

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

UNAUDITED FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 3 JUNE 2017

EXPLANATORY NOTES PURSUANT TO FRS 134

A1 Basis of Preparation and Significant Accounting Policies

The condensed interim financial statements for the period ended 30 June 2017 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 2017.

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 2017.

A2 Audit Qualifications

The auditors' report on the financial statements for the year ended 31 March 2017 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 June 2017:

	Units				SIS
	Ordinary Shares	Warrant A 2009/2019	Warrant B 2013/2023	Warrant C 2017/2020	
As at 1 April 2016	303,126,523	80,666,898	33,178,025	-	18,919,900
Issuance pursuant to Right Issue	482,001,537	-	-	241,000,736	-
Warrant Exercised	2,290,100	(2,103,100)	(187,000)	-	-
ESOS Exercised	15,917,800	-	-	-	(15,917,800)
As at 30 June 2017	803,335,960	78,563,798	32,991,025	241,000,736	3,002,100

A7 Dividend Paid

There were no dividends paid for the current quarter.

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A8 Segment Revenue and Results

The segmental analysis for the Group for the financial period ended 30 Jun 2017 is as follows:-

	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	1,110	9,751	-	-	10,861
Inter-segment sales	-	-	105	(105)	-
Total revenue	<u>1,110</u>	<u>9,751</u>	<u>105</u>	<u>(105)</u>	<u>10,861</u>
RESULTS					
Segment results	(284)	821	100	-	637
Interest income	-	-	128	-	128
Interest expense	(24)	-	-	-	(24)
Profit/(loss) before Taxation	<u>(308)</u>	<u>821</u>	<u>228</u>	<u>-</u>	<u>741</u>
Taxation	5	-	14	-	19
Net profit/(loss) for the financial year	<u>(303)</u>	<u>821</u>	<u>242</u>	<u>-</u>	<u>760</u>
Additions to non-current assets					
Segment assets	-	-	-	-	-
	<u>31,156</u>	<u>39,141</u>	<u>143,647</u>	<u>(55,207)</u>	<u>158,737</u>
NON-CASH EXPENSES/ (INCOME)					
Depreciation of property, plant and equipment	352	-	124	-	476
Provision for doubtful debts no longer required	-	-	(500)	-	(500)

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 June 2017, except that one of the wholly owned subsidiaries, Timbeck (M) Sdn Bhd, was successfully strike off on 22 May 2017 pursuant to Section 308 of the Companies Act, 1965.

The striking-off of Timbeck has no material effect on the earnings or net assets of Anzo Group for the financial year ending 31 March 2018.

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 June 2017.

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A13 Significant Related Party Transactions

There were no significant related party transactions occurred during the financial period ended 30 June 2017.

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

B1 Review of performance

Comparison with the corresponding period in previous year

The Group achieved a revenue of RM10.9 million (2017 1Qtr: RM1.6million) and a profit before taxation of RM0.74 million (2017 1Qtr : loss of RM2.65 million) for the current financial period ended 30 June 2017.

The improvement in revenue and operation results is mainly due to construction billings from Porto De Melaka Phase 1 project and reversal of provision for impairment loss on debtors of RM0.5 million in current quarter. (2017 1Qtr: RM1.7 million provision).

B2 Comparison with immediate preceding quarter

The Group's revenue of RM10.9 million in the current quarter was higher than the RM7.58 million reported in the immediate preceding quarter principally due to higher billings from its construction division. However, the Group's profit before tax has reduced from immediate preceding quarter of RM1.25 million to RM0.74 million in the current quarter. The reduction is mainly due to lower reversal of impairment loss from debtors of RM0.5 million (2017 4Qtr : RM1.3 million) in the current quarter.

B3 Prospects

Despite challenging economic conditions, the outlook of construction section in Malaysia should remain strong for year 2017 with on going stream of mega projects to be launched by Government and private sector. The Group is confident that it will benefit from some of these proposed projects.

At present, the Group has successfully secured construction order book of RM311 million and has recently received the letter of intent from KL Northgate for the Paragon@KL Northgate 18-acre mixed development project in Selayang with an estimated contract value of RM1.2 billion. The Group is currently working with MCC Overseas (M) Sdn Bhd ("MCC") to jointly undertake the construction of the Project.

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 the current 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 Jun 2017	Comparative Quarter 30 Jun 2016	Financial Period ended 30 Jun 2017	Comparative Financial Period ended 30 Jun 2016
	RM	RM	RM	RM
Current income tax	-	-	-	-
Deferred Tax	19,453	95,850	19,453	95,850
	19,453	95,850	19,453	95,850

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.

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.

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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 and the Right Issue was completed on 23 June 2017.

Utilisation of Proceeds From Right Issues

As at 30 June 2017, the proceeds raised from the above Right Issues exercise were utilized as follows:

Purpose	Expected time frame for utilisation of proceeds from the date of listing of the Right Shares	Proposed utilisation RM'000	Actual utilisation RM'000	Deviation RM
Construction work for Melaka project Phase 1	Within 30 months	35,000,000	6,636,285	28,363,715
Future construction work	Within 24 months	50,670,308	5,465,000	45,205,308
Working Capital	Within 24 months	10,000,000	486,164	9,513,836
Estimated expenses for the Right Issues	Immediate	730,000	108,509	621,491
Total		96,400,308	12,695,958	83,704,350

B9 Group Borrowings and Debts Securities

Group's borrowings as at 30 June 2017 were as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
(a) Secured Borrowings			
Hire purchase payables	383	1,378	1,761
	383	1,378	1,761

The Group borrowings are all denominated in Ringgit Malaysia

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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 2017.

B12 Dividends - Proposed, Recommended or Declared

There were no dividends proposed, recommended or declared for the period ended 30 June 2017.

B13 Profit/(Loss) Per Share

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.

	Quarter Ended		Cumulative Quarter ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
Profit/(loss) attributable to ordinary equity holders (RM)	760,313	(2,555,846)	760,313	(2,555,846)
Weighted average number of shares	351,480,769	296,381,980	351,480,769	296,381,980
Adjustment for assumed exercise of warrant and SIS	-	-	-	-
Adjusted weighted average number of ordinary shares issued and issuable	351,480,769	296,381,980	351,480,769	296,381,980
Earning per share (sen)				
Basic	0.22	(0.86)	0.22	(0.86)
Diluted	0.22	(0.86)	0.22	(0.86)

B14 Disclosure of realised and unrealised profits/losses

	As at 30 Jun 2017	As at 31 Mar 2017
	RM'000	RM'000
Total accumulated losses of the group		
- Realised	(39,410)	(42,075)
- Unrealised	(1,736)	(1,755)
	(41,146)	(43,830)
Less : Consolidation Adjustments	43,212	43,212
	2,066	(618)

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B15 Profit/(Loss) before tax

	Current Quarter Ended	Financial Period Ended
Profit/(loss) before tax is arrived at after charging/(crediting):	30 Jun 2017	30 Jun 2017
	RM	RM
Interest Expense	24,024	24,024
Depreciation	476,314	476,314
Interest Income	(127,772)	(127,772)
Provision for doubtful debts no longer required	(500,000)	(500,000)