

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

**THIRD QUARTER REPORT ENDED 31 DECEMBER 2020**

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 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 9 months ended</b>	<b>Preceding year corresponding period of 9 months ended</b>
	<b>31 December 2020 RM'000</b>	<b>31 December 2019 RM'000</b>	<b>31 December 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
<b>Revenue</b>	<b>31,500</b>	28,894	<b>100,473</b>	88,594
<b>Investment revenue</b>	<b>64</b>	97	<b>216</b>	276
<b>Other gains and losses</b>	<b>(1,975)</b>	(645)	<b>(2,991)</b>	939
<b>Changes in inventories of finished goods and work-in-progress</b>	<b>2,897</b>	2,393	<b>(676)</b>	1,265
<b>Raw materials and consumables used</b>	<b>(19,732)</b>	(7,457)	<b>(44,480)</b>	(25,743)
<b>Purchase of trading goods</b>	<b>1,361</b>	(6,442)	<b>(2,633)</b>	(16,444)
<b>Employee benefits expense</b>	<b>(9,358)</b>	(10,117)	<b>(29,265)</b>	(30,409)
<b>Depreciation and amortisation of non-current assets</b>	<b>(1,448)</b>	(1,663)	<b>(4,545)</b>	(4,966)
<b>Finance costs</b>	<b>(94)</b>	(59)	<b>(233)</b>	(163)
<b>Other operating expenses</b>	<b>(2,418)</b>	(10,383)	<b>(12,036)</b>	(23,508)
<b>Profit/(loss) before tax</b>	<b>797</b>	(5,382)	<b>3,830</b>	(10,159)
<b>Tax income/(expense)</b>	<b>404</b>	(1,751)	<b>(505)</b>	(1,591)
<b>Profit/(loss) for the period</b>	<b>1,201</b>	(7,133)	<b>3,325</b>	(11,750)
Profit/(loss) for the period attributable to:				
Owners of the Company	1,201	(7,133)	3,325	(11,750)
Non-controlling interests	-	-	-	-
	<b>1,201</b>	<b>(7,133)</b>	<b>3,325</b>	<b>(11,750)</b>
Earnings/(loss) per ordinary share attributable to owners of the Company (sen):				
Basic	1.36	(8.10)	3.78	(13.35)
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)

**THIRD QUARTER REPORT ENDED 31 DECEMBER 2020****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 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 9 months ended</b>	<b>Preceding year corresponding period of 9 months ended</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>	<b>31 December 2020</b>	<b>31 December 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>1,201</b>	<b>(7,133)</b>	<b>3,325</b>	<b>(11,750)</b>
<b>Exchange differences on translating foreign operations</b>	<b>364</b>	<b>(546)</b>	<b>89</b>	<b>(1,469)</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>1,565</b>	<b>(7,679)</b>	<b>3,414</b>	<b>(13,219)</b>
Total comprehensive income/(loss) attributable to:				
Owners of the Company	1,565	(7,679)	3,414	(13,219)
Non-controlling interests	-	-	-	-
	<b>1,565</b>	<b>(7,679)</b>	<b>3,414</b>	<b>(13,219)</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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**THIRD QUARTER REPORT ENDED 31 DECEMBER 2020**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at end of current quarter 31 December 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	13,270	14,041
Right-of-use assets	5,167	6,338
Investment properties	1,639	1,649
Product development costs	11,105	10,441
Deferred tax assets	724	685
<b>Total non-current assets</b>	<b>31,905</b>	<b>33,154</b>
<b>Current assets</b>		
Inventories	49,800	48,873
Trade and other receivables	46,000	49,807
Current tax assets	1,534	1,314
Other assets	1,030	1,418
Short-term deposits with licensed banks	7,485	6,485
Cash and bank balances	26,409	15,586
<b>Total current assets</b>	<b>132,258</b>	<b>123,483</b>
<b>Total assets</b>	<b>164,163</b>	<b>156,637</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Issued capital	96,177	96,177
Reserves	4,638	4,549
Retained earnings/(accumulated losses)	24,739	21,414
<b>Total equity attributable to Owners of the Company</b>	<b>125,554</b>	<b>122,140</b>
Non-controlling interest	-	-
<b>Total equity</b>	<b>125,554</b>	<b>122,140</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	8	8
Lease liabilities	2,227	3,274
Bank Borrowings	4,916	-
<b>Total non-current liabilities</b>	<b>7,151</b>	<b>3,282</b>
<b>Current liabilities</b>		
Trade and other payables	28,486	28,642
Lease liabilities	1,414	1,600
Bank Borrowings	1,002	-
Other financial liabilities	-	63
Tax liabilities	556	910
<b>Total current liabilities</b>	<b>31,458</b>	<b>31,215</b>
<b>Total liabilities</b>	<b>38,609</b>	<b>34,497</b>
<b>Total equity and liabilities</b>	<b>164,163</b>	<b>156,637</b>
Net assets per share attributable to owners of the Company (RM)	1.43	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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**THIRD QUARTER REPORT ENDED 31 DECEMBER 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTHS ENDED 31 DECEMBER 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				3,325	3,325
Other comprehensive income/(loss) for the period		89			89
Total comprehensive income/(loss) for the period		89		3,325	3,414
Dividends paid				-	-
Balance as of 31 December 2020	96,177	4,513	125	24,739	125,554
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				(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

