

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

Registration No: 200201008458 (576121 - A)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED
31 MARCH 2020

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 MARCH 2020 - UNAUDITED**

	Unaudited As at 31/03/20 RM'000	Audited As at 30/06/19 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	34,569	33,761
Right of use assets	80	
Development cost	563	-
Goodwill on consolidation	1,407	-
Total non-current assets	<u>36,619</u>	<u>33,761</u>
Current assets		
Inventories	2,972	-
Trade receivables	1,879	178
Other receivables	1,591	624
Tax recoverable	80	77
Fixed deposit with licensed banks	537	-
Cash and bank balances	696	204
Total current assets	<u>7,755</u>	<u>1,083</u>
Asset held for sale	20,500	20,500
TOTAL ASSETS	<u>64,874</u>	<u>55,344</u>
EQUITY		
Share capital	80,039	80,039
Redeemable Convertible Preference Shares ("RCPS")	4,521	-
Reserves	(35,486)	(35,302)
Equity attributable to owners of the parent	49,074	44,737
Non-controlling interests	2,597	1,646
Total equity	<u>51,671</u>	<u>46,383</u>
LIABILITIES		
Non-current liabilities		
Loans and borrowings	1,301	1,383
Lease Liability	6	-
Deferred tax liabilities	225	207
Total non-current liabilities	<u>1,532</u>	<u>1,590</u>
Current liabilities		
Trade payables	1,334	173
Other payables	7,112	6,068
Loans and borrowings	2,529	769
Lease Liability	76	
Provision for taxation	620	361
Total current liabilities	<u>11,671</u>	<u>7,371</u>
Total liabilities	<u>13,203</u>	<u>8,961</u>
TOTAL EQUITY AND LIABILITIES	<u>64,874</u>	<u>55,344</u>
Net assets per share (sen)	0.28	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.

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020 - UNAUDITED

	Individual Quarter		Cumulative Quarter	
	3/31/2020 RM'000 (3 months) (Unaudited)	3/31/2019 RM'000 (3 months) **	3/31/2020 RM'000 (9 months) (Unaudited)	3/31/2019 RM'000 (15 months) **
Revenue	2,945	N/A	7,338	N/A
Cost of sales	(1,430)	N/A	(3,434)	N/A
Gross profit/(loss)	1,515	N/A	3,904	N/A
Other income	683	N/A	726	N/A
Distribution & admin expenses	(1,575)	N/A	(4,124)	N/A
Profit from operation	623	N/A	506	N/A
Finance costs	(71)	N/A	(185)	N/A
Net finance cost	(71)	N/A	(185)	N/A
Profit before tax	552	N/A	321	N/A
Tax expense	(175)	N/A	(295)	N/A
Profit for the period	377	N/A	26	N/A
Other comprehensive (loss)/ income, net of tax				
Item that will be classified subsequently to profit and loss				
Revaluation of Property, plant and equipment	-	N/A	-	N/A
Exchange translation differences for foreign operations	(210)	N/A	(219)	N/A
Total comprehensive (loss)/income for the period	(210)	N/A	(219)	N/A
Total comprehensive (loss)/income for the period	167	N/A	(193)	N/A
Gain / (Loss) for the period attributable to:				
Owners of the parent	402	N/A	35	N/A
Non-controlling interests	(25)	N/A	(9)	N/A
Total comprehensive income / (loss) attributable to:	377	N/A	26	N/A
Owners of the parent	192	N/A	(184)	N/A
Non-controlling interests	(25)	N/A	(9)	N/A
	167	N/A	(193)	N/A
Gain per share				
Basic gain per share (sen)	0.22	N/A	0.02	N/A
Diluted loss per share (sen)	-	-	-	-

Notes:

** There are no comparative figures disclosed for the current quarter and the cumulative period-to-date results following the change in the financial year end from 30 June to 31 March.

The Condensed Consolidation Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audit financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes.

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 MARCH 2020 - 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	-	-	-	-	-	(219)	-	(219)	-	(219)
Total other comprehensive income	-	-	-	-	-	(219)	-	(219)	-	(219)
Gain for the financial period	-	-	-	-	-	-	35	35	(9)	26
Total comprehensive income	-	-	-	-	-	-	35	35	(9)	26
Transactions with owners:										
Issuance of Redeemable Convertible Preference Shares ("RCPS")	-	-	-	-	4,521	-	-	4,521	-	4,521
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	960	960
At 31 March 2020	80,039	-	-	3,931	4,521	(219)	(39,198)	49,074	2,597	51,671
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	-	-	-	-	-	-	(1,832)	(1,832)	(433)	(2,265)
Total comprehensive income	-	-	-	3,931	-	6	(1,832)	2,105	(433)	1,672
Transactions with owners:										
Conversion of ICULS	4,779	(4,553)	-	-	-	-	-	226	-	226
NCI derecognised on disposal of former subsidiaries	-	-	-	-	-	-	-	-	1,696	1,696
At 31 March 2019	65,618	14,647	9,960	3,931	-	358	(60,523)	33,991	2,411	36,402

