

IQZAN

IQZAN HOLDING BERHAD

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

Unaudited Interim Financial Report For Second Quarter ended 30 September 2023

Table of contents

	PAGE
Condensed Consolidated Statements of Financial Position	1 - 2
Condensed Consolidated Statements of Comprehensive Income	3 - 4
Condensed Consolidated Statements of Changes in Equity	5 - 6
Condensed Consolidated Statements of Cash Flows	7 - 8
Notes to the Interim Financial Report	9 - 15

IQZAN HOLDING BERHAD (Registration No.: 200201008458 (576121-A))

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/09/2023 RM'000	Audited As at 31/03/2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	40,556	41,583
Investment properties	-	25,500
Investment in associate	3,806	-
Right of use assets	845	888
Goodwill on consolidation	6,585	6,585
Total non-current assets	<u>51,792</u>	<u>74,556</u>
Current assets		
Inventories	2,446	2,607
Trade receivables	3,542	3,699
Other receivables	4,476	1,599
Fixed deposit with licensed banks	-	709
Cash and bank balances	444	427
Total current assets	<u>10,908</u>	<u>9,041</u>
TOTAL ASSETS	<u>62,700</u>	<u>83,597</u>

IQZAN HOLDING BERHAD (Registration No.: 200201008458 (576121-A))

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

	Unaudited As at 30/09/2023 RM'000	Audited As at 31/03/2023 RM'000
EQUITY		
Share capital	82,535	82,535
Redeemable Convertible Preference Shares ("RCPS")	11,321	11,321
Reserves	(86,006)	(63,575)
Equity attributable to owners of the parent	7,850	30,281
Non-controlling interests	4,486	4,481
Total equity	12,336	34,762
LIABILITIES		
Non-current liabilities		
Loans and borrowings	1,914	1,914
Lease Liabilities	826	826
Deferred tax liabilities	788	1,454
Total non-current liabilities	3,528	4,194
Current liabilities		
Trade payables	1,755	2,630
Other payables	36,377	36,951
Loans and borrowings	915	2,093
Lease Liabilities	330	418
Amount owing to associate	5,427	-
Amount due to Directors	1,509	1,890
Provision for taxation	523	659
Total current liabilities	46,836	44,641
Total liabilities	50,364	48,835
TOTAL EQUITY AND LIABILITIES	62,700	83,597
Net assets per share attributable to owners of the Company, based on number of outstanding shares (sen)	5.56	15.67

The condensed consolidated statement of financial position should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31 March 2023 and the accompanying explanatory notes attached to the interim financial statements.

IQZAN HOLDING BERHAD (Registration No.: 200201008458 (576121-A))

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30/09/2023 (Unaudited) RM'000	30/09/2022 (Unaudited) RM'000	30/09/2023 (Unaudited) RM'000	30/09/2022 (Unaudited) RM'000
Continuing Operations				
Revenue	1,822	3,395	4,544	8,811
Cost of sales	(594)	(1,874)	(2,239)	(3,351)
Gross profit	1,228	1,521	2,305	5,460
Other income	138	258	570	532
Distribution & administrative expenses	(1,594)	(1,338)	(3,444)	(3,685)
Other operating costs	(14,371)	-	(14,371)	-
(Loss) / Profit from operation	(14,599)	441	(14,940)	2,307
Loss on disposal of subsidiary company	(10,439)	-	(10,439)	-
Finance income	-	-	-	-
Finance costs	(5)	(49)	(45)	(147)
Net finance cost	(5)	(49)	(45)	(147)
Share of results of associate	(1,929)	-	(1,929)	-
(Loss) / Profit before tax	(26,972)	392	(27,353)	2,160
Tax expense	(40)	(24)	(142)	(45)
(Loss) / Profit for the period representing total comprehensive (loss) / income for the period	(27,012)	368	(27,495)	2,115

IQZAN HOLDING BERHAD (Registration No.: 200201008458 (576121-A))
(Incorporated in Malaysia)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (continued)**