*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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**THIRD QUARTER REPORT ENDED 31 DECEMBER 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE NINE MONTHS ENDED 31 DECEMBER 2020**

	<b>Individual Quarter</b>	
	<b>Current year quarter ended 31 December 2020 RM'000</b>	<b>Preceding year corresponding quarter ended 31 December 2019 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) for the year	3,325	(11,750)
Adjustments for :		
Tax expense/ (income) recognised in profit or loss	505	1,591
Depreciation and amortisation of non-current assets	4,545	4,966
Unrealised (gain)/loss on foreign exchange	1,909	120
(Gain)/Loss on disposal of property, plant and equipment	1,291	(19)
Product development cost written off	9	1,273
Property, plant and equipment written off	23	98
Finance costs	233	163
Interest income	(120)	(181)
Other non-cash items		10
Operating profit/(loss) before working capital changes	11,720	(3,729)
(Increase) / Decrease in:		
Inventories	(927)	1,052
Trade and other receivables	1,964	7,085
Other assets	387	(3,314)
Increase / (Decrease) in:		
Trade and other payables	546	7,175
Cash generated from operations	13,690	8,269
Tax refunded	-	1,713
Tax paid	(1,122)	(2,116)
<b>Net cash (used in)/generated from operating activities</b>	<b>12,568</b>	<b>7,866</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	120	181
Proceeds from disposal of property, plant and equipment	43	20
Purchase of property, plant and equipment	(2,282)	(3,472)
Addition to capitalised development costs	(2,256)	(2,480)
<b>Net cash (used in)/generated from investing activities</b>	<b>(4,375)</b>	<b>(5,751)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of lease liabilities	(1,261)	(1,144)
Interest on lease liabilities	(233)	(163)
Proceeds from bank borrowings	5,918	-
<b>Net cash (used in)/generated from financing activities</b>	<b>4,424</b>	<b>(1,307)</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>12,617</b>	<b>808</b>
Effect of foreign exchange rate changes	(794)	(1,335)
<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>33,894</b>	<b>23,666</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.*

**THIRD QUARTER REPORT ENDED 31 DECEMBER 2020**

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

**THIRD QUARTER REPORT ENDED 31 DECEMBER 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 31 December 2020.

**8. DIVIDENDS PAID**

No dividend has been paid by the Company for the quarter ended 31 December 2020.

**9. SEGMENT REPORTING**

**Cumulative quarter ended  
31 December 2020**

	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Eliminations RM'000	Total RM'000
<b><u>Revenue</u></b>					
External revenue	-	80,062	20,411		100,473
Inter-segment revenue	13,143	103,928	41,499	(158,570)	-
Total revenue	<u>13,143</u>	<u>183,990</u>	<u>61,910</u>	<u>(158,570)</u>	<u>100,473</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	8,278	(543)	4,980	(9,101)	3,614
Investment revenue	178	38	-		216
Profit/(loss) before tax					3,830
Income tax income/(expense)					(505)
Profit/(loss) after tax					<u>3,325</u>

**10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are stated at cost less accumulated depreciation. There was no revaluation of property, plant and equipment for the current quarter.

