

IQZAN

IQZAN HOLDING BERHAD

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

Unaudited Interim Financial Report For Fourth Quarter ended 31 March 2022

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IQZAN HOLDING BERHAD

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

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER**ENDED 31 MARCH 2022****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	The Group	
	Unaudited	Audited
	As at	As at
	31/03/2022	31/03/2021
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	41,645	32,689
Investment property	23,400	23,400
Right of use assets	2,472	1,513
Goodwill on consolidation	8,000	-
Total non-current assets	<u>75,517</u>	<u>57,602</u>
Current assets		
Inventories	2,747	3,077
Trade receivables	1,216	1,906
Other receivables	420	1,492
Tax recoverable	-	117
Fixed deposit with licensed banks	697	550
Cash and bank balances	124	292
	<u>5,204</u>	<u>7,434</u>
Assets classified as held for sale	-	-
Total current assets	<u>5,204</u>	<u>7,434</u>
TOTAL ASSETS	<u>80,721</u>	<u>65,036</u>

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER**ENDED 31 MARCH 2022****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

	The Group	
	Unaudited	Audited
	As at	As at
	31/03/2022	31/03/2021
	RM'000	RM'000
EQUITY		
Share capital	82,535	80,039
Redeemable Convertible Preference Shares ("RCPS")	11,321	4,521
Reserves	(62,791)	(58,335)
Equity attributable to owners of the parent	<u>31,065</u>	<u>26,225</u>
Non-controlling interests	2,688	5,144
Total equity	<u>33,753</u>	<u>31,369</u>
LIABILITIES		
Non-current liabilities		
Loans and borrowings	3,686	1,999
Lease Liability	1,348	-
Deferred tax liabilities	1,136	588
Total non-current liabilities	<u>6,170</u>	<u>2,587</u>
Current liabilities		
Trade payables	6,970	1,241
Other payables	31,617	26,369
Loans and borrowings	1,577	2,547
Lease Liability	263	12
Amount due to a Director	150	720
Provision for taxation	221	191
Total current liabilities	<u>40,798</u>	<u>31,080</u>
Total liabilities	<u>46,968</u>	<u>33,667</u>
TOTAL EQUITY AND LIABILITIES	<u>80,721</u>	<u>65,036</u>
Net assets per share attributable to owners of the Company, based on number of outstanding shares	0.15	0.18

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2022
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	RM'000	RM'000	RM'000	RM'000
<u>Continuing Operations</u>				
Revenue	2,969	3,401	9,851	9,659
Cost of sales	(2,223)	(2,021)	(6,359)	(3,965)
Gross profit	746	1,380	3,492	5,694
Other income	1,361	194	3,107	3,053
Distribution & administrative expenses	(4,563)	(1,596)	(9,646)	(9,861)
Loss from operation	(2,456)	(22)	(3,047)	(1,114)
Finance income	-	-	-	-
Finance costs	(207)	(32)	(379)	(192)
Net finance cost	(207)	(32)	(379)	(192)
Loss before tax	(2,663)	(54)	(3,426)	(1,306)
Tax credit / (expense)	(709)	25	(697)	(67)
Loss for the period from Continuing Operations	(3,372)	(29)	(4,123)	(1,373)
<u>Discontinued Operations</u>				
Loss for the period from Discontinued Operations	-	-	(3)	-
Loss for the period	(3,372)	(29)	(4,126)	(1,373)
Other comprehensive loss, net of tax				
Item that will be classified subsequently				
to profit and loss:				
Exchange translation differences				
for foreign operations	-	24	-	138
Total other comprehensive loss				
for the year	-	24	-	138
Total comprehensive (loss) / income				
for the year	(3,372)	(5)	(4,126)	(1,235)

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2022**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND****OTHER COMPREHENSIVE INCOME** (continued)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	RM'000	RM'000	RM'000	RM'000
Loss for the period attributable to:				
Owners of the parent				
- continuing operations	(3,411)	(29)	(4,247)	(1,085)
- discontinued operation	-	-	(2)	-
Non-controlling interests				
- continuing operations	39	-	124	(288)
- discontinued operation	-	-	(1)	-
	<u>(3,372)</u>	<u>(29)</u>	<u>(4,126)</u>	<u>(1,373)</u>
Total comprehensive loss attributable to:				
Owners of the parent				
- continuing operations	(3,411)	(5)	(4,247)	(1,015)
- discontinued operation	-	-	(2)	-
Non-controlling interests				
- continuing operations	39	-	124	(220)
- discontinued operation	-	-	(1)	-
	<u>(3,372)</u>	<u>(5)</u>	<u>(4,126)</u>	<u>(1,235)</u>
Loss per share				
Basic / Diluted loss per share (sen)				
- continuing operations	(1.54)	(0.02)	(1.91)	(0.59)
- discontinued operation	(0.00)	-	(0.00)	-
	<u>(1.54)</u>	<u>(0.02)</u>	<u>(1.92)</u>	<u>(0.59)</u>