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 MARCH 2020 - UNAUDITED

	Cumulative Quarter	
	31/03/20 RM'000 (9 months)	30/06/19 RM'000 (18 months)
CASH FLOWS FROM OPERATING ACTIVITIES		
Gain/(Loss) before tax	321	4,344
Adjustments for:		
Depreciation of property, plant and equipment	1,154	3,508
Loss on disposal of property, plant and equipment	-	865
Gain arising from deconsolidation of former subsidiaries	-	(13,187)
Amortisation of right of use assets	57	-
Impairment loss on:		
- Trade receivables	-	279
- Fixed assets	176	-
- Development cost	58	-
Fair value loss of investment properties	165	2,100
Finance cost	185	1,958
Finance income	-	(210)
Property plant and equipment written off	-	124
Waiver of debt	-	878
Rental income	(2,875)	(2,135)
Reversal of impairment loss on property, plant and equipment	-	(5,000)
Operating gain / (loss) before changes in working capital	(776)	(6,476)
Changes in working capital:		
Receivables	1,476	4,573
Inventories	571	1,423
Payables	(1,376)	341
Cash generated (used) / from operations	(105)	(139)
Interest paid	(185)	(1,958)
Tax paid / (refund)	(146)	464
Net cash generated (used in) operating activities	(436)	(1,633)
CASH FLOWS FROM INVESTING ACTIVITIES		
Withdrawal / (Deposit) of pledged fixed deposits	(537)	398
Interest received	-	210
Proceeds from disposal of non-current assets held for sale	-	(116)
Proceeds from disposal of property, plant and equipment	-	14,741
Rental received	2,875	2,135
Acquisition of property, plant and equipment	-	(586)
Additional of right of use assets of adoptions	(137)	-
Acquisition of subsidiaries companies	1,284	-
Net cash generated from investing activities	3,485	16,782
Balance carried forward	3,048	15,149

	Cumulative Quarter	
	31/03/20	30/06/19
	RM'000	RM'000
	(9 months)	(18 months)
Balance brought forward	3,048	15,149
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment from bankers acceptance	-	273
Payment of finance lease liabilities	(115)	(956)
Repayment of term loans	(2,298)	(12,416)
Drawdown of lease liabilities, net repayment	76	
Net cash used in financing activities	(2,337)	(13,099)
NET INCREASE IN CASH AND CASH EQUIVALENTS	711	2,050
EXCHANGE DIFFERENCES	(219)	
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	204	(1,846)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	696	204
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the end of the financial period comprise:		
Cash and bank balances	696	204
Fixed deposit with licensed bank	537	-
	<u>1,233</u>	<u>204</u>
Less: Fixed deposit with licensed bank	(537)	-
Cash and bank balances	<u>696</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 MARCH 2020**

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 30 June to 31 March, as such the 9 months financial period from 1 July 2019 to 31 March 2020. Therefore, there was no comparative figure for the statements of comprehensive income, and the related notes are not comparable.

3. ACCOUNTING POLICIES

Save for the changes due to the adoption of MFRS 16 described below, the accounting policies and presentation adopted for the interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial period ended 30 June 2019.

At the beginning of the current financial year, the Group adopted amendments/improvements to MFRS and the Issues Committee (“IC”) Interpretation which are mandatory for the current financial period.

Initial application of the amendments/improvements to the standard did not have material impact to the financial statements, except for:

MFRS 16 Leases

The Group adopted MFRS 16 Leases using the modified retrospective method of adoption with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 July 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4 at the date of initial application.

**Effective dates
for financial
periods beginning
on or after**

Adopted

IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9 Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119 Employee Benefits	1 January 2019
Amendments to MFRS 128 Long-term Interest in Associates and Joint Ventures	1 January 2019
Annual Improvement to MFRSs 2015-2017 Cycles	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 Business Combinations – Definition of a Business	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material	1 January 2020

Not Yet Effective

MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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 item 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. The company has adopted MFRS 16 leases for the current financial period.

