

# IQZAN

## IQZAN HOLDING BERHAD

[Registration No.: 200201008458 (576121-A)]

### **Unaudited Interim Financial Report For Third Quarter ended 31 December 2021**

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**IQZAN HOLDING BERHAD**

[Registration No.: 200201008458 (576121-A)]

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER****ENDED 31 DECEMBER 2021****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>The Group</b>	
	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>31/12/2021</b>	<b>31/03/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	33,996	32,689
Investment property	23,400	23,400
Right of use assets	1,598	1,513
Goodwill on consolidation	7,926	-
<b>Total non-current assets</b>	<u>66,920</u>	<u>57,602</u>
<b>Current assets</b>		
Inventories	2,957	3,077
Trade receivables	885	1,906
Other receivables	4,193	1,492
Tax recoverable	138	117
Fixed deposit with licensed banks	532	550
Cash and bank balances	576	292
	<u>9,281</u>	<u>7,434</u>
Assets classified as held for sale	2,843	-
<b>Total current assets</b>	<u>12,124</u>	<u>7,434</u>
<b>TOTAL ASSETS</b>	<u>79,044</u>	<u>65,036</u>

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER****ENDED 31 DECEMBER 2021****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

	<b>The Group</b>	
	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>31/12/2021</b>	<b>31/03/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>EQUITY</b>		
Share capital	82,535	80,039
Redeemable Convertible Preference Shares ("RCPS")	11,321	4,521
Reserves	(59,138)	(58,335)
Equity attributable to owners of the parent	<u>34,718</u>	<u>26,225</u>
Non-controlling interests	4,113	5,144
<b>Total equity</b>	<u>38,831</u>	<u>31,369</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	8,319	1,999
Lease Liability	86	-
Deferred tax liabilities	615	588
<b>Total non-current liabilities</b>	<u>9,020</u>	<u>2,587</u>
<b>Current liabilities</b>		
Trade payables	2,835	1,241
Other payables	24,742	26,369
Loans and borrowings	3,268	2,547
Lease Liability	12	12
Amount due to a Director	150	720
Provision for taxation	186	191
<b>Total current liabilities</b>	<u>31,193</u>	<u>31,080</u>
<b>Total liabilities</b>	<u>40,213</u>	<u>33,667</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>79,044</u>	<u>65,036</u>
Net assets per share attributable to owners of the Company, based on number of outstanding shares	0.18	0.18

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021  
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
<b><u>Continuing Operations</u></b>				
<b>Revenue</b>	3,444	3,401	6,882	8,850
Cost of sales	(2,293)	(2,021)	(4,136)	(4,660)
<b>Gross profit</b>	1,151	1,380	2,746	4,190
Other income	672	194	1,747	355
Distribution & administrative expenses	(1,744)	(1,596)	(5,049)	(4,957)
<b>Loss from operation</b>	79	(22)	(556)	(412)
Finance income	-	-	-	-
Finance costs	(125)	(32)	(206)	(156)
Net finance cost	(125)	(32)	(206)	(156)
<b>Loss before tax</b>	(46)	(54)	(762)	(568)
Tax credit / (expense)	-	25	12	11
<b>Loss for the period from Continuing Operations</b>	(46)	(29)	(750)	(557)
<b><u>Discontinued Operations</u></b>				
Loss for the period from Discontinued Operations	-	-	(3)	-
<b>Loss for the period</b>	(46)	(29)	(753)	(557)
<b>Other comprehensive loss, net of tax</b>				
<b>Item that will be classified subsequently</b>				
<b>to profit and loss:</b>				
Exchange translation differences for foreign operations	-	24	-	(74)
<b>Total other comprehensive loss for the year</b>	-	24	-	(74)
<b>Total comprehensive (loss) / income for the year</b>	(46)	(5)	(753)	(631)

