

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 SEPTEMBER 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 SEPTEMBER 2020 - UNAUDITED

	Unaudited	Audited
	As at	As at
	30/09/20	31/03/20
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	32,441	32,845
Right of use assets	1,767	1,801
Development cost	533	563
Goodwill on consolidation	1,407	1,407
Total non-current assets	<u>36,148</u>	<u>36,616</u>
Current assets		
Inventories	3,600	2,973
Trade receivables	1,885	1,491
Other receivables	1,396	1,399
Tax recoverable	88	55
Fixed deposit with licensed banks	538	537
Cash and bank balances	437	706
Total current assets	<u>7,944</u>	<u>7,161</u>
Asset held for sale	20,500	20,500
TOTAL ASSETS	<u>64,592</u>	<u>64,277</u>
EQUITY		
Share capital	80,039	80,039
Redeemable Convertible Preference Shares ("RCPS")	4,521	4,521
Reserves	(57,835)	(57,320)
Equity attributable to owners of the parent	<u>26,725</u>	<u>27,240</u>
Non-controlling interests	5,473	5,364
Total equity	<u>32,198</u>	<u>32,604</u>
LIABILITIES		
Non-current liabilities		
Loans and borrowings	1,600	2,234
Lease Liability	6	6
Deferred tax liabilities	225	180
Total non-current liabilities	<u>1,831</u>	<u>2,420</u>
Current liabilities		
Trade payables	1,343	1,088
Other payables	25,415	25,847
Loans and borrowings	3,228	1,721
Lease Liability	41	75
Provision for taxation	536	522
Total current liabilities	<u>30,563</u>	<u>29,253</u>
Total liabilities	<u>32,394</u>	<u>31,673</u>
TOTAL EQUITY AND LIABILITIES	<u>64,592</u>	<u>64,277</u>
Net assets per share (RM)	0.17	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.		
No of shares	184,867	184,867
Net assets per share (RM)	0.17	0.18

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 SEPTEMBER 2020 - UNAUDITED

	Individual Quarter		Cumulative Quarter	
	30/09/2020 RM'000 (3 months) (Unaudited)	30/09/2019 RM'000 (3 months) **	30/09/2020 RM'000 (6 months) (Unaudited)	30/09/2019 RM'000 (18 months) **
Revenue	2,522	N/A	5,449	N/A
Cost of sales	(1,307)	N/A	(2,639)	N/A
Gross profit/(loss)	1,215	N/A	2,810	N/A
Other income	108	N/A	161	N/A
Distribution & admin expenses	(1,828)	N/A	(3,361)	N/A
Profit from operation	(505)	N/A	(390)	N/A
Finance income	-	N/A	-	N/A
Finance costs	(59)	N/A	(124)	N/A
Net finance cost	(59)	N/A	(124)	N/A
Profit before tax	(564)	N/A	(514)	N/A
Tax expense	1	N/A	(14)	N/A
Profit for the period	(563)	N/A	(528)	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	(89)	N/A	(98)	N/A
Total comprehensive (loss)/income for the period	(89)	N/A	(98)	N/A
Total comprehensive (loss)/income for the period	(652)	N/A	(626)	N/A
Gain / (Loss) for the period attributable to:				
Owners of the parent	(437)	N/A	(417)	N/A
Non-controlling interests	(126)	N/A	(111)	N/A
Total comprehensive income / (loss) attributable to:				
Owners of the parent	(526)	N/A	(515)	N/A
Non-controlling interests	(126)	N/A	(111)	N/A
	(652)	N/A	(626)	N/A
Gain per share				
Basic gain per share (RM)	(0.24)	N/A	(0.23)	N/A
Diluted loss per share (RM)	-	-	-	-

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 SEPTEMBER 2020 - UNAUDITED**

	Attributable to owners of the parent						Accumulated losses RM'000	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				
At 1 April 2020	80,039	-	-	3,932	4,521	(111)	(61,141)	27,240	5,364	32,604
Foreign currency translation differences	-	-	-	-	-	(98)	-	(98)	(2)	(100)
Total other comprehensive income	-	-	-	-	-	(98)	-	(98)	(2)	(100)
Gain for the financial period	-	-	-	-	-	-	(417)	(417)	111	(306)
Total comprehensive income	-	-	-	-	-	-	(417)	(417)	111	(306)
Transactions with owners:										
Issuance of Redeemable Convertible Preference Shares ("RCPS")	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-
At 30 September 2020	80,039	-	-	3,932	4,521	(209)	(61,558)	26,725	5,473	32,198
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	-	-	-	-	4,521	-	-	4,521	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 30June to 31 March. 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.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 - UNAUDITED

	Cumulative Quarter	
	30/09/20 RM'000 (6 months)	31/03/20 RM'000 (9 months)
CASH FLOWS FROM OPERATING ACTIVITIES		
Gain/(Loss) before tax	(514)	(3,478)
Adjustments for:		
Depreciation of property, plant and equipment	800	1,398
Loss on disposal of property, plant and equipment	44	0
Depreciation of right of use assets	34	52
Allowance for doubtful debts:		
- Trade receivables		495
Debts written off	114	13
Impairment loss on:		
- Development cost	75	35
- Goodwill	-	1,102
Finance cost	124	311
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	677	935
Changes in working capital:		
Receivables	(505)	1,363
Inventories	(627)	418
Payables	1,396	(1,363)
Cash generated (used) / from operations	941	1,353
Interest paid	(124)	(311)
Tax paid / (refund)	187	(127)
Net cash generated (used in) operating activities	1,004	915
CASH FLOWS FROM INVESTING ACTIVITIES		
Withdrawal / (Deposit) of pledged fixed deposits	-	(537)
Interest received	(1)	
Proceeds from disposal of property, plant and equipment	112	28
Acquisition of property, plant and equipment	(552)	(19)
Acquisition of subsidiaries companies	-	1,020
Net cash generated from investing activities	(441)	492
Balance carried forward	563	1,407

