

ANZO HOLDINGS BERHAD (36998T)
(Incorporated in Malaysia)

UNAUDITED FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2019

EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of Preparation and Significant Accounting Policies

The condensed interim financial statements for the period ended 31 October 2019 are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), and should be read in conjunction with the Group audited financial statements for the year ended 31 July 2019.

The accounting policies applied by the Group in this condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 July 2019, except for the adoption of the following MFRS, IC Interpretation and Amendments to MFRS which are effective beginning 1 January 2019:

MFRS 16 Leases

The adoption of the above revised standards and amendments is not expected to result in any material impact on the financial position and results of the Group.

A2 Audit Qualifications

The auditors’ report on the financial statements for the year ended 31 July 2019 was not qualified.

A3 Seasonal or Cyclical Factors

The operations of the Group were not significantly affected by seasonal and cyclical factors.

A4 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows because of their nature, size or incidence for the financial period under review.

A5 Material Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter results.

A6 Debt and Equity Securities

There were no cancellations, repurchases, resale and repayment of debt or equity securities for the financial period ended 31 October 2019.

A7 Dividend Paid

There were no dividends paid for the current quarter.

A8 Segment Revenue and Results

The segmental analysis for the Group for the financial period ended 31 July 2019 is as follows:-

| | Timber service RM'000 | Property development & construction RM'000 | Investment holding and others RM'000 | Adjustment and Elimination RM'000 | Consolidated RM'000 |
|---------------------|--------------------------|---|---|--|------------------------|
| REVENUE | | | | | |
| External sales | 1,415 | 800 | - | - | 2,215 |
| Inter-segment sales | - | - | 90 | (90) | - |
| Total revenue | 1,415 | 800 | 90 | (90) | 2,215 |

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| | Timber service RM'000 | Property development & construction RM'000 | Investment holding and others RM'000 | Adjustment and Elimination RM'000 | Consolidated RM'000 |
|---|--------------------------|---|---|--|------------------------|
| RESULTS | | | | | |
| Segment results | (254) | (274) | (359) | - | (887) |
| Interest income | 2 | 11 | 86 | - | 99 |
| Interest expense | (9) | - | - | - | (9) |
| Profit/(loss) before Taxation | (261) | (263) | (273) | - | (797) |
| Taxation | 5 | - | 14 | - | 19 |
| Net profit/(loss) for the financial year | (256) | (263) | (259) | - | (778) |
| Additions to non- current assets | - | - | - | - | - |
| Segment assets | 25,768 | 116,264 | 151,968 | (139,515) | 154,485 |

**NON-CASH
EXPENSES/
(INCOME)**

| | | | | | |
|---|-----|---|-----|---|-----|
| Depreciation of property, plant and equipment | 331 | 6 | 127 | - | 464 |
|---|-----|---|-----|---|-----|

A9 Material Events Subsequent to the End of the Period

There were no material events subsequent to the end of the current quarter.

A10 Changes in Composition of the Group

There have been no changes in the composition of the Group for the financial period ended 31 October 2019.

A11 Changes in Contingent liabilities/Contingent assets

There were no material changes in contingent liabilities or assets since the last annual balance sheet date.

A12 Capital commitment

There were no capital commitments incurred by the Group to any parties as at 31 October 2019.

A13 Significant Related Party Transactions

There were no significant related party transactions occurred during the financial period ended 31 October 2019 except outstanding sum brought forward from previous related party transaction as disclosed below:

| | Current quarter ended | Financial period ended |
|--|--------------------------|---------------------------|
| | <u>31/10/2019</u> | <u>31/7/2019</u> |
| Recurrent related party transaction with a Company in which a director has substantial financial interest previously: | | |
| KL Northgate Sdn Bhd | RM | RM |
| - Refundable deposit for leasing of office space | - | 2,868,255 |

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ADDITIONAL INFORMATION REQUIRED BY APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS

B1 Review of performance

| | Individual Quarter (RM'000) | | | Year to Date (RM'000) | | |
|--------------------------|-----------------------------|------------|---------|-----------------------|------------|---------|
| | 31/10/2019 | 31/10/2018 | Var (%) | 31/10/2019 | 31/10/2018 | Var (%) |
| Revenue | 2,215 | 1,587 | 40 | 2,215 | 1,587 | 40 |
| Gross Profit/(Loss) | 78 | 44 | 77 | 78 | 44 | 77 |
| Profit/(loss) before tax | (798) | (683) | -17 | (798) | (683) | -17 |

During the quarter, the Group's revenue and gross profit have increased by 40% and 77% respectively compare to previous year corresponding quarter mainly due to contribution from trading section under construction division.

However, the loss before tax has increased by 17% mainly due to higher administrative expenses.

