

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

UNAUDITED FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of Preparation and Significant Accounting Policies

The condensed interim financial statements for the period ended 31 March 2018 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 31 Mar 2018:

	Units				SIS
	Ordinary Shares	Warrant A 2009/2019	Warrant B 2013/2023	Warrant C 2017/2020	
As at 1 April 2017	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)	-	-
SIS Granted	-	-	-	-	86,000,000
SIS Exercised	93,392,800	-	-	-	(93,392,800)
As at 31 Mar 2018	880,810,960	78,563,798	32,991,025	241,000,736	11,527,100

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 31 Mar 2018 is as follows:-

	Timber service RM'000	Property development & construction RM'000	Investment holding and others RM'000	Adjustment and Elimination RM'000	Consolidated RM'000
REVENUE					
External sales	4,973	28,273	-	-	33,246
Inter-segment sales	-	-	380	(380)	-
Total revenue	<u>4,973</u>	<u>28,273</u>	<u>380</u>	<u>(380)</u>	<u>33,246</u>
RESULTS					
Segment results	(1,152)	(846)	(3,011)	(592)	(5,601)
Interest income	-	-	680	-	680
Interest expense	(86)	-	-	-	(86)
Profit/(loss) before Taxation	(1,238)	(846)	(2,331)	(592)	(5,007)
Taxation	19	-	57	-	76
Net profit/(loss) for the financial year	<u>(1,219)</u>	<u>(846)</u>	<u>(2,274)</u>	<u>(592)</u>	<u>(4,931)</u>
Additions to non-current assets	1	239	106	-	346
Segment assets	<u>29,695</u>	<u>116,341</u>	<u>151,026</u>	<u>(139,992)</u>	<u>157,070</u>
NON-CASH EXPENSES/ (INCOME)					
Depreciation of property, plant and equipment	1,411	16	500	-	1,927
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 except that the Group has announced change of financial year end from 31 March to 31 July on 27 April 2018.

A10 Changes in Composition of the Group

There have been no changes in the composition of the Group for the financial period ended 31 Mar 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 31 Mar 2018.

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A13 Significant Related Party Transactions

Details of significant related party transactions occurred during the financial period ended 31 March 2018:

Recurrent related party transaction with a Company in which a director has substantial financial interest :	Current quarter ended	Financial period ended
	<u>31/3/2018</u>	<u>31/3/2018</u>
KL Northgate Sdn Bhd	RM	RM
- Refundable deposit for leasing of office space	-	4,100,000

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

B1 Review of performance

	Individual Quarter (RM'000)		Changes (%)	YTD (RM'000)		Changes (%)
	31/3/18	31/3/17		31/3/18	31/3/17	
Revenue	1,321	7,218	-82%	33,246	11,895	179%
Gross Profit/(Loss)	7	814	-99%	1,795	800	124%
Profit/(loss) before tax	(1,088)	1,151	-195%	(5,007)	(4,849)	3%

Comparison with current quarter and previous year quarter

The Group recorded a much lower revenue and gross profit compared to previous year's quarter due to lower construction billing in the current quarter. The construction work at site has been progressing slowly in the current quarter due to labour shortages and changes made by customer to the original design.

In line with the reduction in revenue, the Group has posed a loss before tax of RM1 million, partly due to higher administrative expenses and no reversal of provision for doubtful debts (4Q 2017 : RM1.3 million) in the current quarter.

Comparison with the corresponding period in previous year

The Group has achieved substantial improvement in revenue and gross profits compared to previous year's corresponding period under review due to higher construction contributions from Porto De Melaka Phase 1 project in the current year.

However, the above was partially offset by higher share options and administrative expenses incurred in the current year.

B2 Comparison with immediate preceding quarter

	Individual Quarter (RM'000)		Changes (%)
	31/3/2018	31/12/2017	
Revenue	1,321	1,269	4%
Gross Profit/(Loss)	7	16	-56%
Profit/(loss) before tax	(1,088)	(2,668)	59%

The Group's revenue and gross profit are consistent with results of the preceding quarter. Loss before tax has been substantially reduced due to no share options expense in the current quarter (3Q 2018: RM1.5 million).

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B3 Prospects

Despite challenging economic conditions, the outlook to the construction sector in Malaysia should remain strong for year 2018 with ongoing stream of mega projects to be launched by the Government and private sector. The Group is confident that it will benefit from some of these proposed projects.

At present, the Group has construction order book of RM340 million.

The Group will continue to build the competitiveness in 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 31 Mar 18	Comparative Quarter 31 Mar 17	Financial Period ended 31 Mar 2018	Comparative Financial Period ended 31 Mar 2017
	RM	RM	RM	RM
Current income tax	-	-	2,088	29,643
Deferred Tax	(19,453)	(19,453)	(77,812)	(154,207)
	(19,453)	(19,453)	(75,724)	(124,564)

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.

B8 Status of Corporate Proposals

There were no other corporate proposals that have been announced but not yet completed during the period under review.

Utilisation of Proceeds From Right Issues

As at 31 Mar 2018, the proceeds raised from the Right Issues exercised on 23 June 2017 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'000
Construction work for Melaka project Phase 1	Within 30 months	35,000,000	29,606,045	5,393,955
Future construction work	Within 24 months	50,670,308	58,376,597	(7,706,289)
Working Capital	Within 24 months	10,000,000	3,812,921	6,187,079
Estimated expenses for the Right Issues	Immediate	730,000	525,648	204,352
Total		96,400,308	92,321,211	4,079,097

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B9 Group Borrowings and Debts Securities

Group's borrowings as at 31 Mar 2018 were as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
(a) Secured Borrowings			
Hire purchase payables	506	904	1,410
	<u>506</u>	<u>904</u>	<u>1,410</u>

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 2017.

B12 Dividends - Proposed, Recommended or Declared

There were no dividends proposed, recommended or declared for the period ended 31 Mar 2018.

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	
	31/3/2018	31/3/2017	31/3/2018	31/3/2017
Profit/(loss) attributable to ordinary equity holders (RM)	(1,068,569)	1,170,097	(4,931,581)	(4,724,827)
Weighted average number of shares	880,810,960	301,934,536	730,287,474	299,068,447
Adjustment for assumed exercise of warrant and SIS	-	38,481,022	-	3,281,736
Adjusted weighted average number of ordinary shares issued and issuable	<u>880,810,960</u>	<u>340,415,558</u>	<u>730,287,474</u>	<u>302,350,183</u>
Earning per share (sen)				
Basic	(0.12)	0.39	(0.68)	(1.58)
Diluted	(0.12)	0.34	(0.68)	(1.56)

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B14 Disclosure of realised and unrealised profits/losses

	As at 31 Mar 2018	As at 31 Mar 2017
	RM'000	RM'000
Total accumulated losses of the group		
- Realised	(41,491)	(42,075)
- Unrealised	(1,678)	(1,755)
	(42,169)	(43,830)
Less : Consolidation Adjustments	43,212	43,212
	(1,043)	(618)

B15 Profit/(Loss) before tax

	Current Quarter Ended	Financial Period Ended
	31 Mar 2018	31 Mar 2018
	RM	RM
Profit/(loss) before tax is arrived at after charging/(crediting):		
Interest Expense	18,858	85,703
Depreciation	487,914	1,927,715
Share options granted under SIS	-	2,818,600
Investment in subsidiaries written off	-	2
PPE written off	399	399
Interest Income	(119,845)	(680,279)
Provision for doubtful debts no longer required	-	(500,000)