

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
30 JUNE 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 30 JUNE 2020 - UNAUDITED

	Unaudited	Audited
	As at	As at
	30/06/20	31/03/20
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	32,559	32,845
Right of use assets	1,784	1,801
Development cost	581	563
Goodwill on consolidation	1,407	1,407
Total non-current assets	36,331	36,616
Current assets		
Inventories	3,525	2,973
Trade receivables	2,261	1,491
Other receivables	931	1,399
Tax recoverable	74	55
Fixed deposit with licensed banks	567	537
Cash and bank balances	385	706
Total current assets	7,743	7,161
Asset held for sale	20,500	20,500
TOTAL ASSETS	64,574	64,277
EQUITY		
Share capital	80,039	80,039
Redeemable Convertible Preference Shares ("RCPS")	4,521	4,521
Reserves	(57,309)	(57,320)
Equity attributable to owners of the parent	27,251	27,240
Non-controlling interests	5,379	5,364
Total equity	32,630	32,604
LIABILITIES		
Non-current liabilities		
Loans and borrowings	1,276	2,234
Lease Liability	6	6
Deferred tax liabilities	226	180
Total non-current liabilities	1,508	2,420
Current liabilities		
Trade payables	1,544	1,088
Other payables	25,326	25,847
Loans and borrowings	2,863	1,721
Lease Liability	58	75
Provision for taxation	645	522
Total current liabilities	30,436	29,253
Total liabilities	31,944	31,673
TOTAL EQUITY AND LIABILITIES	64,574	64,277
Net assets per share (sen)	0.18	0.18

The condensed consolidated statement of financial position should be read in conjunction with the Audited Financial Statements of the Group for the period ended 31 March 2020.

IQZAN HOLDING BERHAD (f.k.a IRE-TEX CORPORATION BERHAD)(200201008458) (576121-A)
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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 - UNAUDITED

	Individual Quarter		Cumulative Quarter	
	30/06/2020 RM'000 (3 months) (Unaudited)	30/06/2019 RM'000 (3 months) **	30/06/2020 RM'000 (3 months) (Unaudited)	30/06/2019 RM'000 (18 months) **
Revenue	2,927	N/A	2,927	N/A
Cost of sales	(1,332)	N/A	(1,332)	N/A
Gross profit/(loss)	1,595	N/A	1,595	N/A
Other income	53	N/A	53	N/A
Distribution & admin expenses	(1,533)	N/A	(1,533)	N/A
Profit from operation	115	N/A	115	N/A
Finance income	-	N/A	-	N/A
Finance costs	(65)	N/A	(65)	N/A
Net finance cost	(65)	N/A	(65)	N/A
Profit before tax	50	N/A	50	N/A
Tax expense	(15)	N/A	(15)	N/A
Profit for the period	35	N/A	35	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	(9)	N/A	(9)	N/A
Total comprehensive (loss)/income for the period	(9)	N/A	(9)	N/A
Total comprehensive (loss)/income for the period	26	N/A	26	N/A
Gain / (Loss) for the period attributable to:				
Owners of the parent	20	N/A	20	N/A
Non-controlling interests	15	N/A	15	N/A
Total comprehensive income / (loss) attributable to:	35	N/A	35	N/A
Owners of the parent	11	N/A	11	N/A
Non-controlling interests	15	N/A	15	N/A
Gain per share				
Basic gain per share (sen)	0.01	N/A	0.01	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 31 March 2020 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 30 JUNE 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	Equity components RCPS RM'000	Foreign currency translation reserve RM'000				Accumulated losses RM'000
At 1 April 2020	80,039	-	-	3,932	4,521	(111)	(61,141)	27,240	5,364	32,604
Foreign currency translation differences	-	-	-	-	-	(9)	-	(9)	-	(9)
Total other comprehensive income	-	-	-	-	-	(9)	-	(9)	-	(9)
Gain for the financial period	-	-	-	-	-	-	20	20	15	35
Total comprehensive income	-	-	-	-	-	-	20	20	15	35
Transactions with owners:										
Issuance of Redeemable Convertible Preference Shares ("RCPS")	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-
At 30 June 2020	80,039	-	-	3,932	4,521	(120)	(61,121)	27,251	5,379	32,630
At 1 July 2019	80,039	-	-	3,932	-	-	(39,234)	44,737	1,646	46,383
Prior year adjustments	-	-	-	-	-	-	(18,678)	(18,678)	2,055	(16,623)
At 1 July 2019 as restated	80,039	-	-	3,932	-	-	(57,912)	26,059	3,701	29,760
Loss for the financial period	-	-	-	-	-	-	(3,229)	(3,229)	(291)	(3,520)
Other comprehensive loss for the financial period:	-	-	-	-	-	-	-	-	-	-
Effect of movement in exchange rates	-	-	-	-	-	(111)	-	(111)	(105)	(216)
Total comprehensive loss for the financial period	-	-	-	-	-	(111)	(3,229)	(3,340)	(396)	(3,736)
Transactions with owners:										
Issuance of Redeemable Convertible Preference Shares ("RCPS")	-	-	-	-	4,521	-	-	4,521	-	4,521
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	2,059	2,059
	-	-	-	-	4,521	-	-	4,521	2,059	6,580
At 31 March 2020	80,039	-	-	3,932	4,521	(111)	(61,141)	27,240	5,364	32,604

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 31 March 2020.

