

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

UNAUDITED FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 October 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 October 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 July 2018.

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 2018.

On 27 April 2018, the Company announced the change of financial year end from 31 March to 31 July. The first set of audited financial statements reflecting the change shall be made from 1 April 2017 to 31 July 2018 covering a period of 16 months. Thereafter, the subsequent financial years of the Company shall end on 31 July.

A2 Audit Qualifications

The auditors’ report on the financial statements for the year ended 31 July 2018 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

There were no cancellations, repurchases, resale and repayment of debt or equity securities for the financial period ended 31 October 2018.

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 October 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	1,587	-	-	-	1,587
Inter-segment sales	-	-	90	(90)	-
Total revenue	1,587	-	90	(90)	1,587

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	Timber service RM'000	Property development & construction RM'000	Investment holding and others RM'000	Adjustment and Elimination RM'000	Consolidated RM'000
RESULTS					
Segment results	(195)	(262)	(330)		(787)
Interest income	-	4	116	-	120
Interest expense	(15)	-	-	-	(15)
Profit/(loss) before Taxation	(210)	(258)	(214)	-	(682)
Taxation	5	-	14	-	19
Net profit/(loss) for the financial year	(205)	(258)	(200)	-	(663)
Additions to non- current assets	-	-	-	-	-
Segment assets	28,800	117,940	148,878	(139,771)	155,847
NON-CASH EXPENSES/ (INCOME)					
Depreciation of property, plant and equipment	336	6	126	-	468
Provision for doubtful debts no longer required	(10)	-	-	-	(10)

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 October 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 October 2018.

A13 Significant Related Party Transactions

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

	Current quarter ended	Financial period ended
	<u>31/10/2018</u>	<u>31/10/2018</u>
Recurrent related party transaction with a Company in which a director has substantial financial interest :		
KL Northgate Sdn Bhd	RM	RM
- Refundable deposit for leasing of office space	(183,800)	3,502,950

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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)	YTD (RM'000)
	31/10/18	31/10/18
Revenue	1,587	1,587
Gross Profit/(Loss)	44	44
Profit/(loss) before tax	(683)	(683)

The Company had changed its financial year end from 31 March to 31 July on 27 April 2018, as such, there is no comparative figures for the current quarter and cumulative quarter.

During the quarter, the Group has achieved revenue and loss before tax of RM1.6 million and RM0.7 million respectively, mainly contributed from its timber division. There is no contribution from construction division in this quarter due to slow progress of project work at site.

B2 Comparison with immediate preceding quarter

	Individual Quarter (RM'000)		Changes
	31/10/2018	31/7/2018	(%)
Revenue	1,587	1,904	-17%
Gross Profit/(Loss)	44	1	430%
Profit/(loss) before tax	(683)	(1,012)	33%

Due to the change of financial year end as mentioned above, the preceding quarter represents reporting period of 4 months, i.e. from 1 April 2017 – 31 July 2018, instead of the usual reporting period of 3 months,

Apart from the longer reporting period in the preceding quarter, the Group's revenue and gross profit are consistent with results of the preceding quarter. The improvement in loss before tax in the current period mainly due to lower administrative expenses.

B3 Prospects

At present, the Group still has remaining construction order book of RM307 million. However, the Group expect the construction sector to remain challenging for year 2019 following the tight budget from the new Government and the Group will selectively participate in tender for construction project.

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.

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B5 Taxation

	Current Quarter 31 Oct 18	Financial Period ended 31 Oct 2018
	RM	RM
Current income tax	-	-
Deferred Tax	(19,453)	(19,453)
	(19,453)	(19,453)

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 October 2018, the proceeds raised from the Right Issues exercised on 23 June 2017 were utilized as follows:

Purpose	Expected time 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	5,055,703	4,944,297
Estimated expenses for the Right Issues	Immediate	730,000	551,821	178,179
Total		96,400,308	93,590,166	2,810,142

B9 Group Borrowings and Debts Securities

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

	Short Term RM'000	Long Term RM'000	Total RM'000
(a) Secured Borrowings			
Hire purchase payables	467	741	1,208
	467	741	1,208

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 July 2018.

B12 Dividends - Proposed, Recommended or Declared

There were no dividends proposed, recommended or declared for the period ended 31 October 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 31/10/2018	Cumulative Quarter ended 31/10/2018
Profit/(loss) attributable to ordinary equity holders (RM)	(663,071)	(663,071)
Weighted average number of shares	880,810,960	880,810,960
Adjustment for assumed exercise of warrant and SIS	-	-
Adjusted weighted average number of ordinary shares issued and issuable	880,810,960	880,810,960
Earning per share (sen)		
Basic	(0.08)	(0.08)
Diluted	(0.08)	(0.08)

B14 Disclosure of realised and unrealised profits/losses

	As at 31 Oct 2018 RM'000	As at 31 Jul 2018 RM'000
Total accumulated losses of the group		
- Realised	(43,576)	(43,589)
- Unrealised	(1,633)	(1,652)
	(45,209)	(45,241)
Less : Consolidation Adjustments	42,517	43,212
	(2,692)	(2,029)

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B15 Profit/(Loss) before tax

	Current Quarter Ended	Financial Period Ended
	31 Oct 2018	31 Oct 2018
	RM	RM
Profit/(loss) before tax is arrived at after charging/(crediting):		
Interest Expense	15,084	15,084
Depreciation	468,185	468,185
Interest Income	(120,291)	(120,291)
Provision for doubtful debts no longer required	(10,000)	(10,000)