

IQZAN HOLDING BERHAD

(f.k.a. IRE-TEX CORPORATION BERHAD)

(576121 - A)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT

FOR THE FINANCIAL PERIOD ENDED

31 DECEMBER 2019

(2nd Quarter Results)

IQZAN HOLDING BERHAD (f.k.a IRE-TEX CORPORATION BERHAD)(200201008458) (576121-A)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019 - UNAUDITED

	Unaudited	Audited
	As at	As at
	31/12/19	30/06/19
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	35,125	33,761
Development cost	602	-
Goodwill on consolidation	132	-
Total non-current assets	<u>35,859</u>	<u>33,761</u>
Current assets		
Inventories	3,364	-
Trade receivables	2,344	178
Other receivables	2,430	624
Tax recoverable	52	77
Fixed deposit with licensed banks	556	-
Cash and bank balances	545	204
Total current assets	<u>9,291</u>	<u>1,083</u>
Asset held for sale	20,500	20,500
TOTAL ASSETS	<u>65,650</u>	<u>55,344</u>
EQUITY		
Share capital	80,039	80,039
Redeemable Convertible Preference Shares ("RCPS")	2,300	-
Reserves	(34,696)	(35,302)
Equity attributable to owners of the parent	<u>47,643</u>	<u>44,737</u>
Non-controlling interests	2,622	1,646
Total equity	<u>50,265</u>	<u>46,383</u>
LIABILITIES		
Non-current liabilities		
Loans and borrowings	1,306	1,383
Deferred tax liabilities	226	207
Total non-current liabilities	<u>1,532</u>	<u>1,590</u>
Current liabilities		
Trade payables	1,427	173
Other payables	8,540	6,068
Loans and borrowings	3,313	769
Provision for taxation	573	361
Total current liabilities	<u>13,853</u>	<u>7,371</u>
Total liabilities	<u>15,385</u>	<u>8,961</u>
TOTAL EQUITY AND LIABILITIES	<u>65,650</u>	<u>55,344</u>
Net assets per share (RM)	0.27	0.25

The condensed consolidated statement of financial position should be read in conjunction with the Audited Financial Statements of the Group for the period ended 30 June 2019.

IQZAN HOLDING BERHAD (f.k.a IRE-TEX CORPORATION BERHAD)(200201008458) (576121-A)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019 - UNAUDITED

	Individual Quarter		Cumulative Quarter	
	31/12/19 RM'000 (3 months)	31/12/18 RM'000 (3 months)	31/12/19 RM'000 (6 months)	31/12/18 RM'000 (12 months)
Revenue	3,225	2,121	4,393	12,590
Cost of sales	(1,714)	(2,125)	(2,004)	(11,646)
Gross profit	1,511	(4)	2,389	944
Other income	16	8,333	43	9,864
Gain on disposal of former subsidiary	-	5,438	-	5,438
Gain on acquisition	982	-	982	-
Distribution & admin expenses	(1,729)	(11,627)	(2,549)	(17,256)
Profit/(Loss) from operation	780	2,140	865	(1,010)
Finance income	-	-	-	10
Finance costs	(87)	(348)	(114)	(1,695)
Net finance cost	(87)	(348)	(114)	(1,685)
Profit/(Loss) before tax	693	1,792	751	(2,695)
Tax income	(124)	(114)	(120)	854
Profit/(Loss) for the period	569	1,678	631	(1,841)
Other comprehensive income/ (loss), net of tax				
Item that will be classified subsequently to profit and loss				
Revaluation of Property, plant and equipment	-	-	-	3,931
Exchange translation differences for foreign operations	(9)	-	(9)	6
Total comprehensive income for the period	(9)	-	(9)	3,937
Total comprehensive income/(loss) for the period	560	1,678	622	2,096
Gain/(Loss) for the period attributable to:				
Owners of the parent	553	1,597	615	(1,672)
Non-controlling interests	16	81	16	(169)
Total comprehensive income/(loss) attributable to:	569	1,678	631	(1,841)
Owners of the parent	544	1,597	606	2,265
Non-controlling interests	16	81	16	(169)
Gain/(Loss) per share				
Basic gain/(loss) per share (sen)	0.30	1.11	0.33	(1.17)
Diluted loss per share (sen)	-	-	-	-

Notes:

- The financial year end of the Group has been changed from 31 December to 30 June. As such, the comparative figures for the cumulative quarter for the statements of comprehensive income is not comparable.
- The comparative financial information should be read in conjunction with the Audited Financial Statements of the Group for the period ended 30 June 2019.