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 9 months ended is as follows:

	Manufacturing	Trading	Investment Holding	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External revenue	3,702	761	2,875	-	7,338
Inter-segment revenue					
Segment revenue	<u>3,702</u>	<u>761</u>	<u>-</u>	<u>2,875</u>	<u>7,338</u>
Results					
Operating (loss)/profit	(155)	(142)	844	(41)	506
Net finance cost	(97)	(13)	(66)	(10)	(185)
Income tax expense	-	-	(295)	-	(295)
(Loss)/Profit after tax	<u>(252)</u>	<u>(155)</u>	<u>483</u>	<u>(51)</u>	<u>26</u>

The revenue manufacturing and trading derived mostly from acquisition Maxillion Link Enterprises Limited group of companies ("Maxillion Group"). The principal activities of the Group comprise of manufacturing of stainless equipment, trading of steel, stainless, fittings of machinery and sales of component sanitary for food and beverage industry.

The revenue of investment holding solely derived from the rental income of the factories.

11. CHANGES IN COMPOSITION OF THE COMPANY

There were no changes in the composition of the Group for the financial period under review.

12. CHANGES IN CONTINGENT LIABILITIES

The contingent liabilities as at 31 March 2020 are as follows:

	RM'000
<u>Corporate Guarantee</u>	
Corporate guarantee given to the financial institution for banking facilities granted to the subsidiaries	1,441
Corporate guarantee given to the financial institution for banking facilities granted to the disposed subsidiaries	12,133
Corporate guarantee of obligations of disposed subsidiaries	4,707
Corporate guarantee of Proposed Disposal of Bayan Lepas Factory	500
	<u>18,781</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**

The Company changed its financial year / period from 30 June to 31 March, which presenting 9 months accounts. As such, there was no comparative figure on the cumulative quarter as at 31 March 2020.

The Group's revenue for the current quarter recorded at RM2.945 million with cumulative of 9 months revenue at RM7.338 million. There is no proceeding year corresponding period comparison due to change in the financial year / period.

The Group's recorded the profit before tax for the current quarter at RM0.552 million, and cumulative of 9 months period at RM0.321 million. The Group registered a profit after tax of RM26,000 for the cumulative of 9 months period.

a) Comparison with preceding quarter

	31/03/20	31/12/19	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
- Manufacturing	1,614	2,023	(409)	-20%
- Trading	367	338	29	9%
- Investment Holding	964	864	100	12%
- Others	-	-	-	0%
Total	<u>2,945</u>	<u>3,225</u>	(280)	-9%
Profit/(Loss) Before Tax				
- Manufacturing	(149)	(86)	(63)	73%
- Trading	(42)	(89)	47	-
- Investment Holding	654	(30)	684	-2280%
- Others	88	(84)	172	-205%
Total	<u>552</u>	<u>(289)</u>	841	-291%

The Group's revenue for the current quarter has decreased by RM0.28 million from the immediate preceding quarter to RM2.945 million in this quarter, the decreased was mainly affected from manufacturing segment. The COVID-19 pandemic had adversely impacted the global economy due to the unprecedented preventive measures of lockdown across the world resulting in suspensions of businesses, imposition of travel restrictions and limited movement of people. It had impact on the delay of the business expansion of manufacturing of wooden crates, pallets and other related wood products.

The Group achieved a profit before tax of RM0.552 million as compared to loss RM0.289 million in the preceding quarter. The gain from current quarter was due to over provision of ex-gratia payment from by the Company.

2. PROSPECT FOR THE FINANCIAL YEAR

During the financial period under review, the Group has streamlined its operation and manpower which will result in long term savings since 2019.

On 30 September 2019, the Cal-Test Laboratory Sdn Bhd, a wholly-owned subsidiary to the Company has acquired Maxillion Group of Companies ("Maxillion"). With the track record of Maxillion of sustainability and good track record on market leader especially in Thailand market. The Company believe it will be able to generate positive cash flow to the Group in long run, and expanding business on abroad.

On 7 January 2020, the subsidiary Jumbo Universe Sdn Bhd had entered into the Machinery & 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.

Despite the current Covid-19 pandemic, the Group remain positive in the continuation of business.

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	(171)	(291)
Over provision in prior year	(4)	(4)
	(175)	(295)
Deferred tax expense		
Current year	-	-
	(175)	(295)

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	1,265	1,925	3,190	6.40%
Hire-Purchase	256	384	640	7.25%
Total	<u>1,521</u>	<u>2,309</u>	<u>3,830</u>	

6. STATUS OF CORPORATE PROPOSAL

The Group had on 5 March 2020 obtained their shareholder's proposed disposal of Bayan Lepas Factory. The Proposal Disposal had yet to complete.

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	
	31/3/2020 (3 months)	31/3/2019 (3 months)	31/3/2020 (9 months)	31/3/2019 (12 months)
Gain attributable to owners of the parent (RM'000)	402	N/A	35	N/A
Weighted average number of ordinary shares in issue ('000)	184,876	N/A	184,876	N/A
Gain per share (sen)	0.22	N/A	0.02	N/A

(b) Diluted

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