

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

UNAUDITED FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2020

EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of Preparation and Significant Accounting Policies

The condensed interim financial statements for the period ended 30 April 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 30 April 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 30 April 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	3,330	12,206	-	-	15,536
Inter-segment sales	-	-	270	(270)	-
Total revenue	<u>3,330</u>	<u>12,206</u>	<u>270</u>	<u>(270)</u>	<u>15,536</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	(570)	171	(1,240)	-	(1,639)
Interest income	15	23	243	-	281
Interest expense	(28)	-	-	-	(28)
Profit/(loss) before Taxation	(583)	194	(997)	-	(1,386)
Taxation	15	-	43	-	58
Net profit/(loss) for the financial year	(568)	194	(954)	-	(1,328)
Additions to non- current assets	199	546	-	-	745
Segment assets	26,382	122,343	151,217	(144,314)	155,628
NON-CASH EXPENSES/ (INCOME)					
Depreciation of property, plant and equipment (PPE)	938	55	380	-	1,373
(Gain)/loss on disposal of PPE	(96)	-	-	-	(96)
Fair value (gain)/loss on other investment	-	-	4	-	4

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 30 April 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 30 April 2020.

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A13 Significant Related Party Transactions

The significant related party transactions occurred during the financial period ended 30 April 2020 and outstanding sum brought forward from previous related party transaction are 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>30/4/2020</u>	<u>30/4/2020</u>
KL Northgate Sdn Bhd	RM	RM
- Refundable deposit for leasing of office space	-	2,648,255
-Project cost incurred	106,400	106,400

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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)		
	30/4/2020	30/4/2019	Var (%)	30/4/2020	30/4/2019	Var (%)
Revenue	8,367	1,506	456	15,536	4,497	245
Gross Profit/(Loss)	909	35	2497	1,306	91	1335
Profit/(loss) before tax	(2)	(1,025)	100	(1,386)	(2,709)	49

During the quarter under review, the Group's Revenue and Gross Profit increased by 4.6 times and almost 25 times respectively, if compared to the previous year's corresponding period. This was mainly due to the contribution made from the trading section of the construction division, which provided RM7.5 million (2019: nil) turnover during the quarter.

The timber division was badly affected by the Movement Control Order (MCO) which came into effect in March 2020. This was evinced by its contribution of only RM0.9 million (2019: RM1.5 million) turnover during the period.

In line with the improved operating results, the Group achieved a minor Loss Before Tax of RM2,000 compared to a Loss Before Tax of RM1.0 million in the previous year's corresponding quarter.

For the year to date, and as a result of the trading business explained above, the Group's Revenue and Gross Profit improved and saw an increase to RM15.5 million and RM1.3 million respectively. Due to this, the Loss Before Tax was able to be reduced by almost half, from RM2.7 million in 2019 to RM1.4 million in 2020.

B2 Comparison with immediate preceding quarter

	Individual Quarter (RM'000)		Var (%)
	30/4/2020	31/1/2020	
Revenue	8,367	4,953	69
Gross Profit/(Loss)	909	319	185
Profit/(loss) before tax	(2)	(586)	100

For the quarter under review, the Group's operating results have been substantially improved due to more sales from the trading business under construction division as explained above.

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 and the Group is actively pursuing measures to manage our operating costs and revising the business plans to mitigate any potential negative impact arising from the COVID-19 pandemic. 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.

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B5 Taxation

	Current Quarter 30 Apr 2020	Financial Period ended 30 Apr 2020
	RM	RM
Current income tax	-	-
Deferred Tax	(19,453)	(58,359)
	(19,453)	(58,359)

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

There was no disposal of 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.

B9 Group Borrowings and Debts Securities

Group's borrowings as at 30 April 2020 were as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
(a) Secured Borrowings			
Hire purchase payables	191	447	638
	191	447	638

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 30 April 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>30/4/2020</u>	<u>30/4/2019</u>	<u>30/4/2020</u>	<u>30/4/2019</u>
Profit/(loss) attributable to ordinary equity holders (RM)	17,012	(1,005,680)	(1,328,097)	(2,651,177)
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	0.00	(0.11)	(0.15)	(0.30)
Diluted	0.00	(0.11)	(0.15)	(0.30)

B14 Profit/(Loss) before tax

Profit/(loss) before tax is arrived at after charging/(crediting):	<u>Current Quarter ended</u>		<u>Financial Period ended</u>	
	<u>30/4/2020</u>	<u>30/4/2019</u>	<u>30/4/2020</u>	<u>30/4/2019</u>
	RM	RM	RM	RM
Interest Expense	5,648	11,920	28,561	40,577
Depreciation	461,433	465,391	1,372,761	1,399,233
Prov for doubtful debts	-	-	-	(10,000)
Fair value (gain)/loss on investment	3,952	-	3,952	-
Interest Income	(81,103)	(120,688)	(280,909)	(309,391)
Gain on disposal of PPE	-	-	(96,281)	-
Other income including investment income	(881)	-	(881)	-