

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

UNAUDITED FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 September 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 30 September 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/(Lapsed)	12,120,000	-	-		(17,477,100)
As at 30 Sep 2020	892,930,960	-	32,991,025	-	-

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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 September 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	4,642	11	52,583	-		57,236
Intersegment sales	-	-	-	490	(490)	-
	4,642	11	52,583	490	(490)	57,236
Results						
Segment results	(898)	(8,050)	1,460	(2,459)	443	(9,504)
Interest income	33	27	-	315		375
Interest expense	(35)	(2)	-	-		(37)
Profit/(loss) before taxation	(900)	(8,025)	1,460	(2,144)	443	(9,166)
Taxation	24	-	-	66		90
Net profit/(loss)	(876)	(8,025)	1,460	(2,078)	443	(9,076)
Segment assets	23,066	101,601	25,061	150,703	(137,470)	162,961
Segment liabilities	25,487	114,677	19,323	1,316	(132,618)	28,185

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 September 2020.

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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 September 2020.

A13 Significant Related Party Transactions

The significant related party transactions occurred during the financial period ended 30 September 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>30/9/2020</u>	<u>30/9/2020</u>
KL Northgate Sdn Bhd	RM	RM
- Refundable deposit for leasing of office space	(200,000)	2,448,255
-Project cost incurred	-	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)		
	30/9/2020	30/9/2020	31/7/2019	Var (%)
Revenue	21,674	57,236	6,218	820
Gross Profit/(Loss)	316	2,595	151	1618
Profit/(loss) before tax	(7,795)	(9,167)	(3,536)	159

As announced to Bursa Malaysia Securities Bhd on 16 July 2020, the Group has changed its financial year end from 31 July to 30 September, as such, there are no comparative figures for the preceding year corresponding quarter.

During the quarter under review, the Group achieved Revenue and Gross Profit of RM21.7 million and RM0.3 million respectively mainly due to the contribution made from the new copper scrap trading business from the trading division, which provided RM21.1 million turnover during the quarter.

Whereas, the timber division has yet to recovered from the effect of the Movement Control Order (MCO) which came into effect from March 2020. This was evidenced by its contribution of only RM0.6 million turnover during the period.

The Group has incurred loss before tax of RM7.8 million during the quarter mainly due to provision of doubtful debts of RM1.5 million and loss on modification of financial assets of RM6 million on the other debtors.

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 RM57.2 million (2019 : RM6.3 million) and RM2.6 million (2019 : RM0.15 million) respectively. However, the Group's Loss before tax has increased to RM9.2 million mainly due to the provision of doubtful debts and loss on modification of financial assets as explained in the preceding paragraph.

B2 Comparison with immediate preceding quarter

	Individual Quarter (RM'000)		Var (%)
	30/9/2020	31/7/2020	
Revenue	21,674	20,026	8
Gross Profit/(Loss)	316	973	-68
Profit/(loss) before tax	(7,795)	15	-52060

For the quarter under review, the operation results are consistent with the preceding quarter. However, the Group has incurred higher loss before tax of RM7.8 million mainly due to the reasons as explained in the preceding paragraph.

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.

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B5 Taxation

	Current Quarter 30 Sep 2020	Financial Period ended 30 Sep 2020
	RM	RM
Current income tax	-	-
Deferred Tax	(12,969)	(90,781)
	(12,969)	(90,781)

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) The total purchase or disposal of quoted securities for the current quarter and financial period to date are disclosed below:

	Individual Quarter (RM'000)	YTD (RM'000)
	30/9/2020	30/9/2020
Total purchases	496	496
Total sales	512	512

(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 September 2020 were as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
(a) Secured Borrowings			
Hire purchase payables	351	150	501
	351	150	501

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.

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B12 Dividends - Proposed, Recommended or Declared

There were no dividends proposed, recommended or declared for the period ended 30 September 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.

	Ind Quarter Ended 30/9/2020	Cumulative Quarter ended 30/9/2020
Profit/(loss) attributable to ordinary equity holders (RM)	(7,782,027)	(9,075,794)
Weighted average number of shares	892,529,321	883,284,660
Adjustment for assumed exercise of warrant and SIS	-	-
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Adjusted weighted average number of ordinary shares issued and issuable	892,529,321	883,284,660
Earning per share (sen)		
Basic	(0.87)	(1.03)
Diluted	(0.87)	(1.03)

B14 Profit/(Loss) before tax

	<u>Current Quarter ended</u> 30/9/2020	<u>Financial Period ended</u> 30/9/2020
Profit/(loss) before tax is arrived at after charging/(crediting):	RM	RM
Interest Expense	2,614	36,225
Depreciation	300,703	2,143,685
Loss on modification of financial assets	6,006,810	6,006,810
Prov for doubtful debts	1,551,058	1,549,471
Share options granted under SIS	(174,064)	(140,295)
Fair value gain/(loss) on investment	94,505	101,388
Interest Income	(33,648)	(375,249)
Gain on disposal of PPE	-	(158,247)
Other income including investment income	(97,137)	(99,348)