IQZAN HOLDING BERHAD (f.k.a IRE-TEX CORPORATION BERHAD)(200201008458) (576121-A)
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2019 - UNAUDITED**

	Attributable to owners of the parent							Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Equity components of ICULS RM'000	Warrant reserve RM'000	Revaluation reserve RM'000	RCPS RM'000	Foreign currency translation reserve RM'000	Accumulated losses RM'000			
At 1 July 2019	80,039	-	-	3,931	-	-	(39,233)	44,737	1,646	46,383
Foreign currency translation differences	-	-	-	-	-	(9)	-	(9)	-	(9)
Total other comprehensive income	-	-	-	-	-	(9)	-	(9)	-	(9)
Gain for the financial period	-	-	-	-	-	-	615	615	16	631
Total comprehensive income	-	-	-	-	-	-	615	615	16	631
Transactions with owners:										
Issuance of Redeemable Convertible Preference Shares ("RCPS")	-	-	-	-	2,300	-	-	2,300	-	2,300
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	960	960
At 31 December 2019	80,039	-	-	3,931	2,300	(9)	(38,618)	47,643	2,622	50,265
At 1 January 2018	60,839	19,200	9,960	-	-	352	(58,691)	31,660	1,148	32,808
Foreign currency translation differences	-	-	-	-	-	6	-	6	-	6
Revaluation of property, plant and equipment	-	-	-	3,931	-	-	-	3,931	-	3,931
Total other comprehensive income	-	-	-	3,931	-	6	-	3,937	-	3,937
Loss for the financial period	-	-	-	-	-	-	(1,672)	(1,672)	(169)	(1,841)
Total comprehensive income	-	-	-	3,931	-	6	(1,672)	2,265	(169)	2,096
Transactions with owners:										
Conversion of ICULS	3,916	(3,850)	-	-	-	-	-	66	-	66
NCI derecognised on disposal of former subsidiaries	-	-	-	-	-	-	-	-	1,723	1,723
At 31 December 2018	64,755	15,350	9,960	3,931	-	358	(60,363)	33,991	2,702	36,693

Notes:

(a) The financial year end of the Group has been changed from 31 December to 30 June. As such, the comparative figures for the cumulative quarter for the statements of change of equity is not comparable.

(b) The condensed consolidated statement of comprehensive income should be read in conjunction with the Audited Financial Statements of the Group for the period ended 30 June 2019.

IQZAN HOLDING BERHAD (f.k.a IRE-TEX CORPORATION BERHAD)(200201008458) (576121-A)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019 - UNAUDITED

	Cumulative Quarter	
	31/12/19 RM'000 (6 months)	30/06/19 RM'000 (18 months)
CASH FLOWS FROM OPERATING ACTIVITIES		
Gain before tax	751	4,344
Adjustments for:		
Depreciation of property, plant and equipment	939	3,508
Loss on disposal of property, plant and equipment	-	865
Gain on acquisition	(1,942)	-
Gain on disposal of subsidiaries	-	(13,187)
Impairment loss on:		
- Trade receivables	-	279
- Development cost	19	-
Fair value loss of investment properties	-	2,100
Finance cost	114	1,958
Finance income	-	(210)
Property plant and equipment written off	-	124
Waiver of debt	-	878
Rental income	(1,911)	(2,135)
Reversal of impairment loss on property, plant and equipment	-	(5,000)
Operating loss before changes in working capital	(2,030)	(6,476)
Changes in working capital:		
Receivables	172	4,573
Inventories	179	1,423
Payables	139	341
Cash generated from operations	(1,540)	(139)
Interest paid	(114)	(1,958)
Tax refund	10	464
Net cash generated from (used in) operating activities	(1,644)	(1,633)
CASH FLOWS FROM INVESTING ACTIVITIES		
Withdrawal of pledged fixed deposits	-	398
Interest received	-	210
Disposal of subsidiaries	-	(116)
Proceeds from disposal of property, plant and equipment	-	14,741
Rental received	1,911	2,135
Acquisition of property, plant and equipment	-	(586)
Acquisition of subsidiaries companies	1,303	-
Net cash generated from investing activities	3,214	16,782
Balance carried forward	1,570	15,149