	INDIVIDUAL QUARTER 3 months ended		INDIVIDUAL QUARTER 6 months ended	
	30/09/2023 (Unaudited) RM'000	30/09/2022 (Unaudited) RM'000	30/09/2023 (Unaudited) RM'000	30/09/2022 (Unaudited) RM'000
(Loss) / Profit for the period attributable to:				
Owners of the parent	(27,119)	77	(27,500)	418
Non-controlling interests	107	291	5	1,697
	<u>(27,012)</u>	<u>368</u>	<u>(27,495)</u>	<u>2,115</u>
Total comprehensive (loss) / income attributable to:				
Owners of the parent	(27,119)	77	(27,500)	418
Non-controlling interests	107	291	5	1,697
	<u>(27,012)</u>	<u>368</u>	<u>(27,495)</u>	<u>2,115</u>
(Loss) / Earnings per share				
Basic / Diluted (loss) / earnings per share (sen)	<u>(12.22)</u>	<u>0.03</u>	<u>(12.40)</u>	<u>0.19</u>

The condensed consolidated statement of financial position should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31 March 2023 and the accompanying explanatory notes attached to the interim financial statements.

IQZAN HOLDING BERHAD (Registration No.: 200201008458 (576121-A))
(Incorporated in Malaysia)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

CONDENSED CONSOLIDATED STATEMENT OF CHANGES OF EQUITY

	← Non-distributable		Attributable to owners of the Company →				
	Share capital RM'000	Equity components of RCPS RM'000	Revaluation reserve RM'000	Accumulated losses RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 April 2023	82,535	11,321	3,932	(67,507)	30,281	4,481	34,762
Net loss for the financial period, representing total comprehensive income for the financial period	-	-	-	(27,500)	(27,500)	5	(27,495)
Total comprehensive income	-	-	-	(27,500)	(27,500)	5	(27,495)
Disposal of a subsidiary	-	-	-	5,069	5,069	-	5,069
Total transactions with the owners of the Company	-	-	-	5,069	5,069	-	5,069
At 30 September 2023	82,535	11,321	3,932	(89,938)	7,850	4,486	12,336

IQZAN HOLDING BERHAD (Registration No.: 200201008458 (576121-A))
(Incorporated in Malaysia)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

CONDENSED CONSOLIDATED STATEMENT OF CHANGES OF EQUITY (continued)

	←	←	←	←	←	←	←
	Share capital	Equity components of RCPS	Revaluation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2022	82,535	11,321	3,932	(68,283)	29,505	2,688	52,193
Net profit for the financial period, representing total comprehensive income for the financial period	-	-	-	418	418	1,697	2,115
Total comprehensive income	-	-	-	418	418	1,697	2,115
Disposal of subsidiaries	-	-	-	3,532	3,532	(3,107)	425
Total transactions with the owners of the Company	-	-	-	3,532	3,532	(3,107)	425
At 30 September 2022	82,535	11,321	3,932	(64,333)	33,455	1,278	34,733

The condensed consolidated statement of financial position should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31 March 2023 and the accompanying explanatory notes attached to the interim financial statements.

IQZAN HOLDING BERHAD (Registration No.: 200201008458 (576121-A))

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	CUMULATIVE QUARTERS	
	6 months ended	
	30/09/2023	30/09/2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation:	(27,353)	2,160
Adjustments for:		
Depreciation of property, plant and equipment	948	1,414
Depreciation of right-of-use assets	20	264
Contingent liability of loan	14,371	-
Loss on disposal of a subsidiary company	10,439	-
Share of results of associate	1,929	-
Finance cost	45	147
Operating profit before changes in working capital	399	3,985
Changes in working capital:		
Receivables	(2,720)	(3,871)
Inventories	161	(140)
Payables	3,267	697
Cash generated from / (used in) operations	1,107	671
Interest paid	(45)	(147)
Tax paid	(8)	(18)
Net cash generated from / (used in) operating activities	1,054	506
CASH FLOWS FROM INVESTING ACTIVITY		
Withdrawal of fixed deposits	709	-
Effect of disposal on subsidiaries	-	425
Net cash generated from investing activities	709	425
Balance carried forward	1,763	931

IQZAN HOLDING BERHAD (Registration No.: 200201008458 (576121-A))