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021****CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND****OTHER COMPREHENSIVE INCOME** (continued)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
<b>Loss for the period attributable to:</b>				
Owners of the parent				
- continuing operations	46	(29)	(801)	(446)
- discontinued operation	(2)	-	(2)	-
Non-controlling interests				
- continuing operations	(90)	-	51	(111)
- discontinued operation	-	-	(1)	-
	<u>(46)</u>	<u>(29)</u>	<u>(753)</u>	<u>(557)</u>
<b>Total comprehensive loss attributable to:</b>				
Owners of the parent				
- continuing operations	46	(5)	(801)	(520)
- discontinued operation	(2)	-	(2)	-
Non-controlling interests				
- continuing operations	(90)	-	51	(111)
- discontinued operation	-	-	(1)	-
	<u>(46)</u>	<u>(5)</u>	<u>(753)</u>	<u>(631)</u>
<b>Loss per share</b>				
Basic / Diluted loss per share (sen)				
- continuing operations	0.02	(0.02)	(0.36)	(0.24)
- discontinued operation	(0.00)	-	(0.00)	-
	<u>0.02</u>	<u>(0.02)</u>	<u>(0.36)</u>	<u>(0.24)</u>

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021  
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	←← Attributable to owners of the parent →→					→	Non-controlling interests	Total equity
	Share capital	Revaluation reserve	Equity components RCPS	Foreign currency translation reserve	Accumulated losses			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>9 months ended 31 December 2021</b>								
<b>At 1 April 2021</b>	80,039	3,932	4,521	(41)	(62,226)	26,225	5,144	31,369
<b>Continuing operations</b>								
Foreign currency translation differences	-	-	-	-	-	-	-	-
<b>Total other comprehensive income</b>	-	-	-	-	-	-	-	-
Loss for the financial period	-	-	-	-	(801)	(801)	51	(750)
<b>Total comprehensive loss</b>	-	-	-	-	(801)	(801)	51	(750)
<b>Transactions with owners:</b>								
Issuance of ordinary shares - private placement	2,496	-	-	-	-	2,496	-	2,496
Issuance of Redeemable Convertible Preference Shares ("RCPS")	-	-	6,800	-	-	6,800	-	6,800
Acquisition of subsidiaries	-	-	-	-	-	-	(1,081)	(1,081)
	2,496	-	6,800	-	-	9,296	(1,081)	8,215
<b>Discontinued operations</b>								
Loss for the financial period	-	-	-	-	(2)	(2)	(1)	(3)
Effect of movement in exchange rates	-	-	-	-	-	-	-	-
<b>Total other comprehensive income</b>	-	-	-	-	-	-	-	-
<b>At 31 December 2021</b>	<b>82,535</b>	<b>3,932</b>	<b>11,321</b>	<b>(41)</b>	<b>(63,029)</b>	<b>34,718</b>	<b>4,113</b>	<b>38,831</b>
<b>9 months ended 31 December 2020</b>								
<b>At 1 April 2020</b>	80,039	3,932	4,521	(111)	(61,141)	27,240	5,364	32,604
Loss for the financial year	-	-	-	-	(446)	(446)	(111)	(557)
Other comprehensive income for the financial year:								
Effect of movement in exchange rates	-	-	-	(74)	-	(74)	79	5
<b>Total comprehensive income/(loss) for the financial year</b>	-	-	-	(74)	(446)	(520)	(32)	(552)
<b>At 31 December 2020</b>	<b>80,039</b>	<b>3,932</b>	<b>4,521</b>	<b>(185)</b>	<b>(61,587)</b>	<b>26,720</b>	<b>5,332</b>	<b>32,052</b>

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

**CUMULATIVE QUARTERS**  
**9 months ended**  
**31/12/2021**                      **31/12/2020**  
**RM'000**                              **RM'000**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Loss before taxation:

- continuing operations	(762)	(568)
- discontinued operation	(3)	-

Adjustments for:

Depreciation of property, plant and equipment	1,113	1,464
Gain on disposal of property, plant and equipment	(8)	(113)
Depreciation of right of use assets	51	51
Debts written off	-	114
Impairment loss on:		
- Development cost	-	83
Finance cost	206	156
Property plant and equipment written off	66	-

Operating profit before changes in working capital

663	1,187
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Changes in working capital:

Receivables	(1,680)	(2,064)
Inventories	120	(105)
Payables	(33)	753

Cash (used in) / generated from operations

(930)	(229)
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Interest paid

(206)	(156)
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Tax refund

(15)	11
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Operating cash flow from continuing operations

(1,151)	(374)
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Operating cash flow from/(used in) discontinued operations

-	-
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Net cash (used in) / generated from operating activities

(1,151)	(374)
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**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received