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	← Attributable to owners of the parent →					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Revaluation reserve RM'000	Equity components RCPS RM'000	Foreign currency translation reserve RM'000	Accumulated losses RM'000			
At 1 April 2021, unadjusted	80,039	3,932	4,521	(41)	(62,226)	26,225	5,144	31,369
Prior year adjustments	-	-	-	-	(248)	(248)	-	(248)
At 1 April 2021, adjusted	80,039	3,932	4,521	(41)	(62,474)	25,977	5,144	31,121
<u>Continuing operations</u>								
Foreign currency translation differences	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	-
Loss for the financial period	-	-	-	-	(4,247)	(4,247)	124	(4,123)
Total comprehensive loss	-	-	-	-	(4,247)	(4,247)	124	(4,123)
<u>Transactions with owners:</u>								
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	-	-	-	-	-	-	(1,133)	(1,133)
Disposal of subsidiaries	-	-	-	41	-	41	(1,446)	(1,405)
	2,496	-	6,800	41	-	9,337	(2,579)	6,758
<u>Discontinued operations</u>								
Loss for the financial period	-	-	-	-	(2)	(2)	(1)	(3)
Effect of movement in exchange rates	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	-
At 31 March 2022	82,535	3,932	11,321	-	(66,723)	31,065	2,688	33,753

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2022

AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	← Attributable to owners of the parent →					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital 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
Loss for the financial year	-	-	-	-	(1,085)	(1,085)	(288)	(1,373)
Other comprehensive income for the financial year:								
Effect of movement in exchange rates	-	-	-	70	-	70	68	138
Total comprehensive income/(loss) for the financial year	-	-	-	70	(1,085)	(1,015)	(220)	(1,235)
At 31 March 2021	80,039	3,932	4,521	(41)	(62,226)	26,225	5,144	31,369

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2022
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	CUMULATIVE QUARTERS	
	12 months ended	
	31/03/2022	31/03/2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation:		
- continuing operations	(3,426)	(1,306)
- discontinued operation	(3)	-
Adjustments for:		
Amortisation of intangible asset	-	53
Depreciation of property, plant and equipment	1,880	1,515
Depreciation of right-of-use assets	903	288
Gain on disposal of property, plant and equipment	(633)	(68)
Foreign exchange loss - unrealised	-	1
Impairment loss on goodwill	-	1,407
Property, plant and equipment written off	302	57
Deposit written off	-	8
Bad debts written off	63	-
Allowance for impairment loss on:		
- Trade receivables	90	120
- Other receivables	-	616
- Development cost	-	528
Fair value gain on investment properties	-	(2,900)
Finance cost	379	192
Finance income	-	(11)
Provision for liabilities	723	1,120
Operating profit before changes in working capital	278	1,620
Changes in working capital:		
Receivables	1,699	(1,183)
Inventories	330	(30)
Payables	10,254	191
Cash (used in) / generated from operations	12,561	598
Interest paid	(379)	(192)
Tax refund	155	(52)
Operating cash flow from continuing operations	12,337	354
Operating cash flow from/(used in) discontinued operations	-	-
Net cash (used in) / generated from operating activities	12,337	354
Balance carried forward	12,337	354

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2022**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**

	CUMULATIVE QUARTERS	
	12 months ended	
	31/03/2022	31/03/2021
	RM'000	RM'000
Balance brought forward	12,337	354
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	-	11
Proceeds from disposal of property, plant and equipment	633	68
Proceeds from private placement	2,496	-
Acquisition of property, plant and equipment	(7,076)	(858)
Acquisition of right-of-use assets	(959)	-
Acquisition of subsidiary companies	(1,453)	-
Acquisition of intangible assets	-	(6)
Net cash (used in)/generated from investing activities	(6,359)	(785)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of trust receipts	(451)	(153)
(Repayment) / Drawdown of term loans	(4,291)	8
Repayment of lease liabilities, net of repayment	(948)	(332)
Repayment to director	(570)	-
Net cash used in financing activities	(6,260)	(477)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(282)	(908)
EXCHANGE DIFFERENCES	-	(28)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	(230)	706
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(512)	(230)
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the end of the financial period comprise:		
Cash and bank balances	124	292
Fixed deposit with licensed bank	697	550
	<u>821</u>	<u>842</u>
Less: Fixed deposit with licensed bank	(697)	(550)
	124	292
Less: Bank overdraft	(636)	(522)
Cash and cash equivalents	<u>(512)</u>	<u>(230)</u>