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**

	CUMULATIVE QUARTERS	
	6 months ended	
	30/09/2023	30/09/2022
	RM'000	RM'000
Balance brought forward	1,763	931
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of finance lease liabilities	-	(255)
Repayment of term loans	(1,178)	(708)
Repayment of lease liabilities, net of repayment	(88)	-
Net cash used in financing activities	(1,266)	(963)
NET DECREASE IN CASH AND CASH EQUIVALENTS	497	(32)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	(366)	(449)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	131	(481)
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the end of the financial period comprise:		
Cash and bank balances	444	630
Fixed deposit with licensed bank	-	697
	<u>444</u>	<u>1,327</u>
Less: Fixed deposit with licensed bank	-	(697)
	<u>444</u>	<u>630</u>
Less: Bank overdraft	(313)	(1,111)
Cash and cash equivalents	<u>131</u>	<u>(481)</u>

The condensed consolidated statement of financial position should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31 March 2023 and the accompanying explanatory notes attached to the interim financial statements.

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 2023.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2023, 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 2023.

Effective for annual periods beginning on or after 1 January 2023

Amendments to MFRS 17	Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 2024

Amendments to MFRS 16	Lease Liability in a Sales and Leasback
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

Effective date deferred to a date to be determined by MASB

Amendments to MFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
-----------------------	---

NOTES TO THE INTERIM FINANCIAL REPORT

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

A3. SEASONAL OR CYCLICAL FACTORS

There were no seasonal or cyclical factors affecting the results of the Group for the current quarter and six months ended 30 September 2023.

A4. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

Save as disclosed in note B4, there were no unusual item affecting assets, liabilities, equity, net income or cash flows of the Group for the current quarter and six months ended 30 September 2023.

A5. CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported in prior financial year that have had a material effect for the current quarter and six months ended 30 September 2023.

A6. DEBTS AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resales and repayments of debts and equity securities for the current quarter and six months ended 30 September 2023.

A7. DIVIDEND PAID

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

NOTES TO THE INTERIM FINANCIAL REPORT

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

A8. SEGMENTAL INFORMATION

The segmental information is as follows:

	Manufacturing RM'000	Trading RM'000	Investment Holding RM'000	Others RM'000	Total RM'000
Revenue					
External revenue	1,449	1,889	2,077	-	5,415
Inter-segment revenue	(871)	-	-	-	(871)
Segment revenue	<u>578</u>	<u>1,889</u>	<u>2,077</u>	<u>-</u>	<u>4,544</u>
Results					
Segment results	(660)	(248)	(13,900)	(132)	(14,940)
Loss on disposal of a subsidiary	-	-	(10,439)	-	(10,439)
Finance costs	(5)	(34)	-	(6)	(45)
Share of results of associate	-	-	(1,929)	-	(1,929)
Tax expense	-	41	(183)	-	(142)
Loss for the period					<u>(27,495)</u>

A9. CHANGES IN CONTINGENT LIABILITIES

There were no changes in contingent liabilities as one of the subsidiaries has been disposed of during this quarter.

A10. CONTINGENT LIABILITIES

Changes in material litigation since the date of the last audited annual statement of financial position up to 26 July 2022 are as follows:

Case No. WA-22NCVC-384-07/2022

On 19th May 2023, the Company been informed by our legal counsel that the High Court gave judgement in favour of Harta Packaging Industries (Perak) Sdn Bhd for the sum of RM1,637,981.77 plus interest and cost of RM5,000. After deliberation, the Company is best to appeal because the Company was not the corporate guarantor.

The proceedings still in progress.

NOTES TO THE INTERIM FINANCIAL REPORT

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

A11. SIGNIFICANT EVENT DURING THE CURRENT QUARTER

Disposal of Total 51.39% Equity Interest in Zoomic Technology (M) Sdn. Bhd.

The Company had on 4 August 2023 and 7 August 2023 respectively settled the amount owing to Digital Miracles Sdn. Bhd. and Million Saint Consultancy Sdn. Bhd. via the disposal of 2,106,990 ordinary shares and 4,213,980 ordinary shares respectively representing 17.13% and 34.26% equity interest in its wholly-owned subsidiary, namely Zoomic Technology (M) Sdn. Bhd. for a total sale consideration of RM1,200,000.00 and RM2,400,000.00 respectively.