-	(13)
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Proceeds from disposal of property, plant and equipment

8	(125)
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Proceeds from private placement

2,496	-
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Acquisition of property, plant and equipment

(194)	(175)
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Acquisition of right-of-use assets

(85)	-
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Acquisition of subsidiary companies

-	-
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Net cash (used in)/generated from investing activities

2,225	(313)
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Balance carried forward

1,074	(687)
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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**

	<b>CUMULATIVE QUARTERS</b>	
	<b>9 months ended</b>	
	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance brought forward	1,074	(687)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of finance lease liabilities	(461)	(162)
Repayment of term loans	(804)	(28)
Drawdown of lease liabilities, net repayment	-	-
Repayment to director	(570)	-
Net cash used in financing activities	(1,835)	(190)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(761)</b>	<b>(877)</b>
<b>EXCHANGE DIFFERENCES</b>	<b>-</b>	<b>(74)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>(230)</b>	<b>706</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>(991)</b>	<b>(245)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at the end of the financial period comprise:		
Cash and bank balances	576	(245)
Fixed deposit with licensed bank	532	550
	1,108	305
Less: Fixed deposit with licensed bank	(532)	(550)
	576	(245)
Less: Bank overdraft	(1,567)	-
Cash and cash equivalents	(991)	(245)



## **NOTES TO THE INTERIM FINANCIAL REPORT**

### **Part A - Explanatory Notes Pursuant to MFRS 134**

#### **A1. BASIS OF PREPARATION**

The interim financial report (“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 Group for the year ended 31 March 2021.

#### **A2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2021, except for the adoption of the following new published standard and amendments to published standards that are effective for the Group's financial year beginning on or after 1 April 2021.

##### **Effective for annual periods beginning on or after 1 January 2021**

- Amendments to MFRS 9 Financial Instruments
- MFRS 139 Financial Instruments: Recognition and Measurement
- MFRS 7 Financial Instruments: Disclosures
- MFRS 16 Leases (*Interest Rate Benchmark Reform – Phase 2*)

##### **Effective for annual periods beginning on or after 1 April 2021**

- Amendment to MFRS 16 Leases (*Covid-19-Related Rent Concessions beyond 30 June 2021*)

The adoption of the above did not have any significant effects on the interim financial report upon the initial application.

**NOTES TO THE INTERIM FINANCIAL REPORT**

**Part A - Explanatory Notes Pursuant to MFRS 134 (continued)**

**A2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

The following Standards and Amendment to Standards have been issued by the MASB but are not yet effective by the Group.

**Effective for annual periods beginning on or after 1 January 2022**

- Amendments to MFRS 3 Business Combinations - *Reference to the Conceptual Framework*
- Amendments to MFRS 116 Property, Plant and Equipment - *Proceeds before Intended Use*
- Amendments to MFRS 137 Provision, Contingent Liabilities and Contingent Assets - *Onerous Contracts - Cost of Fulfilling a Contract*
- Annual Improvements to MFRS Standards 2018-2020:
  - Amendment to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards
  - Amendment to MFRS 9 Financial Instruments
  - Amendment to MFRS 141 Agriculture

**Effective for annual periods beginning on or after 1 January 2023**

- MFRS 17 Insurance Contracts and Amendments to MFRS 17
- Amendments to MFRS 101 Presentation of Financial Statements - *Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies*
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - *Definition of Accounting Estimates*
- Amendments to MFRS 112 Income Taxes - *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

**Issued but not yet effective**

- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The adoption of the above new MFRSs and amendments/improvements to MFRSs are not expected to have any material financial impact on the financial statements of the Group.

## **NOTES TO THE INTERIM FINANCIAL REPORT**

### **A3. QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS**

The independent auditors' report of the Company's audited financial statements for the financial year ended 31 March 2021 contained disclaimer of opinion on the financial statements.

The following Basis for Disclaimer of Opinion shown below are extracted from the independent auditors' report of the Company's audited financial statement for the financial year ended 31 March 2021.

