



PDZ HOLDINGS BERHAD

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PDZ HOLDINGS BHD

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive
Income for the period ended 30 September 2016**

	3 months ended		15 months ended	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Individual period		Cumulative period	
	<u>30.09.16</u>	<u>30.09.15</u>	<u>30.09.16</u>	<u>30.09.15</u>
	RM '000	RM '000	RM '000	RM '000
Revenue	20,897	40,906	156,434	202,217
Cost of sales	<u>(20,752)</u>	<u>(36,775)</u>	<u>(145,657)</u>	<u>(182,877)</u>
Gross profit	145	4,131	10,777	19,340
Other operating income	582	310	1,681	1,322
Administrative expense	<u>(2,986)</u>	<u>(4,114)</u>	<u>(18,671)</u>	<u>(18,124)</u>
Profit/(Loss) from operations	(2,259)	327	(6,213)	2,538
Business diversification expenses	-	-	-	(4,202)
Impairment of property, plant and equipment	-	-	-	(50,207)
Impairment of financial asset	5,000	-	5,000	(5,000)
Gain/(Loss) on foreign exchange	52	(658)	(279)	(889)
Finance cost	<u>(27)</u>	<u>(93)</u>	<u>(326)</u>	<u>(429)</u>
Profit/(Loss) before tax	2,766	(424)	(1,818)	(58,189)
Tax expense	<u>(85)</u>	<u>(315)</u>	<u>(1,051)</u>	<u>(1,360)</u>
Profit/(Loss) for the period	2,681	(739)	(2,869)	(59,549)
Other comprehensive income:				
Foreign currency translation differences for a foreign subsidiary	41	151	177	242
Profit/(Loss) and other comprehensive income/(expense) for the period	<u>2,722</u>	<u>(588)</u>	<u>(2,692)</u>	<u>(59,307)</u>
Profit/(Loss) attributable to:				
- Owners of the Company	2,622	(1,060)	(3,893)	(61,078)
- Non-controlling interests	59	321	1,024	1,529
	<u>2,681</u>	<u>(739)</u>	<u>(2,869)</u>	<u>(59,549)</u>
Profit/(Loss) and other comprehensive income/(expense) attributable to:				
- Owners of the Company	2,663	(909)	(3,716)	(60,836)
- Non-controlling interests	59	321	1,024	1,529
	<u>2,722</u>	<u>(588)</u>	<u>(2,692)</u>	<u>(59,307)</u>
Profit/(Loss) per share (sen)				
- Basic	0.30	(0.12)	(0.45)	(7.03)
- Diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2015)

PDZ HOLDINGS BHD**Condensed Consolidated Statement of Financial Position as at 30 September 2016**

	(Unaudited) As at <u>30.09.16</u> RM '000	(Audited) As at <u>30.06.15</u> RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	20,351	24,141
Goodwill on consolidation	7	7
	<u>20,358</u>	<u>24,148</u>
Current assets		
Bunker on board	1,971	1,406
Trade receivables	20,468	23,755
Non-trade receivables, deposits and prepayment	1,744	1,897
Tax recoverable	443	175
Fixed deposits with licensed banks	5,792	7,038
Cash and bank balances	4,304	11,743
	<u>34,721</u>	<u>46,014</u>
TOTAL ASSETS	<u>55,078</u>	<u>70,162</u>
EQUITY AND LIABILITIES		
Share capital	86,932	86,932
Share premium	27,589	27,589
Currency translation differences	746	569
Accumulated losses	(87,240)	(83,347)
Equity attributable to owners of the Company	<u>28,027</u>	<u>31,743</u>
Non-controlling interests	<u>2,580</u>	<u>3,735</u>
Total equity	<u>30,607</u>	<u>35,478</u>
Non-current liabilities		
Deferred taxation	26	26
Borrowings	1,825	2,974
	<u>1,851</u>	<u>3,000</u>
Current liabilities		
Trade payables	11,857	15,453
Non-trade payables and accruals	9,192	10,867
Borrowings	1,534	5,110
Tax payable	38	254
	<u>22,621</u>	<u>31,684</u>
Total liabilities	<u>24,472</u>	<u>34,684</u>
TOTAL EQUITY AND LIABILITIES	<u>55,078</u>	<u>70,162</u>
Net assets per share (RM)	0.03	0.04

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2015)

