

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

UNAUDITED FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2020

EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of Preparation and Significant Accounting Policies

The condensed interim financial statements for the period ended 31 January 2020 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 January 2020.

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 January 2020 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	2,499	4,670	-	-	7,169
Inter-segment sales	-	-	180	(180)	-
Total revenue	<u>2,499</u>	<u>4,670</u>	<u>180</u>	<u>(180)</u>	<u>7,169</u>

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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	(383)	(356)	(822)	-	(1,561)
Interest income	5	19	176	-	200
Interest expense	(23)	-	-	-	(23)
Profit/(loss) before Taxation	(401)	(337)	(646)	-	(1,384)
Taxation	10	-	29	-	39
Net profit/(loss) for the financial year	(391)	(337)	(617)	-	(1,345)
Additions to non- current assets	-	546	-	-	546
Segment assets	26,019	119,309	151,438	(139,691)	153,275

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

Depreciation of property, plant and equipment (PPE)	637	21	253	-	911
(Gain)/loss on disposal of PPE	(96)	-	-	-	(96)

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 January 2020.

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 January 2020.

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A13 Significant Related Party Transactions

There were no significant related party transactions occurred during the financial period ended 31 January 2020 except outstanding sum brought forward from previous related party transaction as disclosed below:

	Current quarter ended	Financial period ended
Recurrent related party transaction with a Company in which a director has substantial financial interest previously:	<u>31/1/2020</u>	<u>31/1/2020</u>
KL Northgate Sdn Bhd	RM	RM
- Refundable deposit for leasing of office space	(220,000)	2,648,255

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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)		
	31/1/2020	31/1/2019	Var (%)	31/1/2020	31/1/2019	Var (%)
Revenue	4,953	1,403	253	7,169	2,991	140
Gross Profit/(Loss)	319	12	2,558	397	56	609
Profit/(loss) before tax	(586)	(1,002)	42	(1,384)	(1,684)	18

During the quarter, the Group's revenue and gross profit have increased by 253% and 2,558% respectively compare to previous year corresponding quarter mainly due to contribution from trading section under construction division. In line with the improved operation results, the loss before tax has been reduced from RM1 million in 2019 to RM0.6 million in 2020.

For the year to date, the Group's revenue and gross profit have been substantially increased to RM7.2 million and RM0.4 million respectively due to contribution from trading activities under construction division. As a result, the loss before tax has been reduced from RM1.7 million in 2019 to RM1.4 million in 2020.

B2 Comparison with immediate preceding quarter

	Individual Quarter (RM'000)		Var (%)
	31/1/2020	31/10/2019	
Revenue	4,953	2,215	124
Gross Profit/(Loss)	319	78	309
Profit/(loss) before tax	(586)	(798)	26

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 RM3.87 million (2020 1Qtr: 0.8 million). Apart from that, the rest are consistent with the operation results of the preceding quarter.

B3 Prospects

The Group is cautious of the prospects for the current financial year as the economy continues to face various headwinds especially with the coronavirus outbreak. A broad-based slowdown in the economy is expected, however, the overall impact will also depend on the duration and spread of the outbreak. 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/Guarantee

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

B5 Taxation

	Current Quarter 31 Jan 2020	Financial Period ended 31 Jan 2020
	RM	RM
Current income tax	-	-
Deferred Tax	(19,453)	(38,906)
	<u>(19,453)</u>	<u>(38,906)</u>

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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.

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 January 2020, 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	7,865,845	2,134,155
Estimated expenses for the Right Issues	Immediate	730,000	551,821	178,179
Total		96,400,308	96,400,308	0

B9 Group Borrowings and Debts Securities

Group's borrowings as at 31 January 2020 were as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
(a) Secured Borrowings			
Hire purchase payables	286	295	581
	286	295	581

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 January 2020.

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B13 Profit/(Loss) Per Share

Profit/(loss) per share is calculated by dividing the net profit/(loss) 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>31/1/2020</u>	<u>31/1/2019</u>	<u>31/1/2020</u>	<u>31/1/2019</u>
Profit/(loss) attributable to ordinary equity holders (RM)	(566,769)	(982,426)	(1,345,109)	(1,645,497)
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	(0.06)	(0.11)	(0.15)	(0.19)
Diluted	(0.06)	(0.11)	(0.15)	(0.19)

B14 Profit/(Loss) before tax

	<u>Current Quarter ended</u>		<u>Financial Period ended</u>	
	<u>31/1/2020</u>	<u>31/1/2019</u>	<u>31/1/2020</u>	<u>31/1/2019</u>
Profit/(loss) before tax is arrived at after charging/(crediting):	RM	RM	RM	RM
Interest Expense	14,156	13,573	22,913	28,657
Depreciation	446,750	465,657	911,328	933,842
Prov for doubtful debts	-	-	-	(10,000)
Interest Income	(100,134)	(68,412)	(199,806)	(188,703)
(Gain)/loss on disposal of PPE	(96,281)	-	(96,281)	-