#### *Basis for Disclaimer of Opinion*

The Group has not consolidated the financial results of Maxillion Link Enterprises Limited and its immediate subsidiaries which include Renox Resources Sdn. Bhd., Renox Stainless Steel Company Limited and PT Renox Indonesia ("MLEL Group") for the financial period ended 31 March 2021 as the Directors have been unable to engage in any meaningful communication with MLEL management and especially the management of Renox Stainless Steel Co Ltd in Thailand. In the absence of any information being made available, the Directors had the only recourse of submitting the Unaudited Financial Report for the period ended 31 March 2021 in their announcement in Bursa Malaysia in which it was explained that no revenue was disclosed for January to March 2021 for MLEL Group results. In addition, the financial position of the Group as at 31 March 2021 was derived at using the figures for assets and liabilities of the MLEL Group as at 31 December 2020.

In order to resolve the abovementioned matter, the Group planned to dispose the shareholdings in MLEL. The management has been actively involved in finding buyer. During previous quarter, the Group has received offer from buyer to acquire these said shareholdings, which unlikely to have changes to the plan. The Group expects to complete the sale before end of the Financial Year 2022. Refer to A9 and B4 for further details.

### **A4. SEASONAL OR CYCLICAL FACTORS**

There were no seasonal or cyclical factors affecting the results of the Group for the current interim period.

### **A5. 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 during the financial period under review.

**NOTES TO THE INTERIM FINANCIAL REPORT**

**Part A - Explanatory Notes Pursuant to MFRS 134 (continued)**

**A6. CHANGES IN ESTIMATES**

There were no changes in estimates of amounts reported in prior financial year that have had a material effect in the current financial period.

**A7. DEBTS AND EQUITY SECURITIES**

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

**A8. DIVIDEND PAID**

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

**A9. SEGMENTAL INFORMATION**

The segmental information for the year ended is as follows:

	<b>Manufacturing</b>	<b>Trading</b>	<b>Investment Holding</b>	<b>Others</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Continuing operations</u></b>					
<b>Revenue</b>					
External revenue	3,639	2,010	1,233	-	6,882
Inter-segment revenue	636	-	-	-	636
Segment revenue	<u>4,275</u>	<u>2,010</u>	<u>1,233</u>	<u>-</u>	<u>7,518</u>
<b>Results</b>					
Operating (loss)/profit	(206)	(119)	(259)	28	(556)
Net finance cost	(151)	(24)	(31)	-	(206)
Income tax expense	-	9	-	3	12
(Loss)/Profit after tax	<u>(357)</u>	<u>(134)</u>	<u>(290)</u>	<u>31</u>	<u>(750)</u>
<b><u>Discontinued operations</u></b>					
<b>Results</b>					
Operating (loss)/profit	-	(3)	-	-	(3)
Net finance cost	-	-	-	-	-
Income tax expense	-	-	-	-	-
(Loss)/Profit after tax	<u>-</u>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>(3)</u>

**NOTES TO THE INTERIM FINANCIAL REPORT**

**Part A - Explanatory Notes Pursuant to MFRS 134 (continued)**

**A9. SEGMENTAL INFORMATION (continued)**

For the current quarter under review, the Group planned to sell the shareholdings in foreign subsidiaries. The management has been actively involved in finding buyer. During this quarter, the Group has received offer from buyer to acquire these said shareholdings, which unlikely to have changes to the plan. The Group expects to complete the sale before end of the Financial Year 2022. As such, the assets of the disposal group have been presented as “Assets classified as held for sale”. Refer to B4 for further details.

**A10. CHANGES IN COMPOSITION OF THE COMPANY**

There are no significant changes in the composition of the Group for the current period including business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring or discontinued operations, other than disclosed below:

- a) On 30 April 2021, the Company has announced that it entered into Share Sales Agreement (“SSA”) for the purchase of up to 51% of the total issued and paid-up capital of both Asiawood Lumbers Sdn. Bhd. and RV Woods Sdn. Bhd. respectively for a purchase consideration of RM6,800,000 (“Proposed Acquisition”).

The Proposed Acquisition will be satisfied by way of an allotment of Redeemable Convertible Preference Shares (“RCPS”) of Cal-Test.

Both Asiawood Lumbers Sdn. Bhd. and RV Woods Sdn. Bhd. are classified to be subsidiaries in accordance with MFRS 10 - Consolidated Financial Statements as Company has power over the voting rights, title and interest over these companies to direct the activities that significantly affects its returns and rights to receive variable returns from its financial results, with effect from 7 September 2021.