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 30 JUNE 2020 - UNAUDITED

	Cumulative Quarter	
	30/06/20 RM'000 (3 months)	31/03/20 RM'000 (9 months)
CASH FLOWS FROM OPERATING ACTIVITIES		
Gain/(Loss) before tax	50	(3,478)
Adjustments for:		
Depreciation of property, plant and equipment	344	1,398
Loss on disposal of property, plant and equipment	1	0
Gain on acquisition	-	-
Gain arising from deconsolidation of former subsidiaries	-	-
Depreciation of right of use assets	17	52
Allowance for doubtful debts:		
- Trade receivables	-	495
Debts written off	-	13
Impairment loss on:		
- Development cost	28	35
-Goodwill	-	1,102
Fair value loss of investment properties	-	
Finance cost	65	311
Finance income	-	-
Property plant and equipment written off	-	2
Provision of contingent liabilities	-	1,010
Reversal of allowance for doubtful debt	-	(5)
Operating gain / (loss) before changes in working capital	505	935
Changes in working capital:		
Receivables	(302)	1,363
Inventories	(552)	418
Payables	242	(1,363)
Cash generated (used) / from operations	(107)	1,353
Interest paid	(65)	(311)
Tax paid / (refund)	89	(127)
Net cash generated (used in) operating activities	(83)	915
CASH FLOWS FROM INVESTING ACTIVITIES		
Withdrawal / (Deposit) of pledged fixed deposits	-	(537)
Interest received	(31)	
Proceeds from disposal of non-current assets held for sale	-	28
Proceeds from disposal of property, plant and equipment	-	-
Rental received	-	-
Acquisition of property, plant and equipment	(59)	(19)
Acquisition of subsidiaries companies	-	1,020
Net cash generated from investing activities	(90)	492
Balance carried forward	(173)	1,407

	Cumulative Quarter	
	30/06/20 RM'000 (3 months)	31/03/20 RM'000 (9 months)
Balance brought forward	(173)	1,407
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment from bankers acceptance	-	-
Payment of finance lease liabilities	(25)	(279)
Repayment of term loans	(115)	(264)
Increase in trust receipt	-	(330)
Repayment to director	-	-
Net cash used in financing activities	(140)	(873)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(313)	534
EXCHANGE DIFFERENCES	(9)	(32)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	706	204
CASH AND CASH EQUIVALENTS AT END OF PERIOD	385	706
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the end of the financial period comprise:		
Cash and bank balances	385	706
Fixed deposit with licensed bank	567	537
	<u>952</u>	<u>1,243</u>
Less: Fixed deposit with licensed bank	(567)	(537)
Cash and bank balances	<u>385</u>	<u>706</u>

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR QUARTER ENDED 30 JUNE 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

Adoption of new and revised Malaysian Financial Reporting Standards and interpretations

(a) MFRSs that have been issued and effective

The following revised MFRSs issued by MASB have been adopted, and the adoptions do not have any or significant impact to the financial statements except for MFRS 16:

Title		Effective Date
MFRS 16:	Leases	1 July 2019
Amendments to MFRS 3:	Business Combinations	1 July 2019
Amendments to MFRS 11:	Joint Arrangements	1 July 2019
Amendments to MFRS 112:	Income Taxes	1 July 2019
Amendments to MFRS 119:	Employee Benefits	1 July 2019
Amendments to MFRS 123:	Borrowings Costs	1 July 2019
Amendments to MFRS 128:	Investments in Associates and Joint Ventures	1 July 2019
IC Interpretation 23:	Uncertainty over Income Tax Treatments	1 July 2019

The Group adopted MFRS 16 Leases on 1 July 2019. MFRS 16 replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

(b) MFRSs that have been issued will be effective for financial period beginning on 1 January 2020 and onwards

The following new and revised MFRSs issued by MASB adopted and not yet effective, and the adoptions are not expected to have any or significant impact to the financial statements:

Adopted		Effective Date
Amendments to MFRS 3:	Business Combinations	1 January 2020
Amendments to MFRS 7:	Financial Instruments: Disclosures	1 January 2020
Amendments to MFRS 9:	Financial Instruments	1 January 2020
Amendments to MFRS 101:	Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108:	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 139:	Financial Instruments: Recognition and Measurement	1 January 2020
Amendments to MFRS 16:	Leases	1 June 2020
Not Yet Effective		
MFRS 17:	Insurance Contracts	1 January 2021
Amendments to MFRS 1:	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022
Amendments to MFRS 3:	Business Combinations	1 January 2020
Amendments to MFRS 3:	Business Combinations	1 January 2022
Amendments to MFRS 9:	Financial Instruments – Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 16:	Leases – Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 101:	Presentation of Financial Statements	1 January 2022
Amendments to MFRS 116:	Property, Plant and Equipment	1 January 2022
Amendments to MFRS 137:	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
Amendments to MFRS 141:	Agriculture – Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 10:	Consolidated Financial Statement	Deferred
Amendments to MFRS 128:	Investments in Associates and Joint Ventures	Deferred