The summarised impact is as follows:

	RM'000
Sales proceeds	3,600
Add: Fair value of residual interest (48.61%)	<u>5,735</u>
	9,335
Less: Net Assets at acquisition date (Group costs)	<u>(19,774)</u>
Loss on disposal	<u>(10,439)</u>

IQZAN HOLDING BERHAD (Registration No: 200201008458 (576121 - A))
(Incorporated in Malaysia)

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 the current quarter against the preceding year corresponding quarter

The Group reported revenue of RM1.8 million for the current quarter under review as compared to revenue of RM3.4 million in the preceding year's corresponding quarter. The decrease was mainly due to the lower revenue achieved in the trading and manufacturing segment.

The Group recorded a loss before tax of RM27.0 million for the current quarter under review, as compared to a profit before tax of RM0.4 million, mainly due to the loss on disposal of a subsidiary, Zoomic Technology (M) Sdn. Bhd, and contingent liability amounting to RM10.4 million and RM14.4 million respectively, during the current quarter under review. Operationally, the Group has reported a loss before tax of RM0.2 million in the current quarter under review.

Comparison with preceding quarter

The Group has reported a loss before tax of 27.0 million for the current quarter under review, as compared to RM0.4 million in the preceding quarter, mainly due to the loss on disposal of a subsidiary, Zoomic Technology (M) Sdn. Bhd, and contingent liability amounting to RM10.4 million and RM14.4 million accordingly, during the current quarter under review. Operationally, the Group has reported a loss before tax of RM0.2 million in the current quarter under review.

B2. PROSPECT FOR THE FINANCIAL YEAR

The Group's future prospects will depend on the performance of the main subsidiaries which are Asiawood Lumbers Sdn Bhd and RV Woods Sdn Bhd, as well as the existing manufacturing business of manufacturing of automated press pallet and 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.

The Group will continue its effort to drive its performance improvements along with the recovery of the economic environment.

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.

IQZAN HOLDING BERHAD (Registration No: 200201008458 (576121 - A))
(Incorporated in Malaysia)

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)

B4. (LOSS)/PROFIT BEFORE TAX

	3 Months Ended		6 Months Ended	
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
(Loss)/Profit before tax is arrived at after charging/(crediting):				
Depreciation of property, plant and equipment	418	752	948	1,414
Depreciation of right-of-use assets	(4)	97	20	264
Finance cost	5	49	45	147
Loss on disposal of a subsidiary	10,439	-	10,439	-
Share of results of associate	1,929	-	1,929	-

B5. TAXATION

	3 Months Ended		6 Months Ended	
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
Current income expense				
- Current year	(48)	(24)	(150)	(45)
- Overprovision in prior year	41	-	41	-
	(7)	(24)	(109)	(45)
Deferred tax				
- Underprovision in prior year	(33)	-	(33)	-
Tax expense for the period	<u>(40)</u>	<u>(24)</u>	<u>(142)</u>	<u>(45)</u>

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				
Term Loan	602	1,914	2,516	6.75 - 7.00
Overdraft	313	-	313	6.75 - 7.00
Total	<u>915</u>	<u>1,914</u>	<u>2,829</u>	

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. STATUS OF CORPORATE PROPOSAL

There were no corporate proposals announced but not completed.

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.

B9. CAPITAL COMMITMENTS

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

B10. (LOSS)/EARNINGS PER SHARE

	3 Months Ended		6 Months Ended	
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
Total comprehensive income attributable to:				
Owners of the Company	<u>(27,119)</u>	<u>77</u>	<u>(27,500)</u>	<u>418</u>
Weighted average number of ordinary shares in issue ('000)	<u>221,840</u>	<u>221,840</u>	<u>221,840</u>	<u>221,840</u>
Basic/diluted (loss)/earnings per share (sen)	<u>(12.22)</u>	<u>0.03</u>	<u>(12.40)</u>	<u>0.19</u>

The Company does not have any dilutive potential ordinary shares in issue for the financial period under review.