- b) On 20 October 2021, the Company has announced that it had acquired one (1) Ordinary Share of RM1.00 in the share capital of Nexus Applause Sdn. Bhd., being 100% equity interest of Nexus Applause, for a total cash consideration of RM1.00 only.

Subsequent to the Acquisition, Nexus Applause shall become a wholly-owned subsidiary of the Company.

The Proposed Acquisition will not have any material effects on the Group’s earnings per share, net assets per share, gearing, share capital and substantial shareholders’ shareholding for the financial year ending 31 March 2022.

**NOTES TO THE INTERIM FINANCIAL REPORT**

**Part A - Explanatory Notes Pursuant to MFRS 134 (continued)**

**A11. CONTINGENT LIABILITIES**

The contingent liabilities as at 31 December 2021 are as follows:

	RM'000
<u>Corporate Guarantee</u>	
Corporate guarantee given to the financial institution for banking facilities granted to the subsidiaries	<u>1,050</u>

**A12. CHANGES IN MATERIAL LITIGATION**

Changes in material litigation since the date of the last audited annual statement of financial position up to 28 February 2022 are as follows:

**a) Letter of demand from Axis Real Estate Investment Trust**

On 21 May 2021, the Company has received the letter of demand from Messrs. SF Chan & Co who acting for RHB Trustees Berhad as trustee for Axis Real Estate Investment Trust (“Axis”) to claim on the deposit of RM500,000 pertaining to disposal of Bayan Lepas Factory by the Zoomic Technology (M) Sdn. Bhd. (“Vendor”), the wholly owned subsidiary of the Company due to the aborted of Sales and Purchase Agreement. Axis hereby claim from the Company being the Corporate Guarantor of the Vendor.

The Company is in the progress of settling the claim of RM500,000 on instalment basis.

**b) Writ with Statement of Claim by BMW Credit (Malaysia) Sdn. Bhd.**

On 1 October 2021, the Company announced that the Company and Ire-Tex Asset Management Sdn. Bhd., its wholly-owned subsidiary, had received a sealed Writ with Statement of Claim dated 21 September 2021 filed by BMW Credit (Malaysia) Sdn. Bhd. (“the Plaintiff”) via its Solicitors, Messrs Lim Kian Leong & Co. The claim submitted is inclusive of the amount unpaid, interest charges as well as other costs arisen from this claim.

As per the announcement made on the date mentioned above, it is not expected to have material financial and operational impact on the Company for the financial year ending 31 March 2022 as the Defendants has a strong defence and counter claim (“Defence and Counter-Claim”) against the Plaintiff (“BMW”).

The proceeding is on-going.

**NOTES TO THE INTERIM FINANCIAL REPORT**

**Part A - Explanatory Notes Pursuant to MFRS 134 (continued)**

**A13. SIGNIFICANT EVENT DURING THE CURRENT QUARTER**

On 30 November 2021, the Company announced that Ire-Tex (Malaysia) Sdn. Bhd. (“ITMSB”), previously a wholly-owned subsidiary of IQZAN, and subsequently disposed of during the financial period ended 30 June 2019, has defaulted in repaying the Overdraft and Multi Option Line facilities, amounted to RM13,012,291.62, as requested by CIMB Bank Berhad (“CIMB”).

IQZAN will submit formal request in order to have discussion with CIMB on the negotiation of total outstanding sum and proposed scheme of settlement.

Based on the explanations given and the Company’s existing and forecast cash-flows, all the Directors of the Company have formed and are of the opinion that the Company is solvent as it will be able to meet its debts as and when they fall due within the period of 12 months from the date of this announcement (29 December 2021).

**A14. MATERIAL EVENT SUBSEQUENT TO THE END OF INTERIM PERIOD**

There has not arisen in the interval during this reporting period till the date of this announcement, any item, transaction or event of a material and unusual nature that would likely affect substantially the results of the operations of the Group.

