

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

UNAUDITED FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JULY 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 July 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.

On 16 July 2020, the Company announced the change of financial year end from 31 July to 30 September. The first set of audited financial statements reflecting the change shall be made from 1 August 2019 to 30 September 2020 covering a period of 14 months. Thereafter, the subsequent financial years of the Company shall end on 30 September.

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

Save as disclosed below, there were no cancellations, repurchases, resale and repayment of debt or equity securities for the financial period ended 31 July 2020:

| | Units | | | | SIS |
|--------------------------|--------------------|------------------------|------------------------|------------------------|--------------|
| | Ordinary Shares | Warrant A 2009/2019 | Warrant B 2013/2023 | Warrant C 2017/2020 | |
| As at 1 August 2019 | 880,810,960 | 78,563,798 | 32,991,025 | 241,000,736 | 11,527,100 |
| Warrant A & C expired | - | (78,563,798) | - | (241,000,736) | |
| SIS granted | | | | | 5,950,000 |
| ESOS Exercised | 11,620,000 | - | - | | (13,388,700) |
| As at 31 July 2020 | 892,430,960 | - | 32,991,025 | - | 4,088,400 |

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

UNAUDITED FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JULY 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 July 2020 is as follows:-

| | Timber services | Property Development & construction | Trading | Investment & others | Adjustment & Elimination | Total |
|-------------------------------|----------------------------|--|----------------|------------------------------------|---|----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | | | | | |
| External sales | 4,049 | 11 | 31,503 | - | | 35,563 |
| Intersegment sales | - | - | - | 500 | (500) | - |
| | 4,049 | 11 | 31,503 | 500 | (500) | 35,563 |
| Results | | | | | | |
| Segment results | (687) | (516) | 1,095 | (1,570) | | (1,678) |
| Interest income | 26 | 25 | - | 290 | | 341 |
| Interest expense | (32) | (2) | - | - | | (34) |
| Profit/(loss) before taxation | (693) | (493) | 1,095 | (1,280) | | (1,371) |
| Taxation | 21 | - | - | 57 | | 78 |
| Net profit/(loss) | (672) | (493) | 1,095 | (1,223) | | (1,293) |
| Segment assets | 22,326 | 112,182 | 17,592 | 151,322 | (142,031) | 161,391 |
| Segment liabilities | 24,544 | 119,209 | 10,235 | 1,454 | (136,733) | 18,709 |

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 July 2020.

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

UNAUDITED FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JULY 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 July 2020.

A13 Significant Related Party Transactions

The significant related party transactions occurred during the financial period ended 31 July 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>31/7/2020</u> | <u>31/7/2020</u> |
| KL Northgate Sdn Bhd | RM | RM |
| - Refundable deposit for leasing of office space | - | 2,648,255 |
| -Project cost incurred | - | 106,400 |

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

UNAUDITED FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JULY 2020

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) | | |
|--------------------------|-----------------------------|-----------|---------|-----------------------|-----------|---------|
| | 31/7/2020 | 31/7/2019 | Var (%) | 31/7/2020 | 31/7/2019 | Var (%) |
| Revenue | 20,026 | 1,721 | 1064 | 35,563 | 6,218 | 472 |
| Gross Profit/(Loss) | 973 | 60 | 1522 | 2,279 | 151 | 1409 |
| Profit/(loss) before tax | 15 | (827) | 102 | (1,372) | (3,536) | 61 |

During the quarter under review, the Group's Revenue and Gross Profit increased by 10.6 times and almost 15 times respectively compared to the previous year's corresponding period. This was mainly due to the contribution made from the new copper scrap trading business from the trading division, which provided RM15.6 million (2019 4Qtr: nil) turnover during the quarter.

The timber division was badly affected by the Movement Control Order (MCO) which came into effect from March 2020. This was evidenced by its contribution of only RM0.7 million (2019 4Qtr: RM1.5 million) turnover during the period.

In line with the improved operating results, the Group achieved a small Profit before tax of RM0.02 million compared to a Loss Before Tax of RM0.8 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 RM35.6 million and RM2.3 million respectively. Due to this, the Loss before tax was able to be reduced by almost half, from RM3.5 million in 2019 to RM1.4 million in 2020.

B2 Comparison with immediate preceding quarter

| | Individual Quarter (RM'000) | | Var (%) |
|--------------------------|-----------------------------|-----------|---------|
| | 31/7/2020 | 30/4/2020 | |
| Revenue | 20,026 | 8,367 | 139 |
| Gross Profit/(Loss) | 973 | 909 | 7 |
| Profit/(loss) before tax | 15 | (2) | 950 |

For the quarter under review, the Group's revenue have been substantially improved due to the new copper scrap trading business as explained above. Apart from the above, the operation results are consistent with the preceding quarter.

B3 Prospects

The Group is cautious of the prospects for the current financial year following the broad-based slowdown in the economy with the coronavirus outbreak. The Group is actively pursuing measures to manage 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.

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

UNAUDITED FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JULY 2020

B5 Taxation

| | Current Quarter 31 Jul 2020 | Financial Period ended 31 Jul 2020 |
|--------------------|--------------------------------|---------------------------------------|
| | RM | RM |
| Current income tax | - | - |
| Deferred Tax | (19,453) | (77,812) |
| | (19,453) | (77,812) |

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 31 July 2020 were as follows:

| | Short Term RM'000 | Long Term RM'000 | Total RM'000 |
|------------------------|----------------------|---------------------|-----------------|
| (a) Secured Borrowings | | | |
| Hire purchase payables | 154 | 391 | 545 |
| | 154 | 391 | 545 |

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 July 2020.

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

UNAUDITED FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JULY 2020

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>31/7/2020</u> | <u>31/7/2019</u> | <u>31/7/2020</u> | <u>31/7/2019</u> |
| Profit/(loss) attributable to ordinary equity holders (RM) | 34,330 | (807,658) | (1,293,767) | (3,458,835) |
| Weighted average number of shares | 884,522,373 | 880,810,960 | 881,743,883 | 880,810,960 |
| Adjustment for assumed exercise of warrant and SIS | - | - | - | - |
| Adjusted weighted average number of ordinary shares issued and issuable | 884,522,373 | 880,810,960 | 881,743,883 | 880,810,960 |
| Earning per share (sen) | | | | |
| Basic | 0.00 | (0.09) | (0.15) | (0.39) |
| Diluted | 0.00 | (0.09) | (0.15) | (0.39) |

B14 Profit/(Loss) before tax

| | <u>Current Quarter ended</u> | | <u>Financial Period ended</u> | |
|--|------------------------------|------------------|-------------------------------|------------------|
| | <u>31/7/2020</u> | <u>31/7/2019</u> | <u>31/7/2020</u> | <u>31/7/2019</u> |
| Profit/(loss) before tax is arrived at after charging/(crediting): | RM | RM | RM | RM |
| Interest Expense | 5,050 | 10,339 | 33,611 | 50,916 |
| Depreciation | 470,221 | 465,403 | 1,842,982 | 1,864,636 |
| Prov for doubtful debts | (1,587) | 4,835 | (1,587) | (5,165) |
| Share options granted under SIS | 33,769 | - | 33,769 | - |
| Fair value gain/(loss) on investment | 2,931 | - | 6,883 | - |
| Interest Income | (60,692) | (121,742) | (341,601) | (431,133) |
| Gain on disposal of PPE | (61,966) | - | (158,247) | - |
| Other income including investment income | (1,330) | - | (2,211) | - |