PDZ HOLDINGS BHD**Condensed Consolidated Statement of Changes in Equity Income for the period ended 30 September 2016**

	(Unaudited)						
	<u>Attributable to owners of the Company</u>					Non-	Total
	<u>Share capital</u>	<u>Share premium</u>	<u>Currency translation differences</u>	<u>Accumulated losses</u>	<u>Total</u>	<u>controlling interests</u>	<u>equity</u>
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
At 1 July 2015	86,932	27,589	569	(83,347)	31,743	3,735	35,478
Foreign currency translation differences for a foreign subsidiary	0	0	177	0	177	0	177
Profit/(loss) for the period	0	0	0	(3,893)	(3,893)	1,024	(2,869)
Dividends	0	0	0	0	0	(2,179)	(2,179)
At 30 September 2016	86,932	27,589	746	(87,240)	28,027	2,580	30,607
At 1 July 2014	86,932	27,589	478	(23,329)	91,670	5,453	97,123
Foreign currency translation differences for a foreign subsidiary	0	0	91	0	91	0	91
Profit/(loss) for the period	0	0	0	(60,018)	(60,018)	1,208	(58,810)
Dividends	0	0	0	0	0	(2,926)	(2,926)
At 30 June 2015	86,932	27,589	569	(83,347)	31,743	3,735	35,478

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2015)

PDZ HOLDINGS BHD**Condensed Consolidated Statement of Cash Flows for the period ended 30 September 2016**

	15 months (Unaudited) <u>30.09.16</u> RM '000	15 months (Unaudited) <u>30.09.15</u> RM '000
Operating activities		
Loss for the period	(2,869)	(59,549)
Adjustments for:		
Depreciation	2,072	5,236
Net gain on disposal of property, plant and equipment	(873)	(69)
Impairment of property, plant and equipment	-	50,207
Impairment of financial assets	-	5,000
Interest expense	326	429
Interest income	(278)	(558)
Property, plant and equipment written-off	-	22
Reversal of impairment loss on trade receivables	(304)	(32)
Bad debts recovered		(15)
Unrealised gain on foreign exchange	42	25
Taxation	1,051	1,360
	(833)	2,056
Changes in working capital:		
Bunker on board	(565)	(181)
Receivables	3,441	(3,544)
Payables	(5,319)	7,096
Cash flows from operations	<u>(3,275)</u>	<u>5,427</u>
Interest paid	(326)	(429)
Interest received	278	558
Income tax paid	(1,535)	(1,526)
Net cash flows from operating activities	<u>(4,859)</u>	<u>4,030</u>
Investing activities		
Acquisition of property, plant and equipment	-	(4,494)
Proceeds from disposal of property, plant and equipment	2,927	104
Proceeds from disposal of non-current asset held for sale	-	-
Acquisition of additional shares in a subsidiary company	-	-
Net cash flows from investing activities	<u>2,927</u>	<u>(4,390)</u>

PDZ HOLDINGS BHD**Condensed Consolidated Statement of Cash Flows for the period ended 30 September 2016
(cont'd)**

	15 months (Unaudited) <u>30.09.16</u> RM '000	15 months (Unaudited) <u>30.09.15</u> RM '000
Financing activities		
Dividends paid by subsidiaries to non-controlling interests	(2,179)	(2,926)
(Repayment) / drawdown of revolving credit	(3,075)	400
Repayment of term loan	(1,650)	(1,743)
Placement of fixed deposits pledged	19	1,134
Net cash flows from financing activities	<u>(6,885)</u>	<u>(3,135)</u>
Net change in cash and cash equivalents	(8,817)	(3,495)
Cash and cash equivalents at beginning of period	12,970	15,036
Effects of currency translation differences	151	(53)
Cash and cash equivalents at end of period	<u><u>4,304</u></u>	<u><u>11,488</u></u>
	(Unaudited) As at <u>30.09.16</u> RM '000	(Audited) As at <u>30.09.15</u> RM '000
Cash and cash equivalents comprise:		
Cash and bank balances	4,304	9,441
Fixed deposits with licensed banks	5,792	7,858
	<u>10,096</u>	<u>17,299</u>
Fixed deposits pledged	(5,792)	(5,811)
	<u><u>4,304</u></u>	<u><u>11,488</u></u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with Financial Statements for the year ended 30 June 2015)

PDZ HOLDINGS BHD

Notes to the Interim Financial Report for the period ended 30 September 2016

A. Compliance with Malaysian Financial Reporting Standards (“MFRS”) 134

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the reporting requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board and Paragraph 9.22 Main Market Listing Requirements of the Bursa Malaysia Securities Berhad. The interim financial report also complies with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial report should be read in conjunction with the audited financial statements for the 12 months ended 30 June 2015. The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the annual financial statements for the 12 months ended 30 June 2015 except for the adoption of new MFRS, amendments and interpretations that are mandatory for the Group for the financial year beginning on 1 July 2015. The adoption of these standards, amendments and interpretations do not have a material impact on the interim financial information of the Group.

