)	-168%
Profit/(Loss) Before Tax	964	(1,757)	-155%	3,033	(4,777)	-163%
Profit/(Loss) After Tax	347	(1,479)	-123%	2,124	(4,617)	-146%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	347	(1,479)	-123%	2,124	(4,617)	-146%

For the current quarter under review, the Group's revenue increased by RM0.84 million or 2.9% as compared to the second quarter ended 30 September 2019.

The Group recorded a profit before taxation of RM0.96 million for the quarter under review, representing an increase in profit before tax by RM2.72 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 RM0.65 million in the current year quarter.
- b. Foreign exchange loss of RM1.92 million in current year quarter as compared to foreign exchange gain of RM0.71 million in preceding year quarter.

Should we exclude the retrenchment compensations of RM0.65 million, the current quarter's profit before tax improved to RM1.61 million.



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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 6 months ended	Preceding year corresponding period of 6 months ended
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
Investment holding	1,650	1,745	3,349	3,601
Manufacturing	58,289	51,781	123,440	100,105
Trading	10,989	34,069	53,843	68,458
<b>Total</b>	<b>70,928</b>	<b>87,595</b>	<b>180,632</b>	<b>172,164</b>
Eliminations	(40,816)	(58,323)	(111,659)	(112,464)
<b>Revenue after eliminations</b>	<b>30,112</b>	<b>29,272</b>	<b>68,973</b>	<b>59,700</b>
<b>Profit/(loss) before tax</b>				
Investment holding	28	321	182	785
Manufacturing	368	111	(627)	(2,126)
Trading	209	(2,046)	3,445	(3,464)
<b>Total</b>	<b>605</b>	<b>(1,614)</b>	<b>3,000</b>	<b>(4,805)</b>
Eliminations	359	(143)	33	28
<b>Profit/(Loss) before tax after eliminations</b>	<b>964</b>	<b>(1,757)</b>	<b>3,033</b>	<b>(4,777)</b>

**Investment Holdings**

**Q2 FY2021 vs. Q2 FY2020**

The investment holding segment profit decreased by RM0.29 million in the current quarter as compared to preceding year quarter, mainly due to foreign exchange loss of RM0.32 million in current year quarter as compared to foreign exchange gain of RM0.05 million in preceding year quarter.

**Q2 YTD FY2021 vs. Q2 YTD FY2020**

The investment holding segment YTD profit decreased by RM0.6 million in the current year as compared to preceding year, mainly due to the following:

- a. Foreign exchange loss of RM0.4 million in current year as compared to foreign exchange gain of RM0.16 million in preceding year.
- b. Retrenchment compensation to employee in UK amounting RM0.16 million.

**Manufacturing**

**Q2 FY2021 vs. Q2 FY2020**

The manufacturing segment profit increased by RM0.26 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 RM0.65 million in the current year quarter.

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- b. Foreign exchange loss of RM1.65 million in current year quarter as compared to foreign exchange gain of RM0.67 million in preceding year quarter.

Q2 YTD FY2021 vs. Q2 YTD FY2020

The manufacturing segment YTD loss is lower by RM1.5 million, mainly due to higher gross profit due to higher revenue in current year as compared to preceding year.

However, the positive impact was offset by the following:

- a. Retrenchment compensations to employees in Malaysia and China amounting RM1.94 million in the current year.
- b. Foreign exchange loss of RM1.82 million in current year as compared to foreign exchange gain of RM1.22 million in preceding year.

Trading

Q2 FY2021 vs. Q2 FY2020

The trading segment profit increased by RM2.25 million in the current year quarter as compared to preceding year quarter, mainly due to the following:

- a. Despite lower in revenue in current year quarter, the profit increase due to higher gross profit as a result of change in sales model mixes.
- b. Foreign exchange gain of RM0.05 million in current year quarter as compared to foreign exchange loss of RM0.01 million in preceding year quarter.

Q2 YTD FY2021 vs. Q2 YTD FY2020

The trading segment YTD profit increased by RM6.91 million in the current year as compared to preceding year. Despite lower in revenue in current year, the profit increase due to higher gross profit as a result of change in sales model mixes.

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

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

	Current Year Quarter ended 30 September 2020 RM'000	Immediate Preceding Quarter ended 30 June 2020 RM'000	Changes  %
Revenue	30,112	38,861	-23%
Operating Profit/(Loss)	1,867	2,169	-14%
Profit/(Loss) Before Interest and Tax	1,050	2,122	-51%
Profit/(Loss) Before Tax	964	2,069	-53%
Profit/(Loss) After Tax	347	1,777	-80%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	347	1,777	-80%

The Group's revenue for the current quarter was RM30.11 million, representing a decrease of RM8.75 million or 22.5% as compared to that of the immediate preceding quarter ended 30 June 2020. Higher sales in immediate preceding quarter is because of delayed delivery caused by Covid-19 outbreak in the fourth quarter of last financial year were shipped during that quarter.