4. SEASONAL OR CYCLICAL FACTORS

In view of the Covid-19 pandemic begun at the end of last year, and the Malaysia government had declared movement control order (MCO) since 18 March 2020, and subsequent restricted movement control order until 31 August 2020. The company had encounter delay in shipment from China, hence the operations has been temporary jeopardise due to MCO.

5. 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.

6. CHANGES IN ESTIMATES

During the quarter under review, the Company had appointed VPC Alliance on 6 August 2020 revaluation of Lot 1230 & 1232, H.S. (M) Nos. 7869 & 10484 respectively, Section 38, Town And District of Kulim, Kedah together with the Premises Nos 49 & 63, Lorong Perusahaan 2B, Kawasan Perusahaan Kulim, 09000 Kulim, Kedah's factory property. The market value of the Kulim's factory is RM35 million. However, the Company had not made any revaluation in the current quarter under review.

7. DEBTS AND EQUITY SECURITIES

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

8. DIVIDEND PAID

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

9. SEGMENTAL INFORMATION

The segmental information for the 3 months ended is as follows:

	Manufacturing	Trading	Investment	Others	Total
	RM'000	RM'000	Holding	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External revenue	1,669	293	964	-	2,927
Inter-segment revenue					
Segment revenue	<u>1,669</u>	<u>293</u>	<u>964</u>	<u>-</u>	<u>2,927</u>
Results					
Operating (loss)/profit	21	(47)	166	(25)	115
Net finance cost	(39)	(10)	(15)	(1)	(65)
Income tax expense	-	-	(15)	-	(15)
(Loss)/Profit after tax	<u>(18)</u>	<u>(57)</u>	<u>136</u>	<u>(26)</u>	<u>35</u>

The revenue manufacturing and trading derived mostly from the operations of 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. Whereas sales on the pallet heat treatment services remain slow.

10. CHANGES IN COMPOSITION OF THE COMPANY

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

11. CHANGES IN CONTINGENT LIABILITIES

The contingent liabilities as at 30 June 2020 are as follows:

	RM'000
<u>Corporate Guarantee</u>	
Corporate guarantee given to the financial institution for banking facilities granted to the subsidiaries	1,372
	<u>1,372</u>

12. CHANGES IN MATERIAL LITIGATION

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

13. 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. The Company had made announcement on extended the Proposed Disposal of Bayan Lepas factory until 31 December 2020.

14. 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 30 June 2020.

The Group's revenue for the current quarter recorded at RM2.927 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 RM50,000. The Group registered a profit after tax of RM35,000.

a) Comparison with preceding quarter

	30/06/20	31/03/20	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
- Manufacturing	1,669	1,614	55	3%
- Trading	293	367	(74)	-20%
- Investment Holding	964	964	0	0%
- Others	-	-	-	0%
Total	<u>2,927</u>	<u>2,945</u>	(19)	-1%
Profit/(Loss) Before Tax				
- Manufacturing	(18)	(149)	131	-88%
- Trading	(57)	(42)	(15)	-
- Investment Holding	151	654	(503)	-77%
- Others	(26)	88	(115)	-130%
Total	<u>50</u>	<u>551</u>	(502)	-91%

The Group's revenue for the current quarter has decreased by RM0.19 million from the immediate preceding quarter to RM2.927 million in this quarter, the decreased was mainly affected from trading 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.

The Group has achieved a profit before tax of RM50,000 as compared to profit before tax of RM0.552 million in the preceding quarter. The decreased was due to adjustment made on over provision of ex-gratia payment in the preceding quarter.

2. PROSPECT FOR THE FINANCIAL YEAR

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 GUANRANTEE

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	(15)	(15)
Over provision in prior year	-	-
	(15)	(15)
Deferred tax expense		
Current year	-	-
	(15)	(15)

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	2,421	1,107	3,528	6.40%
Hire-Purchase	442	169	611	7.25%
Total	<u>2,863</u>	<u>1,276</u>	<u>4,139</u>	

6. STATUS OF CORPORATE PROPOSAL

There was no corporate proposal for the current quarter under review.

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	
	30/6/2020 (3 months)	30/6/2019 (3 months)	30/6/2020 (3 months)	30/6/2019 (18 months)
Gain attributable to owners of the parent (RM'000)	20	N/A	20	N/A
Weighted average number of ordinary shares in issue ('000)	184,876	N/A	184,876	N/A
Gain per share (sen)	0.01	N/A	0.01	N/A

(b) Diluted

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