**11. MATERIAL SUBSEQUENT EVENT**

There were no material events subsequent to the current financial quarter ended 31 December 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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**THIRD QUARTER REPORT ENDED 31 DECEMBER 2020**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 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 9 months ended	Preceding year corresponding period of 9 months ended	
	31 December 2020	31 December 2019		31 December 2020	31 December 2019	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	31,500	28,894	9%	100,473	88,594	13%
Operating Profit/(Loss)	2,802	(4,775)	159%	6,838	(11,211)	161%
Profit/(Loss) Before Interest and Tax	891	(5,323)	117%	4,063	(9,996)	141%
Profit/(Loss) Before Tax	797	(5,382)	115%	3,830	(10,159)	138%
Profit/(Loss) After Tax	1,201	(7,133)	117%	3,325	(11,750)	128%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	1,201	(7,133)	117%	3,325	(11,750)	128%

For the current quarter under review, the Group's revenue increased by RM2.61 million or 9% as compared to the third quarter ended 31 December 2019.

The Group recorded a profit before taxation of RM0.8 million for the quarter under review, representing an increase in profit before tax by RM6.18 million as compared to that of the preceding year quarter. The increase in profit before tax was mainly due to the following:

- a. 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.
- b. Lower Product development cost written off by RM1.26 million in current year quarter as compared to preceding year quarter.

However, the positive impact was offset by higher foreign exchange loss by RM1.75 million in current year quarter as compared to preceding year quarter.



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**THIRD QUARTER REPORT ENDED 31 DECEMBER 2020**

**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 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
Investment holding	9,794	1,687	13,143	5,288
Manufacturing	60,550	45,992	183,990	146,097
Trading	8,067	37,746	61,910	106,204
<b>Total</b>	<b>78,411</b>	<b>85,425</b>	<b>259,043</b>	<b>257,589</b>
Eliminations	(46,911)	(56,531)	(158,570)	(168,995)
<b>Revenue after eliminations</b>	<b>31,500</b>	<b>28,894</b>	<b>100,473</b>	<b>88,594</b>
<b>Profit/(loss) before tax</b>				
Investment holding	8,274	157	8,456	942
Manufacturing	122	(4,412)	(505)	(6,538)
Trading	1,535	(1,437)	4,980	(4,901)
<b>Total</b>	<b>9,931</b>	<b>(5,692)</b>	<b>12,931</b>	<b>(10,497)</b>
Eliminations	(9,134)	310	(9,101)	338
<b>Profit/(Loss) before tax after eliminations</b>	<b>797</b>	<b>(5,382)</b>	<b>3,830</b>	<b>(10,159)</b>

**Investment Holdings**

**Q3 FY2021 vs. Q3 FY2020**

The investment holding segment profit increased by RM8.12 million in the current quarter as compared to preceding year quarter, mainly due to higher revenue by RM8.11 million in current year quarter as compared to preceding year quarter. The higher revenue is mainly due to dividends received from wholly owned subsidiary of RM8.86 million in current year quarter.

However, the positive impact was offset by higher foreign exchange loss by RM0.24 million in current year quarter as compared to preceding year quarter.

**Q3 YTD FY2021 vs. Q3 YTD FY2020**

The investment holding segment YTD profit increased by RM7.51 million in the current year as compared to preceding year, mainly due to higher revenue by RM7.85 million in current year as compared to preceding year as well as higher dividends received from wholly owned subsidiary by RM8.86 million in current year.

However, the positive impact was offset by the following:

- a. Foreign exchange loss of RM0.73 million in current year as compared to foreign exchange gain of RM0.08 million in preceding year.
- b. Retrenchment compensation to employee in UK amounting RM0.16 million.

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**THIRD QUARTER REPORT ENDED 31 DECEMBER 2020**ManufacturingQ3 FY2021 vs. Q3 FY2020

The manufacturing segment profit increased by RM4.53 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 higher foreign exchange loss by RM1.61 million in current year quarter as compared to preceding year quarter.

Q3 YTD FY2021 vs. Q3 YTD FY2020

The manufacturing segment YTD loss is lower by RM6.03 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 RM3.96 million in current year as compared to foreign exchange gain of RM0.67 million in preceding year.

TradingQ3 FY2021 vs. Q3 FY2020

The trading segment profit increased by RM2.97 million in the current year quarter as compared to preceding year quarter, mainly due to the following:

- a. Lower operating expenses by RM1.18 million.
- b. Waiver of debts by a manufacturing subsidiary to a trading subsidiary amounting RM1.7 million.