The Group recorded a profit before taxation of RM0.96 million for the quarter under review. The Group's profit before tax decreased by RM1.1 million as compared to that of the immediate preceding quarter, mainly due to the following:

- a. Lower gross profit due to lower revenue in current year quarter.

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- b. Higher foreign exchange loss by RM1.67 million in current year quarter as compared to immediate preceding quarter.

However, the negative impact was offset by lower retrenchment compensations to employees by RM0.81 million in the current year quarter as compared to immediate preceding quarter.

**3. COMMENTARY ON PROSPECTS**

In the midst of turbulent global conditions, we remain focussed on our three key objectives: 1. Cost reduction, 2. Business Simplification and 3. Business Growth.

Subsequent waves of the global pandemic continue to present uncertainty in the key markets where we are most active. The recent accelerating infection rates across Europe have led to repeated implications to our key customers, with on-going potential implications to IQ-group's sales. Having said this, as per similar circumstances earlier in the year, our coordinated efforts in reducing costs...combined with our creative activities in working with the customer base to maintain an optimised situation, have yielded a more positive first-half result than might have been expected in the midst of such challenging global conditions.

As previously stated, IQ-group maintains the commitment towards business simplification, with initiatives to transition 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. The Q2 operating costs clearly demonstrate the significant progress made in this area.

Business growth remains central to our plans and as such, regardless of the recent restructuring, we remain well positioned to scale up in response to the targeted market successes and in readiness for improved external influences. As a matter of fact, Covid-19 induced travel restrictions have led to more frequent and closer ties in key territories between our customers and IQ-group's representatives in the locality, resulting in new business wins...the benefit of which will filter through as related developments conclude and launch.

As previously highlighted, to compliment the historic ODM and Lumiqs business activities, IQ-group identified connected DC (battery) products as a significant area of potential opportunity. The advanced 'own destiny' preparations in this field, which progress 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 growing proportion of Online retail sales, which continue to rise in the midst of the Covid-19 pandemic.

With recent vaccine developments making the headlines, there seems to be some light at the end of the pandemic tunnel. No doubt there is still some time to traverse with Covid-19 implications and related risks being tangibly apparent, however, we are confident that we will emerge from this period strengthened by the changes made and emboldened by the on-going initiatives, both of which we believe bode well for the future.

**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 Sep 2020 RM'000	Current year- to-date ended 30 Sep 2020 RM'000
Interest income	(41)	(86)
Other expense/ (income) including investment income **	(1,062)	(1,221)
Interest expense	86	139
Depreciation and amortisation	1,501	3,097
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 *	-	-

**IQ GROUP HOLDINGS BERHAD**

**(200301034523)(636944-U)**

(Incorporated in Malaysia under the Companies Act, 1965)

**SECOND QUARTER REPORT ENDED 30 SEPTEMBER 2020**

Impairment of assets #	-	-
Foreign exchange (gain) or loss	1,921	2,171
(Gain) or loss on derivatives *	-	-
Exceptional item charged / (credited) *	-	-

\* Not applicable during the period

# Product development cost written off

\*\* Exclude interest income

**6. INCOME TAX EXPENSE**

	Quarter ended 30 Sep 2020 RM'000	Current year- to-date ended 30 Sep 2020 RM'000
Estimated income tax expense:		
Current tax expense/(income)	579	885
Under/(over)-provision in prior year		
Deferred tax	38	24
	<u>617</u>	<u>909</u>

The Group's current quarter income tax reflects an effective tax rate which is higher than the statutory income tax rate mainly due to 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**

Bank borrowings

	As at 30 Sep 2020 RM'000	As at 31 March 2020 RM'000
<u>Short term</u>		
Term loan (secured)	1,002	-
<u>Long term</u>		
Term loan (secured)	3,998	-
Term loan (unsecured)	1,180	-
	<u>6,180</u>	<u>-</u>

The currency profile of borrowings are as follows:

	As at 30 Sep 2020 RM'000	As at 31 March 2020 RM'000
Ringgit Malaysia	5,000	-
Japanese Yen	1,180	-
	<u>6,180</u>	<u>-</u>

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**SECOND QUARTER REPORT ENDED 30 SEPTEMBER 2020**

**9. FINANCIAL INSTRUMENTS**

As at 30 September 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 September 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 Sep 2020	Current year- to-date ended 30 Sep 2020
Profit/(loss) for the period attributable to the owners of the Company (RM'000)	<u>347</u>	<u>2,124</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>0.39</u>	<u>2.41</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: 26 November 2020