B2 Comparison with immediate preceding quarter

| | Individual Quarter (RM'000) | | Var (%) |
|--------------------------|-----------------------------|-----------|---------|
| | 31/10/2019 | 31/7/2019 | |
| Revenue | 2,215 | 1,721 | 29% |
| Gross Profit/(Loss) | 78 | 60 | 30% |
| Profit/(loss) before tax | (798) | (827) | 3% |

During the quarter, the Group's revenue and gross profit have increased mainly due to higher contribution from the trading section of construction division with revenue of RM0.8 million (2019: 0.2 million). Apart from that, the rest are consistent with the operation results of the preceding quarter.

B3 Prospects

Despite the Group has entered into mutual termination agreement with its customer pertaining to the Porto De Melaka Phase 1 contract on 3 Oct 2019, the the Group will continue to focus on its operational efficiency and productivity so that satisfactory results can be achieved for the current financial year.

B4 Variance of Actual Profit from Forecast Profit/Gurantee

The Group did not issue any profit forecast or profit guarantee.

B5 Taxation

| | Current Quarter 31 Oct 2019 | Financial Period ended 31 Oct 2019 |
|--------------------|--------------------------------|---------------------------------------|
| | RM | RM |
| Current income tax | - | - |
| Deferred Tax | (19,453) | (19,453) |
| | <u>(19,453)</u> | <u>(19,453)</u> |

B6 Profit/(Loss) on Sale of Unquoted Investments or Properties

There was no disposal of unquoted investments or properties for the current quarter and financial period to date.

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B7 Purchase or Disposal of Quoted Securities

- (a) There was no purchase or disposal of quoted securities for the current quarter and financial period to date.
- (b) There was no investment in quoted securities as at the end of the financial period.

B8 Status of Corporate Proposals

There were no other corporate proposals that have been announced but not yet completed during the period under review.

Utilisation of Proceeds From Right Issues

As at 31 October 2019, the proceeds raised from the Right Issues exercise on 23 June 2017 were utilized as follows:

| Purpose | Expected time frame for utilisation of proceeds from the date of listing of the Right Shares | Proposed utilisation RM'000 | Actual utilisation RM'000 | Deviation RM'000 |
|--|--|-----------------------------|---------------------------|------------------|
| Construction work for Melaka project Phase 1 | Within 30 months | 35,000,000 | 29,606,045 | 5,393,955 |
| Future construction work | Within 24 months | 50,670,308 | 58,376,597 | (7,706,289) |
| Working Capital | Within 24 months | 10,000,000 | 7,068,774 | 2,931,226 |
| Estimated expenses for the Right Issues | Immediate | 730,000 | 551,821 | 178,179 |
| Total | | 96,400,308 | 95,603,237 | 797,071 |

B9 Group Borrowings and Debts Securities

Group's borrowings as at 31 October 2019 were as follows:

| | Short Term RM'000 | Long Term RM'000 | Total RM'000 |
|------------------------|-------------------|------------------|--------------|
| (a) Secured Borrowings | | | |
| Hire purchase payables | 459 | 235 | 694 |
| | 459 | 235 | 694 |

The Group borrowings are all denominated in Ringgit Malaysia

B10 Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk at the date of this report.

B11 Changes in Material Litigations

There is no material litigation since the last annual balance sheet date of 31 July 2019.

B12 Dividends - Proposed, Recommended or Declared

There were no dividends proposed, recommended or declared for the period ended 31 October 2019.

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B13 Profit/(Loss) Per Share

Profit/(loss) per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

| | <u>Individual Quarter ended</u> | | <u>Cumulative Quarter ended</u> | |
|---|---------------------------------|-------------------|---------------------------------|-------------------|
| | <u>31/10/2019</u> | <u>31/10/2018</u> | <u>31/10/2019</u> | <u>31/10/2019</u> |
| Profit/(loss) attributable to ordinary equity holders (RM) | (778,340) | (663,071) | (778,340) | (663,071) |
| Weighted average number of shares | 880,810,960 | 880,810,960 | 880,810,960 | 880,810,960 |
| Adjustment for assumed exercise of warrant and SIS | - | - | - | - |
| Adjusted weighted average number of ordinary shares issued and issuable | 880,810,960 | 880,810,960 | 880,810,960 | 880,810,960 |
| Earning per share (sen) | | | | |
| Basic | (0.09) | (0.08) | (0.09) | (0.08) |
| Diluted | (0.09) | (0.08) | (0.09) | (0.08) |

B14 Profit/(Loss) before tax

| | <u>Current Quarter ended</u> | | <u>Financial Period ended</u> | |
|--|------------------------------|-------------------|-------------------------------|-------------------|
| | <u>31/10/2019</u> | <u>31/10/2018</u> | <u>31/10/2019</u> | <u>31/10/2018</u> |
| Profit/(loss) before tax is arrived at after charging/(crediting): | RM | RM | RM | RM |
| Interest Expense | 8,757 | 15,084 | 8,757 | 15,084 |
| Depreciation | 464,578 | 468,185 | 464,578 | 468,185 |
| Prov for doubtful debts | - | (10,000) | - | (10,000) |
| Interest Income | (99,672) | (120,291) | (99,672) | (120,291) |