Q3 YTD FY2021 vs. Q3 YTD FY2020

The trading segment YTD profit increased by RM9.88 million in the current year as compared to preceding year, mainly due to the following:

- a. Lower operating expenses by RM4.35 million.
- b. Waiver of debts by a manufacturing subsidiary to a trading subsidiary amounting RM1.7 million.
- c. 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 31 December 2020 RM'000	Immediate Preceding Quarter ended 30 September 2020 RM'000	Changes  %
Revenue	31,500	30,112	5%
Operating Profit/(Loss)	2,802	1,867	50%
Profit/(Loss) Before Interest and Tax	891	1,050	-15%
Profit/(Loss) Before Tax	797	964	-17%
Profit/(Loss) After Tax	1,201	347	246%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	1,201	347	246%

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**THIRD QUARTER REPORT ENDED 31 DECEMBER 2020**

The Group's revenue for the current quarter was RM31.5 million, representing an increase of RM1.39 million or 4.6% as compared to that of the immediate preceding quarter ended 30 September 2020.

The Group recorded a profit before taxation of RM0.8 million for the quarter under review. The Group's profit before tax decreased by RM0.17 million as compared to that of the immediate preceding quarter, mainly due to higher foreign exchange loss by RM0.5 million in current year quarter as compared to immediate preceding quarter.

**3. COMMENTARY ON PROSPECTS**

Global uncertainty, induced via continued waves of Covid-19, is seemingly poised to be progressively replaced by emerging optimism as vaccination programs begin to roll out across the globe. Whilst the pandemic is certainly far from over, the first predictions of normalising scenarios is beginning to bolster confidence in markets with rapid inoculation programs (the UK being a good example). It is therefore perhaps reasonable to assume that Covid related implications to the business activities of IQ-group's key customers should progressively ease over time. This ultimately being to the advantage of IQ-group.

Via determined commitment to the three key objectives during this turbulent global period (i.e. Cost Reduction, Business Simplification and Targeted Business Growth), IQ-group has achieved more positive results than might have been expected in the midst of such global turmoil ...and with the United States Presidential leadership now settled and with a Brexit trade agreement reached between the UK and EU, we are seemingly entering a period with the prospect of improved global sentiment and clarity...which in turn should result in improved business confidence in several of the markets where IQ-group is most active.

With more business-friendly external conditions on the horizon, the initiatives undertaken by IQ-group over the last year (namely: reduced operating costs, the sustained efforts towards establishing lower-mix/higher-volume business...as well as new business initiatives) should all place IQ-group in an enhanced position, such that we can emerge from this unprecedented period both strengthened and emboldened by the changes made.

**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 2020 RM'000	Current year- to-date ended 31 Dec 2020 RM'000
Interest income	(34)	(120)
Other expense/ (income) including investment income **	(486)	(1,706)
Interest expense	94	233
Depreciation and amortisation	1,448	4,545
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	9
Foreign exchange (gain) or loss	2,431	4,602
(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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**THIRD QUARTER REPORT ENDED 31 DECEMBER 2020**

**6. INCOME TAX EXPENSE**

	Quarter ended 31 Dec 2020 RM'000	Current year- to-date ended 31 Dec 2020 RM'000
Estimated income tax expense:		
Current tax expense/(income)	(343)	542
Under/(over)-provision in prior year		
Deferred tax	(61)	(37)
	(404)	505

The Group's current quarter and financial year to-date income tax reflects an effective tax rate which is lower than the statutory income tax rate mainly due to reversal of tax expense for previous quarter as profit made in prior quarter of a subsidiary is offset by loss in current quarter.

**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 31 Dec 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)	3,747	-
Term loan (unsecured)	1,169	-
	5,918	-

The currency profile of borrowings are as follows:

	As at 31 Dec 2020 RM'000	As at 31 March 2020 RM'000
Ringgit Malaysia	4,749	-
Japanese Yen	1,169	-
	5,918	-

**9. FINANCIAL INSTRUMENTS**

As at 31 December 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.

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**11. DIVIDENDS DECLARED OR PAYABLE**

No interim dividend has been declared by the Company for the quarter ended 31 December 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 31 Dec 2020	Current year- to-date ended 31 Dec 2020
Profit/(loss) for the period attributable to the owners of the Company (RM'000)	<u>1,201</u>	<u>3,325</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>1.36</u>	<u>3.78</u>

**b. Diluted earnings per share**

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

Date: 25 February 2021