	Cumulative Quarter	
	31/12/19 RM'000 (6 months)	30/06/19 RM'000 (18 months)
Balance brought forward	1,570	15,149
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment from bankers acceptance	-	273
Payment of finance lease liabilities	(301)	(956)
Repayment of term loans	(1,323)	(12,416)
Net cash used in financing activities	(1,624)	(13,099)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(54)	2,050
EXCHANGE DIFFERENCES	(9)	
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	204	(1,846)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>141</u>	<u>204</u>
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the end of the financial period comprise:		
Cash and bank balances	545	204
Fixed deposit with licensed bank	556	-
	<u>1,101</u>	<u>204</u>
Less: Fixed deposit with licensed bank	(556)	-
Cash and bank balances	<u>545</u>	<u>204</u>

The condensed consolidated statement of cash flows should be read in conjunction with the Audited Financial Statements of the Group for the period ended 30 June 2019.

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR QUARTER ENDED 31 DECEMBER 2019**

Part A - Explanatory Notes Pursuant to MFRS 134

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements (“Report”) is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). This Report should be read in conjunction with the audited financial statements of the Company for the period ended 30 June 2019.

2. CHANGE IN FINANCIAL YEAR END

The Company changed its financial year end from 31 December 2018 to 30 June 2019, 18 months accounts from 1 January 2018 to 30 June 2019. Accordingly, the comparative figures for the statements of comprehensive income, statements of changes in equity, statements of cash flows and the related notes are not comparable.

3. ACCOUNTING POLICIES

The significant policies and presentation adopted for the interim report are consistent with those adopted for the audited financial statements for the financial year ended 30 June 2019, except for the adoption of the following new MFRSs, amendments to MFRSs and IC Interpretations as disclosed below:

MFRS 16	Leases
Amendments to MFRS 3	Annual Improvements to MFRS Standards 2015-2017 Cycle
Amendments to MFRS 11	Annual Improvements to MFRS Standards 2015-2017 Cycle
Amendments to MFRS 123	Annual Improvements to MFRS Standards 2015-2017 Cycle
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments

The adoption of the above amendments and IC Interpretation did not have any material impact on the financial statements of the Group.

4. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors’ report of the Group’s most recent annual audited financial statements for the financial period ended 30 June 2019 contained disclaimer opinion.

The Independent Auditors have expressed a disclaimer opinion in respect of the opening balances, disposal and deconsolidation of subsidiaries disposed, insufficient documentary evidence, disclosure of contingent liabilities and going concern.

5. SEASONAL OR CYCLICAL FACTORS

The Group's operations are not subject to any seasonal or cyclical factors. As it has been downsize in the manufacturing and trading operations for the quarter under review.

6. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current financial period-to-date.

7. CHANGES IN ESTIMATES

There were no major changes in estimates that have had material effect on the current quarter results.

8. DEBTS AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resales and repayments of debts and equity securities for the period under review.

9. DIVIDEND PAID

There was no dividend paid during the financial period under review.