	Cumulative Quarter	
	30/09/20	31/03/20
	RM'000	RM'000
	(6 months)	(9 months)
Balance brought forward	563	1,407
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of finance lease liabilities	(43)	(279)
Repayment of term loans	(691)	(264)
Increase in trust receipt	-	(330)
Net cash used in financing activities	(734)	(873)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(171)	534
EXCHANGE DIFFERENCES	(98)	(32)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	706	204
CASH AND CASH EQUIVALENTS AT END OF PERIOD	437	706
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the end of the financial period comprise:		
Cash and bank balances	437	706
Fixed deposit with licensed bank	538	537
	975	1,243
Less: Fixed deposit with licensed bank	(538)	(537)
Cash and bank balances	437	706

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR QUARTER ENDED 30 SEPTEMBER 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 31 March 2020.

2. CHANGE IN FINANCIAL YEAR END

The Company changed its financial year end from 30 June 2019 to 31 March 2020, as such 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

MFRSs that have been issued will be effective.

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 Malaysian Government had declared Movement Control Order (MCO) since 18 March 2020, and subsequent restricted movement control order until 31 August 2020. The operation was very much jeopardize 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

There were not changes in estimation during the 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 6 months ended is as follows:

	Manufacturing	Trading	Investment	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External revenue	3,022	552	1,875	-	5,449
Inter-segment revenue					
Segment revenue	<u>3,022</u>	<u>552</u>	<u>1,875</u>	<u>-</u>	<u>5,449</u>
Results					
Operating (loss)/profit	(222)	(87)	(61)	(21)	(390)
Net finance cost	(81)	(16)	(12)	(15)	(124)
Income tax expense	-	-	(14)	-	(14)
(Loss)/Profit after tax	<u>(302)</u>	<u>(103)</u>	<u>(87)</u>	<u>(36)</u>	<u>(529)</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 September 2020 are as follows:

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

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 2019 to 31 March 2020, which presenting 9 months accounts as reported in the Financial Statements for the period ended 31 March 2020. However, as per Bursa Malaysia's Listing Requirement, since the results of the quarterly comparative will be different, therefore, there was no comparative figure on the cumulative quarter as at 30 September 2020 recorded being 2nd quarter results for the financial year end 31 March 2021 in compared to proceeding year quarter of 30 September 2019 as 1st quarter for the financial period ended 31 March 2020.

The Group's revenue for the current quarter recorded at RM2.522 million. There is no proceeding year corresponding period comparison due to change in the financial year / period.

The Group's recorded the loss before tax for the current quarter at RM0.564 million. The Group registered loss after tax of RM0.514 million.

a) Comparison with preceding quarter

	30/09/20	30/06/20	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
- Manufacturing	1,353	1,669	(316)	-19%
- Trading	259	293	(35)	-12%
- Investment Holding	911	964	(53)	-6%
- Others	-	-	-	0%
Total	<u>2,522</u>	<u>2,927</u>	(404)	-14%
Profit/(Loss) Before Tax				
- Manufacturing	(285)	(17)	(267)	1534%
- Trading	(46)	(57)	12	-20%
- Investment Holding	(224)	151	(375)	-249%
- Others	(10)	(26)	16	-62%
Total	<u>(564)</u>	<u>50</u>	(614)	-1228%

The Group's revenue for the current quarter has decreased by RM0.404 million from the immediate preceding quarter to RM2.522 million in this quarter, the decreased were gather from all segments, due to the impact of COVID-19 pandemic resulted the global economy effected in the business, and also political reason added in certain countries of investments that further causes on the downward of business.

The Group has recorded loss before tax of RM0.564 million as compared to profit before tax of RM50,000 in the preceding quarter. The decreased were due to provision of contingency liabilities of RM0.542million and write off of uncollectible doubtful debts of RM0.114 million of the overseas subsidiaries

2. PROSPECT FOR THE FINANCIAL YEAR

On 7 January 2020, a wholly owned subsidiary namely Jumbo Universe Sdn Bhd (“JUSB”) 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. As it also in the planning to purchase the machinery for production targeted towards 1st half of 2021.

Despite the current Covid-19 pandemic, the Group remain positive in the continuation of business. As the Group also continue to look into several opportunities in the integration of business in order to enjoy economic of scale. The Group will continue looking into various business opportunity.

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	1	(14)
Over provision in prior year	-	
	1	(14)
Deferred tax expense		
Current year	-	-
	1	(14)

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	2,426	1,012	3,438	6.40%
Hire-Purchase	359	588	947	7.25%
Total	<u>2,785</u>	<u>1,600</u>	<u>4,385</u>	

6. STATUS OF CORPORATE PROPOSAL

There was no corporate proposal for the current quarter under review. It be noted that the Group yet to submit on the regularization plan under PN17 of the Listing Requirement.

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	
	30/9/2020 (3 months)	30/9/2019 (3 months)	30/9/2020 (6 months)	30/9/2019 (6 months)
Gain attributable to owners of the parent (RM'000)	(437)	N/A	(417)	N/A
Weighted average number of ordinary shares in issue ('000)	184,876	N/A	184,876	N/A
Gain per share (RM)	(0.24)	N/A	(0.23)	N/A

(b) Diluted

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