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. Share Sale Agreement has been signed in April 2022 which is after end of the Financial Year 2022. After considering that MLEL inclusion is no longer material for the purpose of giving a true and fair view, the Group has deconsolidated MLEL and the disposal has deemed to be completed as at the period end. Refer to A10(c) 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:

	Manufacturing	Trading	Investment	Others	Total
	RM'000	RM'000	Holding	RM'000	RM'000
			RM'000		
<u>Continuing operations</u>					
Revenue					
External revenue	7,504	2,010	1,644	-	11,158
Inter-segment revenue	(1,307)	-	-	-	(1,307)
Segment revenue	<u>6,197</u>	<u>2,010</u>	<u>1,644</u>	<u>-</u>	<u>9,851</u>
Results					
Operating (loss)/profit	(749)	(159)	(2,155)	16	(3,047)
Net finance cost	(336)	(5)	(38)	-	(379)
Income tax expense	2	-	(703)	4	(697)
(Loss)/Profit after tax	<u>(1,083)</u>	<u>(164)</u>	<u>(2,896)</u>	<u>20</u>	<u>(4,123)</u>
<u>Discontinued operations</u>					
Results					
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 was in the midst of completing the signing of Share Sale Agreement for the disposal of shareholdings in Maxillion Group. The Group expects to complete the sale within short period of time. However, after considering that MLEL inclusion is no longer material for the purpose of giving a true and fair view, the Group has deconsolidated MLEL and the disposal has deemed to be completed as at the period end. Refer to A10(c) 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)

A10. CHANGES IN COMPOSITION OF THE COMPANY (continued)

- c) On 12 April 2022, the Company has entered into a Share Sale Agreement to dispose its 51% of equity interest in Maxillion Link Enterprises Limited (“MLEL”), for a total cash consideration of USD1.00 only. After due consideration, the disposal of MLEL will be accounted for as at the end of this reporting period. MLEL then ceased to be a subsidiary of the Company.

The effect on the financial position of the Group arising from the Disposal are as follows:

	31 March 2022 RM'000
<u>Assets / (Liabilities) disposed:</u>	
Plant and equipment	2,336
Inventories	2,996
Trade and other receivables	2,672
Tax recoverable	43
Fixed deposits with licensed bank	532
Trade and other payables	(2,577)
Loan and borrowings	(2,911)
Deferred tax liabilities	(18)
Minority interests	(1,427)
Other reserves	40
Loss on derecognition of subsidiary	<u>1,686</u>

A11. CONTINGENT LIABILITIES

The contingent liabilities as at 31 March 2022 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>

NOTES TO THE INTERIM FINANCIAL REPORT

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

A12. CHANGES IN MATERIAL LITIGATION

Changes in material litigation since the date of the last audited annual statement of financial position up to 26 May 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.

A13. 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 March		RM'000	%
	2022	2021		
	RM'000	RM'000	RM'000	
<u>Continuing operations</u>				
Revenue				
- Manufacturing	2,558	97	2,461	2537%
- Trading	-	1	(1)	-100%
- Investment Holding	411	711	(300)	-42%
- Others	-	-	-	0%
Total	2,969	809	2,160	267%
Profit/(Loss) After Tax				
- Manufacturing	(709)	(543)	(166)	31%
- Trading	(35)	(1,495)	1,460	-98%
- Investment Holding	(2,609)	1,199	(3,808)	-318%
- Others	(19)	29	(48)	0%
Total	(3,372)	(810)	(2,562)	316%
<u>Discontinued operations</u>				
Profit/(Loss) After Tax				
- Manufacturing	-	-	-	0%
- Trading	-	-	-	0%
- Investment Holding	-	-	-	0%
- Others	-	-	-	0%
Total	-	-	-	0%

a) Manufacturing

Segment revenue is increased significantly to RM2.558 million in the current quarter as compared to Q4 of previous financial year, mainly due to acquisition of new subsidiaries that have actively involved in their businesses and subsequently 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. Despite there are increase in revenue, the net results were showing increase of 31% of losses, mainly attributable to recognition of provision for doubtful debts on trade receivables.