10. SEGMENTAL INFORMATION

The segmental information for the 6 months ended is as follows:

	Manufacturing	Trading	Others	Investment	Elimination	Total
	RM'000	RM'000	RM'000	 Holding	RM'000	RM'000
				RM'000		
Revenue						
External revenue	2,088	394	-	1,911	-	4,393
Inter-segment revenue	-	-	-	-	-	-
Segment revenue	<u>2,088</u>	<u>394</u>	<u>-</u>	<u>1,911</u>	<u>-</u>	<u>4,393</u>
Results						
Operating (loss)/profit	(50)	(105)	(130)	1,150	-	865
Net finance cost	(53)	(8)	(9)	(44)	-	(114)
Income tax expense	-	-	-	(120)	-	(120)
(Loss)/Profit after tax	<u>(103)</u>	<u>(113)</u>	<u>(139)</u>	<u>986</u>	<u>-</u>	<u>631</u>

The increase in sales of the manufacturing and trading were due to the revenues derived from the newly acquisition Maxillion Link Enterprises Limited group of companies (“Maxillion Group”) for the quarter under review. The principal activities of the Group comprised of manufacturing of stainless equipment, trading of steel, stainless, fittings of machinery and sales of component sanitary for food and beverage industry. Whereby, the revenue contributed by investment holding segment was due to rental incomes of factories.

11. CHANGES IN COMPOSITION OF THE COMPANY

There were no changes in the composition of the Group for the financial period under review except with effect on 1 October 2019, the new 51% acquisition of Maxillion Link Enterprises Limited and its subsidiaries namely Renox Resources Sdn Bhd, Renox Stainless Steel Co Ltd and PT Renox Indonesia (“Maxillion Group”).

12. CHANGES IN CONTINGENT LIABILITIES

The contingent liabilities as at 31 December 2019 are as follows:

	RM'000
Corporate guarantee given to the financial institution for banking facilities granted to subsidiaries	1,627
Corpoarte guarantees give to financial institution for banking facilities granted to the disposed subsidiaries and trade creditors	<u>16,554</u>
	<u>18,181</u>

13. CHANGES IN MATERIAL LITIGATION

There is no material litigation for the financial period under review.

14. SIGNIFICANT EVENTS DURING THE CURRENT QUARTER

There is no significant event occurring during the current quarter under review that has a materially affect to the results and financial position of the Group.

15. MATERIAL EVENTS SUBSEQUENT TO THE END OF INTERIM PERIOD

There is no material event occurring subsequent to the end of the current interim reporting period under review that has a materially affect to the results and financial position of the Group.

Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements

1. REVIEW OF GROUP PERFORMANCE

a) Comparison with the corresponding quarter and financial period in the previous financial year

	Individual Quarter		Changes		Cumulative Quarter		Changes	
	31/12/19 RM'000 (3 months)	31/12/18 RM'000 (3 months)	Amount RM'000	%	31/12/19 RM'000 (6 months)	31/12/18 RM'000 (12 months)	Amount RM'000	%
Revenue								
- Manufacturing	2,023	1,847	176	10%	2,088	11,279	(9,191)	-81%
- Trading	338	59	279	473%	394	274	120	44%
- Investment Holding	864	215	649	302%	1,911	1,037	874	84%
- Others	-	-	-	0%	-	-	-	0%
Total	3,225	2,121	1,104	52%	4,393	12,590	(8,197)	-65%
Profit/ (Loss) Before Tax								
- Manufacturing	(86)	(2,822)	2,736	-97%	(103)	(7,605)	7,502	-99%
- Trading	(89)	26	(115)	-442%	(113)	75	(188)	-251%
- Investment Holding	952	4,642	(3,690)	-79%	1,106	398	708	178%
- Others	(84)	(54)	(30)	56%	(139)	4,437	(4,576)	-103%
Total	693	1,792	(1,099)	-61%	751	(2,695)	3,446	-128%

The Company changed its financial year end from 31 December 2018 to 30 June 2019, which presenting 18 months account. Accordingly, the comparative figure on the cumulative quarter as at 31 December 2019 is not comparable.