A2. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements of the Group for the financial year ended 30 June 2015 was not subject to any qualification.

A3. Seasonal or Cyclical Factors

The Group’s turnover is seasonal in nature, as there are low and peak demand periods during the different months of the year.

A4. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review.

A5. Changes in Estimates

There were no material changes in estimates that have a material effect on the financial results during the period.

A6. Changes in Debt and Equity securities

There were no issuances, cancellations, repurchases, resale or repayments of debt and equity securities during the period.

A7. Dividend paid

The Company did not pay any dividend during the period.

A8. Valuation of Property and Equipment

The Group did not revalue any of its property or equipment during the current quarter under review.

A9. Subsequent Events

a) The Company had on 14 November 2016, received a notice of requisition for an Extraordinary General Meeting (“EGM”) pursuant to Section 145 of the Companies Act, 1965 (“Notice of Requisition”) from Pelaburan Mara Berhad and KuaKhai Loon, with the intention to propose the following resolutions:

i. Ordinary Resolution 1 - “THAT Aminuddin Yusof Lana (I.C No: 481120-71-5597) be and is hereby removed as Director of the Company with immediate effect.”

ii. Ordinary Resolution 2 - "THAT Messrs. Cheng & Co be and is hereby appointed as new Auditors of the Company in place of the existing Auditors, Messrs. PKF for the financial period ending 31 December 2016 and to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be agreed between the Directors and the Auditors.”

The Board wishes to further announce that the Company had on 11 November 2016 received a Notice of Resignation from Messrs PKF informing the Company of their intention to resign as Auditors of the Company for the financial period ending 31 December 2016.

b) Status of Corporate Proposal

On 7 October 2016, the Company submitted an application to Bursa Securities for a further extension of time of six (6) months up to 22 April 2017 to complete the implementation of the said Fund Raising Proposals as mentioned under item B6.

On 15 November 2016, the Company announced that it had withdrawn the said Extension of Time Application of the said Proposal.

On 18 November 2016, the Company announced that following the withdrawal of the EOT Application, the Fund Raising Proposals have since lapsed on 23 October 2016, being the last date granted by Bursa Securities to implement the Fund Raising Proposals.

A10. Changes in Composition of the Group

There was no change in composition of the Group during the financial period under review.

A11. Changes in Contingent Liabilities and Contingent Assets

PDZ Holdings Bhd. had on 5 August 2016 issued a corporate guarantee to Formosa in the sum of RM 2.33 million, to secure the payment of one month’s deposit and two hire outstanding for each of the Vessels by Eastgate to Formosa, in six instalments, to support the Novation of the charter parties mentioned under item A9(c).

A12. Capital Commitments

There were no material capital commitments as at 30 September 2016.

A13. Significant Related Party Disclosures

There were no significant related party transactions during the current period.

B. Pursuant to Appendix 9B of the Listing Requirements of BursaMalaysia Securities Berhad

B1. Operating segments review

Material Changes in the Quarterly Results compared to the results of the Preceding Quarter

Notwithstanding lower Revenue of RM20.9 million in the current quarter compared to RM40.9 million in the preceding quarter, the Group registered improving Profit after Tax of RM2.68 million in the current quarter compared Loss after Tax of RM0.7 million in the preceding quarter,

This is primarily due to discontinuance of unprofitable services, coupled with continuing cost savings across sales & administrative expense, as the Group continue to streamline its operation, coupled with gain on disposal of fixed assets of RM0.5 million and write-back of previous financial impairment of RM5 million with securing of Court Order in the Groups' favor.

B2. Prospects

The severe over tonnage continued to plague the container shipping industry causing freight rates to be stagnant. However, we expect to see some improvements in business volume in the coming years. On an ongoing basis, the Group continues to trim its operating structure to be leaner with higher productivity across its business, while continuing to look for new businesses which will provide enhancement to the future earnings of the Group.

