

ANZO HOLDINGS BERHAD (36998T)
(Formerly known as HARVEST COURT INDUSTRIES BERHAD)
(Incorporated in Malaysia)

UNAUDITED FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

EXPLANATORY NOTES PURSUANT TO FRS 134

A1 Basis of Preparation and Significant Accounting Policies

The condensed interim financial statements for the period ended 30 September 2016 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 March 2016.

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 March 2016.

A2 Audit Qualifications

The auditors' report on the financial statements for the year ended 31 March 2016 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 2016:

	Units			SIS
	Ordinary Shares of RM0.10 each	Warrant A 2009/2019	Warrant B 2013/2023	
As at 1 April 2016	296,014,123	80,666,898	33,178,025	15,512,000
ESOS allocation	-	-	-	25,204,400
ESOS exercised/expired	3,065,500	-	-	(17,749,600)
As at 30 Sep 2016	299,079,623	80,666,898	33,178,025	22,966,800

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 2016 is as follows:-

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	Timber product manufacturing RM'000	Property development & construction RM'000	Investment holding and others RM'000	Adjustment and Elimination RM'000	Consolidated RM'000
REVENUE					
External sales	2,986	-	-	-	2,986
Inter-segment sales	-	-	210	(210)	-
Total revenue	2,986	-	210	(210)	2,986
RESULTS					
Segment results	(705)	(2,157)	(2,449)	-	(5,311)
Interest income	-	-	84	-	84
Interest expense	(57)	-	-	-	(57)
Profit/(loss) before Taxation	(762)	(2,157)	(2,365)	-	(5,284)
Taxation	43	-	65	-	108
Net profit/(loss) for the financial year	(719)	(2,157)	(2,300)	-	(5,176)
Additions to non-current assets					
Segment assets	839	-	-	-	839
	33,000	11,563	44,696	(41,163)	48,096
NON-CASH EXPENSES/ (INCOME)					
Depreciation of property, plant and equipment	740	-	248	-	988
Provision for doubtful debts	218	1,614	-	-	1,832

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 2016.

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 2016.

A13 Significant Related Party Transactions

There were no significant related party transactions occurred during the financial period ended 30 September 2016.

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

B1 Review of performance

Comparison of current quarter with the corresponding quarter in previous year

During the quarter under review, the Group achieved a revenue of RM1.4 million (2Q 2016 : RM1.3 million) and a loss before tax of RM2.6 million (2Q 2016 : RM1.2 million). All the Group's revenue is derived from timber division and the revenue is consistent with the corresponding quarter of previous year, while the increase in loss before tax is mainly due to fair value adjustment on share options of RM1.67 million incurred during the current quarter.

Comparison of current period with the corresponding period in previous year

The Group achieved a revenue of RM3.0 million (2016: RM2.9million) and a loss before taxation of RM5.3 million (2016 : RM2.2 million) for the current financial period ended 30 September 2016. The increase in loss before taxation is mainly due to fair value adjustment on share options of RM1.67 million and provision for doubtful debts of RM1.83 million incurred during the year.

B2 Comparison with immediate preceding quarter

The Group's revenue of RM1.4 million (1 Qtr 2017 : RM1.6 million) and loss before tax RM2.5 million (1Qtr 2017 : RM2.7 million) in the current quarter has been consistent with results of the immediate preceding quarter.

The high loss before tax of RM2.5 million is mainly due to provision for doubtful debts of RM1.74 incurred in the preceding quarter and the incurrence of share option expenses of RM1.67 million incurred in current quarter.

B3 Prospects

For the remaining year of 2016, Malaysia in tandem with other Asian economies are expected to grow at a moderate pace due to softer domestic and global demand. The operating environment will remain challenging and the Group is committed to improve the level of performance by undertaking various initiatives that will accomplish our business objectives and strategies.