The Group's revenue for the current quarter had increased from RM2.12 million in preceding year quarter to RM3.23 million recorded in current quarter under review. The increase in mainly from the revenue from the newly acquired Maxillion Group.

b) Comparison with preceding quarter

	31/12/19	30/09/19	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
- Manufacturing	2,023	65	1,958	3012%
- Trading	338	56	282	504%
- Investment Holding	864	1,047	(183)	-17%
- Others	-	-	-	0%
Total	<u>3,225</u>	<u>1,168</u>	2,057	176%
Profit/(Loss) Before Tax				
- Manufacturing	(86)	(18)	(68)	378%
- Trading	(89)	(24)	(65)	271%
- Investment Holding	952	155	797	514%
- Others	(84)	(55)	(29)	53%
Total	<u>693</u>	<u>58</u>	635	1095%

The Group's revenue for the current quarter has increased RM2.06 million from the immediate preceding quarter to RM3.23 million in this quarter, the increased was due to revenue in manufacturing segment from Renox Stainless Steel Co. Ltd which incorporated and has its business activities in Thailand.

Besides from the new business activities from Maxillion Group. The Group still concentrates in manufacturing of wooden crates, pallets and other related wood products in the quarter under review.

The Group achieved a profit before tax of RM0.7 million as compared to RM0.01 million in the preceding quarter. The gain from current quarter mainly from the negative goodwill from the acquisition of Maxillion Group of Companies.

2. PROSPECT FOR THE FINANCIAL YEAR

In view of the completion of acquisition of Maxillion Group, the Board believe moving forward of the prospect for the financial year, with added value of Maxillion's track record of sustainability, it has now recorded as market leader in Thailand. Maxillion Group is now further expanding into Vietnam and Cambodia markets. With the know-how of engineering and technology, it recorded at stable growing in the industrial.

The Company has on 7 January 2020 announced it wholly owned subsidiary Jumbo Universe SDn Bhd had entered into a Machinery and Parts Distributorship Strategic Cooperation Framework Agreement ("SCFA") with Zhengzhou Thoyu Import & Export Trading Co, Limited, ("Thoyu Group" or "Thoyu), for distributorship and joint venture in automatic press pallet manufacturing machinery products and services in South East Asia being the exclusive deal with Thoyu. Malaysia will be the master distribution center for Thoyu in the region, with special focus and exclusive distributorship in Thailand, Vietnam and Cambodia. Both parties are now working closely on the projects taken part. Meanwhile, the importing of products from China due to Coronavirus effects, however, the Company believe this will be on temporary basis.

3. PROFIT FORECAST OR PROFIT GUARANTEE

This is not applicable to the Group as the group did not publish any profit forecast and no profit guarantee issued.

4. TAXATION

	Current Quarter RM'000	Current Year-to-date Quarter RM'000
Current tax expense		
Current year	124	124
Over provision in prior year	(4)	(4)
	120	120
Deferred tax expense		
Current year	-	-
	<u>120</u>	<u>120</u>

5. LOANS AND BORROWINGS

The Group loans and borrowings, all of which are denominated in RM, as at the end of the reporting period are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000	Average effective interest rate
Secured				
Term Loan	1,775	2,018	3,793	6.40%
Hire-Purchase	335	491	826	7.25%
Total	<u>2,110</u>	<u>2,509</u>	<u>4,619</u>	

6. STATUS OF CORPORATE PROPOSAL

The Group is current in the midst of preparing corporate exercise in proposed disposal of Bayan Lepas Factory and the Extraordinary General Meeting will be held on 5 March 2020 as per notice of meeting issued on 12 February 2020.

7. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There were no purchases or disposal of quoted securities by the Group in the current period under review.

8. DIVIDEND PAYABLE

No dividend has been proposed for the current quarter and financial period under review.

9. CAPITAL COMMITMENTS

There were no capital commitments as at the end of the current reporting period.

10. GAIN/(LOSS) PER SHARE

(a) Basic

	Individual Quarter		Cumulative Quarter	
	31/12/19 (3 months)	31/12/18 (3 months)	31/12/19 (6 months)	31/12/18 (12 months)
Loss attributable to owners of the parent (RM'000)	553	1,597	615	(1,672)
Weighted average number of ordinary shares in issue ('000)	184,876	143,374	184,876	143,374
Gain/ (Loss) per share (sen)	0.30	1.11	0.33	(1.17)

(b) Diluted

The Group has no dilution in loss per ordinary share as the potential ordinary shares are anti-dilutive.