B3. Profit Forecast and Profit Guarantee

The Group has not issued any profit forecast or profit guarantee in any public documents.

B4. Bank borrowings and debt securities

<u>Denominated in Ringgit Malaysia:</u>	Current RM '000	Non-current RM '000	Total RM '000
Term loan (secured)	1,309	1,825	3,134
Revolving credit (unsecured)	225	0	225
	<u>1,534</u>	<u>1,825</u>	<u>3,359</u>

B5. Taxation

	3 months ended Individual period		15 months ended Cumulative period	
	<u>30.09.16</u> RM '000	<u>30.09.15</u> RM '000	<u>30.09.16</u> RM '000	<u>30.09.15</u> RM '000
Current tax – Malaysia	85	315	1,051	1,360

Pursuant to the Income Tax (Exemption) (No. 2) Order 2012 dated 4 June 2012, statutory income derived from the operations of sea-going Malaysian registered ships will remain exempted from tax for year of assessment 2012 up to year of assessment 2015.

The current tax is in respect of the income of the Group which is not exempted from tax pursuant to Section 54A of the Act, the Income Tax (Exemption) (No. 2) Order 2012 and the Ministry of Finance's letter dated 29 October 2014.

B6. Status of corporate proposals

PDZ Holdings Bhd (“PDZ” or the “Company”) had on 4 March 2015 entered into an agreement (the Gas Supply Agreement) with KenMakmur Holdings SdnBhd (“KENMAKMUR”) and Caspioilgas Ltd (COG) for the proposed production of liquified petroleum gas (“LPG”) and condensate from the natural gas supplied by KENMAKMUR from COG, the holder of the concession over the Rakushechnoye Oil and Gas Field in Kazakhstan (“Proposed LPG Production”).

In conjunction to the above the Company submitted multiple proposals to Bursa Malaysia namely, the Proposed LPG Production and Diversification, Proposed Special Issue, Proposed Rights Issue with Warrants and Proposed Increase in Authorised Share Capital, collectively known as the “Fund Raising Proposals”.

Subsequently, on 24 April 2015 Bursa Malaysia approved the listing and quotations for Rights Issue with Warrants and Special Issue in relation to the Fund Raising Proposals. The approval was granted subject to the conditions to be carried out and completed by the Company together with the relevant parties to the Proposals.

The Company, KENMAKMUR and COG entered into three supplemental agreements thereafter to vary the following terms of the Gas Supply Agreement. The salient changes were:-

- I. To allow payments by PDZ to KENMAKMUR to be made in RM instead of USD;
- II. To allow payments to be made by PDZ to KENMAKMUR to be made in installments;
- III. To extend the time frame to comply with the conditions precedent of the Gas Supply Agreement.

On 11 April 2016, the Company submitted an application to Bursa for an extension of time of six (6) months up to 22 October 2016 to complete the Fund Raising Proposals and on 5 May 2016, Bursa Malaysia granted the Company an extension until 23 October 2016.

The Directors had deliberated on the implementation of the Fund Raising Proposals and opined that in the event not completed by the Bursa deadline, the Company shall apply for a further extension of time of up to six (6) months up to 22 April 2017 for the completion of the Fund Raising Proposals.

B7. Material litigation

- a) PDZ Holdings Bhd (PDZ) vs Johany Jaafar and 3 others namely Shamshudduha bin Ishak, Ahmad Fadzil bin Mohd Perdausand Mohammad Bukhari bin Embong (Shah Alam High Court)

On May 2014, the Company had entered into an agreement with Johany Jaafar (JJ) (“the SSA”) to purchase the latter’s 4 million shares in Efogen Sdn. Bhd. (“Efogen”) representing 20% of Efogen’s issued capital for a purchase consideration of RM18 million. A sum of RM5 million was paid as deposit to JJ’s lawyers, Messrs Shamshudduha, Ho & Partners (“the Firm”) upon execution of the SSA.

The SSA was terminated on 25 September 2014 by the mutual agreement of the Company and JJ. On 1 October 2014 PDZ demanded JJ to refund the Subject Sum and JJ did not repay but asked for extension of time to do so. After several extensions were given, JJ failed to return the RM5 million leading to the Company filing the suit against him and the three partners of the Firm to recover the RM5 million.