**NOTES TO THE INTERIM FINANCIAL REPORT**

**Part B - Explanatory Notes Pursuant to Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

**B1. REVIEW OF GROUP PERFORMANCE**

**Performance of current quarter against the corresponding quarter**

	Individual quarter ended		Variance	
	31 December		RM'000	%
	2021	2020		
	RM'000	RM'000	RM'000	
<b><u>Continuing operations</u></b>				
<b>Revenue</b>				
- Manufacturing	3,033	2,109	924	44%
- Trading	-	581	(581)	-100%
- Investment Holding	411	711	(300)	-42%
- Others	-	-	-	0%
<b>Total</b>	<b>3,444</b>	<b>3,401</b>	<b>43</b>	<b>1%</b>
<b>Profit/(Loss) After Tax</b>				
- Manufacturing	69	65	4	6%
- Trading	(57)	65	(122)	-188%
- Investment Holding	(48)	(32)	(16)	50%
- Others	(10)	(127)	117	0%
<b>Total</b>	<b>(46)</b>	<b>(29)</b>	<b>(17)</b>	<b>59%</b>
<b><u>Discontinued operations</u></b>				
<b>Profit/(Loss) After Tax</b>				
- Manufacturing	-	-	-	0%
- Trading	-	-	-	0%
- Investment Holding	-	-	-	0%
- Others	-	-	-	0%
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>

a) Manufacturing

Segment revenue is increased by 44% to RM3.033 million in the current quarter as compared to Q3 of previous financial year, mainly due to acquisition of new subsidiaries that brought positive outcome to the Group's quarterly results. Most of the operations of manufacturing segment has resumed back to normal and demand for production has increased.



**NOTES TO THE INTERIM FINANCIAL REPORT**

**Part B - Explanatory Notes Pursuant to Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

**B1. REVIEW OF GROUP PERFORMANCE** (continued)

**Performance of current quarter against the corresponding quarter** (continued)

b) Trading

For trading segment, there is no revenue recognised for this quarter. The Group has switched business plan to focus more on manufacturing segment.

c) Investment holding

The segment of investment holding has recognised a decrease in revenue of 42%, but there is a slight increase in loss. Mainly resulted from reduction in rental income generated during the quarter.

d) Others

The segment consisted of dormant subsidiaries. There is no change in the position of the subsidiaries nor intention to switch its status from dormant to active.

**NOTES TO THE INTERIM FINANCIAL REPORT**

**Part B - Explanatory Notes Pursuant to Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

**B1. REVIEW OF GROUP PERFORMANCE (continued)**

**Comparison with preceding quarter**

	<b>Individual quarter ended</b>		<b>Variance</b>	<b>%</b>
	<b>31 December</b>	<b>30 September</b>		
	<b>2021</b>	<b>2021</b>	<b>RM'000</b>	
	<b>RM'000</b>	<b>RM'000</b>		
<b><u>Continuing operations</u></b>				
<b>Revenue</b>				
- Manufacturing	3,033	486	2,547	524%
- Trading	-	-	-	#DIV/0!
- Investment holding	411	411	-	0%
- Others	-	-	-	0%
	<u>3,444</u>	<u>897</u>	2,547	284%
<b>Profit/(Loss) After Tax</b>				
- Manufacturing	69	(264)	333	-126%
- Trading	(57)	(31)	(26)	84%
- Investment holding	(48)	15	(63)	-420%
- Others	(10)	(6)	(4)	67%
<b>Total</b>	<u>(46)</u>	<u>(286)</u>	240	-84%
<b><u>Discontinued operations</u></b>				
<b>Profit/(Loss) After Tax</b>				
- Manufacturing	-	-	-	0%
- Trading	-	(3)	3	0%
- Investment Holding	-	-	-	0%
- Others	-	-	-	0%
<b>Total</b>	<u>-</u>	<u>(3)</u>	3	0%

The Group's revenue for the current quarter has increased by RM2.547 million from the preceding quarter to RM3.033 million in this quarter, mainly come from manufacturing segment, and contributed from new subsidiaries acquired during the year.

In view of having significant increase in revenue, the Group has recorded decrease in loss after tax of RM0.24 million for the quarter under review as compared to RM0.286 million in the preceding quarter. The decrease in losses mainly arisen from the manufacturing segment, financial results of the newly acquired subsidiaries – Asiawood Lumbers Sdn Bhd and RV Woods Sdn Bhd.

**NOTES TO THE INTERIM FINANCIAL REPORT**

**Part B - Explanatory Notes Pursuant to Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (continued)**

**B2. PROSPECT FOR THE FINANCIAL YEAR**

Due to COVID-19 and its continuing economic uncertainty, it still continues to have impact on business activities. However, as there is rapid progress of Malaysia vaccination program and major reduction in Covid-19 cases, the Government has opened up the economy phase by phase under the National Recovery Plan.