At the same time, the Group will continue to build the competitiveness of our timber services and construction business while remaining focused on operational efficiency and productivity so that satisfactory results are achieved in next 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 30 Sep 2016	Comparative Quarter 30 Sep 2015	Financial Period ended 30 Sep 2016	Comparative Financial Period ended 30 Sep 2015
	RM	RM	RM	RM
Income tax				
Under/(Over)provision in prior year	7,237	(24,727)	7,237	(24,727)
Deferred Tax	(19,453)	(20,264)	(115,303)	(40,528)
	(12,216)	(44,991)	(108,066)	(65,255)

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

Save as disclosed below, there were no other corporate proposals that have been announced but not yet completed during the period under review:

- 1) Proposed Par Value Reduction, Right Issues with Warrants and amendments to the Company's Memorandum of Association ("Multiple Proposals")

The Company had on 17 December 2015 and 8 January 2016 proposed to undertake the below:

(i) par value reduction involving the cancellation of RM0.15 from the par value of every existing ordinary share of RM0.25 each in the issued and paid-up share capital of the Company pursuant to Section 64 of the Companies Act, 1965 ("Proposed Par Value Reduction");

(ii) renounceable rights issue of up to 655,206,219 new ordinary shares of RM0.10 each in Anzo (after the Proposed Par Value Reduction) ("Anzo Shares") ("Rights Shares") together with up to 327,603,109 free detachable warrants in Anzo ("Warrants C") on the basis of six (6) Rights Shares together with three (3) free Warrant C for every four (4) existing Anzo Share held by entitled shareholders of Anzo on an entitlement date to be determined later ("Proposed Rights Issue with Warrants"); and

(iii) amendment to the Memorandum of Association of the Company ("Proposed Amendment"). Please refer to the attachment for further details on the Proposals.

The listing application pertaining to the above multiple proposals had been approved by Bursa Malaysia Securities Berhad on 27 January 2016 and by the Company's shareholders during the EGM held on 29 March 2016.

As of todate, the Company has completed the par value reduction on 6 May 2016.

B9 Group Borrowings and Debts Securities

Group's borrowings as at 30 September 2016 were as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
(a) Secured Borrowings			
Hire purchase payables	284	1,855	2,139
	284	1,855	2,139

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 March 2016.

B12 Dividends - Proposed, Recommended or Declared

There were no dividends proposed, recommended or declared for the period ended 30 September 2016.

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B13 Profit/(Loss) Per Share

(a) Basic

Basic 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.

	Current Quarter	Current Year to date
Profit/ (Loss) attributable to ordinary equity holders of the parent (RM)	(2,620,578)	(5,176,424)
Weighted average number of shares	298,873,590	297,447,274
Basic profit/(loss) per share (sen)	(0.88)	(1.74)

(b) Diluted

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

	Current Quarter	Current Year to date
Profit/ (Loss) attributable to ordinary equity holders of the parent (RM)	(2,620,578)	(5,176,424)
Weighted average number of shares	298,873,590	297,447,274
Adjustment for Assumed exercise of warrants & SIS	-	-
Adjusted weighted average number of ordinary shares issued and issuable	298,873,590	297,447,274
Diluted profit/(loss) per share (sen)	(0.88)	(1.74)

B14 Disclosure of realised and unrealised profits/losses

	As at 30 Sep 2016 RM'000	As at 31 Mar 2016 RM'000
Total accumulated losses of the group		
- Realised	(42,973)	(70,942)
- Unrealised	(1,795)	(1,910)
	<u>(44,768)</u>	<u>(72,852)</u>
Less : Consolidation Adjustments	43,212	37,101
	<u>(1,556)</u>	<u>(35,751)</u>

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B15 Profit/(Loss) before tax

	Current Quarter Ended	Financial Period Ended
	30 Sep 2016	30 Sep 2016
	RM	RM
Profit/(loss) before tax is arrived at after charging/(crediting):		
Interest Expense	29,615	56,904
Depreciation	494,286	988,578
Provision for doubtful debts	76,526	1,833,046
Share options granted under SIS	1,666,561	1,666,561
Interest Income	(42,804)	(83,901)