The Company had on 7 November 2016 received the sealed judgment from the High Court ordering the three (3) partners of the Firm, namely, Shamshuddhuha bin Ishak, Ahmad Fadzil bin Mohd Perdaus and Mohammad Bukhari bin Embong (collectively known as “3 Lawyers”) to pay RM5 million with cost of RM30,000 to the Company and in turn they can claim indemnity from JJ (“JJ” or “1st Defendant”).

The Company has accordingly filed a complaint with the Bar Council on misconduct by the 3 Lawyers and initiated the claim execution proceedings against the 3 Lawyers. Subsequently, the Company had on 30 September 2016 received the 1st Defendant’s Notice of Appeal filed with the Court of Appeal against the decision of learned Judge given at Shah Alam High Court on 30 August 2016 that the 3 Lawyers are entitled to claim indemnity from him pursuant to Aturan 16 Kaedah 8 Kaedah-KaedahMahkamah 2012.

b) JJ counter claim against PDZ Holdings Bhd in a separate action (KL High Court)

On 2 December 2014 JJ entered into an agreement with Pelaburan Mara Berhad (PMB) (“the SPA”) to sell to PMB 6 Million shares in Efogen representing 30% equity stake for RM9 million.

The SPA was subsequently terminated before completion and PMB demanded JJ to return the RM2.4 million paid by PMB but he did not do so, hence PMB sued JJ.

In his counter claim, JJ has named PDZ as second defendant on the basis that the SSA was wrongfully terminated and is seeking RM167 million from PMB and PDZ, jointly or severally.

PDZ had entered appearance on 2 August 2016 and appeared before the judge for case management on 10 August 2016. PDZ filed its counter claim on 19 August 2016 and Court hearing for application to strike out the suits is fixed on 30 November 2016.

c) Injunction against Formosa Plastics Marine Corporation and Eastgate Group

On 23 November 2016, the Company announced that Perkapalan Dai ZhunSdn. Bhd. (“PDZ”) and PDZ Holdings Bhd (“PDZ Holdings”), has obtained an ad interim injunction by the Admiralty Judge pending the disposal of the inter parte hearing of the injunction application which presently fixed on 13 January 2017.

An ex parte injunction against Formosa Plastics Marine Corporation (“Formosa”) and the Eastgate Group, amongst others, was obtained on 21 September 2016, to restrain them from arresting PDZ’s or its affiliated companies’ vessels, cargo thereon or freight due therefrom, in relation to Novation of the charter parties entered by PDZ with (“Formosa”) for the hire by PDZ of 2 vessels, be declared valid and binding upon Formosa and Eastgate Group of Companies (comprising Eastgate, Evra Shipping Lines Sdn. Bhd. and Kundang Lakes Country Club SendirianBerhad).

B8. Dividend Payable

The Board of Directors did not recommend any dividend for the current quarter under review.

B9. Earnings/(loss) per share

		3 months ended		15 months ended	
		Individual period		Cumulative period	
		<u>30.09.16</u>	<u>30.09.15</u>	<u>30.09.16</u>	<u>30.09.15</u>
Profit/(loss) attributable to ordinary shareholders of the Company	(RM '000)	2,622	(1,060)	(3,893)	(58,958)
Weighted average number of ordinary shares in issue	('000)	869,321	869,321	869,321	869,321
Basic earnings/(loss) per share	(sen)	0.30	(0.12)	(0.45)	(6.78)

B10. Profit Before Taxation

Profit or loss before tax is after charging/(crediting) the following:

		3 months ended		15 months ended	
		Individual period		Cumulative period	
		<u>30.09.16</u>	<u>30.09.15</u>	<u>30.09.16</u>	<u>30.09.15</u>
		RM '000	RM '000	RM '000	RM '000
Interest income		(31)	(113)	(278)	(558)
Other income		0	(197)	(852)	(764)
Interest expense		27	93	326	429
Depreciation and amortization		397	509	2,643	5,236
(Gain)/loss on foreign exchange		(52)	658	279	889

B11. Realised and Unrealised Profits or Losses

	As at	As at
	<u>30.09.16</u>	<u>30.06.15</u>
	RM '000	RM '000
Realised	(164,675)	(160,846)
Unrealised	(38)	26
	(164,713)	(160,820)
Consolidation adjustments	77,473	77,473
Accumulated losses	(87,240)	(83,347)