With the effort of the Government in managing the pandemic, the Group expects the general outlook on the business environments to recover. The Group will continue its effort to drive its performance improvements along the recovery of the economy environments.

**B3. PROFIT FORECAST OR PROFIT GUARANTEE**

The Group did not disclose or announce any profit forecast or profit guarantee in any public document in the financial quarter under review.

**B4. ASSETS AND LIABILITIES HELD FOR SALE**

	<b>Amount (RM'000)</b>
<u>Assets classified as held for sale consisted of:</u>	
Plant and equipment	2,336
Inventories	2,996
Trade and other receivables	2,672
Tax recoverable	42
	<hr/>
	<b>8,046</b>
 <u>Liabilities classified as held for sale consisted of:</u>	
Trade and other payables	(2,577)
Loan and borrowings	(2,608)
Deferred tax liabilities	(18)
	<hr/>
	<b>(5,203)</b>
<b>Assets classified as held for sale (net amount)</b>	<hr/> <hr/> <b>2,843</b>

**NOTES TO THE INTERIM FINANCIAL REPORT**

**Part B - Explanatory Notes Pursuant to Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (continued)**

**B5. LOSS BEFORE TAXATION**

	Individual quarter ended		Cumulative quarter ended	
	31 December		31 December	
	(3 months)		(9 months)	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit from operations is arrived at after charging/(crediting):				
Depreciation of property, plant and equipment	686	664	1,113	1,464
Depreciation of right-of-use assets	17	17	51	51
Property, plant and equipment written off	-	-	66	-
Gain on disposal of property, plant and equipment	(8)	(157)	(8)	(113)
Impairment loss on development cost	-	8	-	83
Debts written off	-	-	-	114
Finance cost	125	32	206	156
Rental income	(1,056)	-	(2,855)	-

**B6. TAXATION**

	Individual quarter ended		Cumulative quarter ended	
	31 December		31 December	
	(3 months)		(9 months)	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<b><u>Continuing operations</u></b>				
<b>Current tax expense / (credit)</b>				
Current year	-	25	12	11
	-	25	12	11

**NOTES TO THE INTERIM FINANCIAL REPORT**

**Part B - Explanatory Notes Pursuant to Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (continued)**

**B7. LOANS AND BORROWINGS**

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

	<b>Short Term RM'000</b>	<b>Long Term RM'000</b>	<b>Total RM'000</b>	<b>Average effective interest rate</b>
<b>Secured</b>				
Banker's acceptance	713	-	713	
Term Loan	774	7,882	8,656	6.80%
Hire-Purchase	214	437	651	4.50%
Overdraft	1,567	-	1,567	
<b>Total</b>	<b>3,268</b>	<b>8,319</b>	<b>11,587</b>	

**B8. STATUS OF CORPORATE PROPOSAL**

There are no outstanding corporate proposals or new announcements made in the current quarter.

**B9. PURCHASE OR DISPOSAL OF QUOTED SECURITIES**

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

**B10. CAPITAL COMMITMENTS**

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

**NOTES TO THE INTERIM FINANCIAL REPORT**

**Part B - Explanatory Notes Pursuant to Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (continued)**

**B11. (LOSS)/EARNINGS PER SHARE**

	Individual quarter ended 31 December		Cumulative quarter ended 31 December	
	2021 (3 months)	2020 (3 months)	2021 (9 months)	2020 (9 months)
Net loss attributable to owner of the Company (RM'000)				
- continuing operations	46	(29)	(801)	(446)
- discontinued operations	(2)	-	(2)	-
	<u>44</u>	<u>(29)</u>	<u>(803)</u>	<u>(446)</u>
Weighted average number of ordinary shares in issue ('000)	<u>221,840</u>	<u>184,876</u>	<u>221,840</u>	<u>184,876</u>
Basic/diluted loss per ordinary share (sen):				
- continuing operations	0.02	(0.02)	(0.36)	(0.24)
- discontinued operations	(0.00)	-	(0.00)	-
	<u>0.02</u>	<u>(0.02)</u>	<u>(0.36)</u>	<u>(0.24)</u>

The Company does not have any dilutive potential ordinary shares in issue for the current quarter to date.