

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

UNAUDITED FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016

EXPLANATORY NOTES PURSUANT TO FRS 134

A1 Basis of Preparation and Significant Accounting Policies

The condensed interim financial statements for the period ended 31 December 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 31 December 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 | 3,701,800 | - | - | (18,385,900) |
| As at 31 Dec 2016 | 299,715,923 | 80,666,898 | 33,178,025 | 22,330,500 |

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 December 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 | 4,365 | 312 | - | - | 4,677 |
| Inter-segment sales | - | - | 330 | (330) | - |
| Total revenue | 4,365 | 312 | 330 | (330) | 4,677 |
| RESULTS | | | | | |
| Segment results | (965) | (2,297) | (2,778) | - | (6,040) |
| Interest income | - | - | 124 | - | 124 |
| Interest expense | (84) | - | - | - | (84) |
| Profit/(loss) before Taxation | (1,049) | (2,297) | (2,654) | - | (6,000) |
| Taxation | 25 | - | 80 | - | 105 |
| Net profit/(loss) for the financial year | (1,024) | (2,297) | (2,574) | - | (5,895) |
| Additions to non-current assets | | | | | |
| Segment assets | 839 | - | - | - | 839 |
| | 32,549 | 13,319 | 44,698 | (42,626) | 47,940 |
| NON-CASH EXPENSES/ (INCOME) | | | | | |
| Depreciation of property, plant and equipment | 1,108 | - | 372 | - | 1,480 |
| 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 31 December 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 31 December 2016.

A13 Significant Related Party Transactions

There were no significant related party transactions occurred during the financial period ended 31 December 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 RM1.69 million (3Q 2016 : RM1.83 million) and a loss before tax of RM0.72 million (3Q 2016 : RM4.88 million). Apart from RM0.3 million revenue from construction division, the rest of the revenue was contributed from timber division.

Lower revenue is mainly due to lower sales from timber division during the current quarter. Whereas, the decrease in loss before tax is mainly due to the no deposit written off of RM1.125 million and fair value adjustment on share options of RM2.79 million incurred in the previous quarter.

Comparison of current period with the corresponding period in previous year

The Group achieved a revenue of RM4.68 million (2016: RM4.71million) and a loss before taxation of RM6 million (2016 : RM7.1 million) for the current financial period ended 31 December 2016. The decrease in loss before taxation is mainly due to lower fair value adjustment on share options of RM1.67 million (2016: RM2.79 million) and no deposit written off (2016 : RM 1.125 million) in the current financial year, which was partially offset by increase in provision made for doubtful debts of RM1.83 million (2016: RM Nil) during the year.

B2 Comparison with immediate preceding quarter

The Group's revenue of RM1.69 million (2Qtr 2017: RM1.4 million) in the current quarter has been consistent with results of the immediate preceding quarter.

The lower loss before tax of RM0.72 million (2Qtr 2017: RM2.63 million) is mainly due to fair value adjustment on share options of RM1.67 million incurred in the preceding quarter.

B3 Prospects

For the year of 2017, 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 31 Dec 2016 | Comparative Quarter 31 Dec 2015 | Financial Period ended 31 Dec 2016 | Comparative Financial Period ended 31 Dec 2015 |
|--|-----------------------------------|---------------------------------------|--|---|
| | RM | RM | RM | RM |
| Income tax Under/(Over)provision in prior year | 22,405 | - | 29,643 | (24,727) |
| Deferred Tax | (19,450) | (20,263) | (134,754) | (60,791) |
| | 2,955 | (20,263) | (105,111) | (85,518) |

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.

The par value reduction has been completed on 6 May 2016.

Bursa Securities has on 15 December 2016 approved to extend the time from 27 January 2017 to 27 July 2017 for the Company to implement and complete the Proposed Right Issues with Warrants.

B9 Group Borrowings and Debts Securities

Group's borrowings as at 31 December 2016 were as follows:

| | Short Term RM'000 | Long Term RM'000 | Total RM'000 |
|------------------------|------------------------------|-----------------------------|-------------------------|
| (a) Secured Borrowings | | | |
| Hire purchase payables | 191 | 1,855 | 2,046 |
| | 191 | 1,855 | 2,046 |

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.

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B12 Dividends - Proposed, Recommended or Declared

There were no dividends proposed, recommended or declared for the period ended 31 December 2016.

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.

| | Quarter Ended | | Cumulative Quarter ended | |
|---|---------------|---------------|--------------------------|---------------|
| | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| Profit/(loss) attributable to ordinary equity holders (RM) | (718,500) | (4,861,537) | (5,894,924) | (7,010,858) |
| Weighted average number of shares | 299,116,785 | 280,834,123 | 298,130,454 | 280,834,123 |
| Adjustment for assumed exercise of warrant and SIS | - | - | - | - |
| Adjusted weighted average number of ordinary shares issued and issuable | 299,116,785 | 280,834,123 | 298,130,454 | 280,834,123 |
| Earning per share (sen) | | | | |
| Basic | (0.24) | (1.73) | (1.98) | (2.50) |
| Diluted | (0.24) | (1.73) | (1.98) | (2.50) |

B14 Disclosure of realised and unrealised profits/losses

| | As at 31 Dec 2016 | As at 31 Mar 2016 |
|---------------------------------------|-------------------|-------------------|
| | RM'000 | RM'000 |
| Total accumulated losses of the group | | |
| - Realised | (43,635) | (70,942) |
| - Unrealised | (1,775) | (1,910) |
| | (45,410) | (72,852) |
| Less : Consolidation Adjustments | 43,212 | 37,101 |
| | (2,198) | (35,751) |

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B15 Profit/(Loss) before tax

| | Current Quarter Ended | Financial Period Ended |
|--|----------------------------------|---------------------------------------|
| | 31 Dec 2016 | 31 Dec 2016 |
| | RM | RM |
| Profit/(loss) before tax is arrived at after charging/(crediting): | | |
| Interest Expense | 27,212 | 84,116 |
| Depreciation | 491,504 | 1,480,082 |
| Provision for doubtful debts | - | 1,833,046 |
| Share options granted under SIS | - | 1,666,561 |
| Interest Income | (40,510) | (124,411) |