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, and the loss arisen from disposal of subsidiary as at the period end.

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

	Individual quarter ended		Variance	
	31 March	31 December	RM'000	%
	2022	2021		
	RM'000	RM'000	RM'000	%
<u>Continuing operations</u>				
Revenue				
- Manufacturing	2,558	3,033	(475)	-16%
- Trading	-	-	-	#DIV/0!
- Investment holding	411	411	-	0%
- Others	-	-	-	0%
	<u>2,969</u>	<u>3,444</u>	(475)	-14%
Profit/(Loss) After Tax				
- Manufacturing	(709)	69	(778)	-1128%
- Trading	(35)	(57)	22	-39%
- Investment holding	(2,609)	(48)	(2,561)	5335%
- Others	(19)	(10)	(9)	90%
Total	<u>(3,372)</u>	<u>(46)</u>	(3,326)	7230%
<u>Discontinued operations</u>				
Profit/(Loss) After Tax				
- Manufacturing	-	-	-	0%
- Trading	-	(3)	3	0%
- Investment Holding	-	-	-	0%
- Others	-	-	-	0%
Total	<u>-</u>	<u>(3)</u>	3	0%

The Group's revenue for the current quarter has decreased by RM0.475 million from the preceding quarter to RM2.969 million in this quarter, as there is reduction in sales generated from manufacturing segment and other seasonal factors.

In view of having 14% decrease in revenue, the Group has recorded significant increase in loss after tax of RM3.372 million for the quarter under review as compared to RM0.046 million in the preceding quarter. The increase in losses mainly arisen from the manufacturing segment, financial results of the newly acquired subsidiaries – Asiawood Lumbers Sdn Bhd and RV Woods Sdn Bhd, and loss on disposal of subsidiary.

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 is expected that there will be impact on the Group's planned business operation. However, the Group's future prospects will depend on the performance of the subsidiaries acquired during the financial year, Asiawood Lumbers Sdn Bhd and RV Woods Sdn Bhd, as well as the manufacturing of automatic press pallet related products and services.

The Group will endeavour to identify and evaluate new business opportunities and/or assets to be acquired which can contribute to improve Group's financial performance.

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. LOSS BEFORE TAXATION

	Individual quarter ended		Cumulative quarter ended	
	31 March		31 March	
	(3 months)		(12 months)	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit from operations is arrived at after charging/(crediting):				
Depreciation of property, plant and equipment	767	568	1,880	1,464
Depreciation of right-of-use assets	852	232	903	288
Property, plant and equipment written off	236	-	302	-
Gain on disposal of property, plant and equipment	(625)	-	(633)	(112)
Loss on disposal of subsidiary	1,686	-	1,686	-
Impairment loss on development cost	-	(2,409)	-	(2,409)
Impairment loss on goodwill	-	1,407	-	1,407
Debts written off	63	-	63	114
Finance cost	173	42	379	190

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. TAXATION

	Individual quarter ended		Cumulative quarter ended	
	31 March (3 months)		31 March (12 months)	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
Current tax expense / (credit)				
Current year	685	(78)	697	(67)
	685	(78)	697	(67)

B6. 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:

	Short Term RM'000	Long Term RM'000	Total RM'000	Average effective interest rate
Secured				
Banker's acceptance	262	-	262	
Term Loan	679	3,686	4,365	6.80%
Overdraft	636	-	636	
Total	1,577	3,686	5,263	

B7. STATUS OF CORPORATE PROPOSAL

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

B8. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

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

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)

B9. CAPITAL COMMITMENTS

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

B10. (LOSS)/EARNINGS PER SHARE

	Individual quarter ended 31 March		Cumulative quarter ended 31 March	
	2022 (3 months)	2021 (3 months)	2022 (12 months)	2021 (12 months)
Net loss attributable to owner of the Company (RM'000)				
- continuing operations	(3,411)	(29)	(4,247)	(1,085)
- discontinued operations	-	-	(2)	-
	<u>(3,411)</u>	<u>(29)</u>	<u>(4,249)</u>	<u>(1,085)</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	(1.54)	(0.02)	(1.91)	(0.59)
- discontinued operations	-	-	(0.00)	-
	<u>(1.54)</u>	<u>(0.02)</u>	<u>(1.92)</u>	<u>(0.59)</u>

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