

PDZ HOLDINGS BHD

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive
Income for the quarter ended 31 March 2018 (Unaudited)**

	Individual Quarter		Cummulative Quarter	
	Current Year	Preceding	Current Year	Preceding
	Quarter	Year	To Date	Year
	<u>31.03.2018</u>	<u>31.03.2017</u>	<u>31.03.2018</u>	<u>31.03.2017</u>
	RM '000	RM '000	RM '000	RM '000
Revenue	1,127	2,570	1,127	2,570
Cost of sales	(1,029)	(3,147)	(1,029)	(3,147)
Gross profit / (loss)	98	(577)	98	(577)
Other income / (expenses)	138	(578)	138	(578)
Administrative expenses	(1,001)	(1,456)	(1,001)	(1,456)
Loss from operations	(765)	(2,611)	(765)	(2,611)
Finance cost	-	-	-	-
Loss before tax	(765)	(2,611)	(765)	(2,611)
Taxation	-	-	-	-
Loss for the period	(765)	(2,611)	(765)	(2,611)
Other comprehensive income:				
Foreign currency translation differences for a foreign subsidiary	-	40	-	40
Loss after taxation and other comprehensive expenses for the period	(765)	(2,571)	(765)	(2,571)
Loss after taxation for the period attributable to:				
- Owners of the Company	(765)	(2,341)	(765)	(2,341)
- Non-controlling interests	-	(270)	-	(270)
	(765)	(2,611)	(765)	(2,611)
Loss after taxation and other comprehensive expenses attributable to:				
- Owners of the Company	(765)	(2,301)	(765)	(2,301)
- Non-controlling interests	-	(270)	-	(270)
	(765)	(2,571)	(765)	(2,571)
Loss per share (sen)				
- Basic	(0.16)	(0.27)	(0.16)	(0.27)
- Diluted	(0.15)	N/A	(0.15)	N/A

(The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial period ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.)

PDZ HOLDINGS BHD
Condensed Consolidated Statement of Financial Position
as at 31 March 2018 (Unaudited)

	(Unaudited)	(Audited)
	As at	As at
	<u>31.03.2018</u>	<u>31.12.2017</u>
	RM '000	RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	12,368	11,849
Goodwill on consolidation	7	7
	<u>12,375</u>	<u>11,856</u>
Current assets		
Bunker on board	422	422
Trade receivables	5,548	4,421
Other receivables	4,967	4,967
Deposits and prepayments	6,487	5,987
Tax recoverable	818	805
Fixed deposits	38,157	157
Cash and bank balances	2,744	3,278
	<u>59,143</u>	<u>20,037</u>
TOTAL ASSETS	<u><u>71,518</u></u>	<u><u>31,893</u></u>
EQUITY AND LIABILITIES		
Share capital	77,987	34,521
Reserves	1,071	981
Accumulated losses	(15,673)	(14,908)
Equity attributable to owners of the Company	<u>63,385</u>	<u>20,594</u>
Non-controlling interests	<u>557</u>	<u>557</u>
Total equity	<u>63,942</u>	<u>21,151</u>
Non-current liabilities		
Deferred taxation	280	280
	<u>280</u>	<u>280</u>
Current liabilities		
Trade payables	4,546	5,730
Non-trade payables and accruals	2,750	3,732
Amount due to the directors	-	400
Borrowings	-	600
	<u>7,296</u>	<u>10,462</u>
Total liabilities	<u>7,576</u>	<u>10,742</u>
TOTAL EQUITY AND LIABILITIES	<u><u>71,518</u></u>	<u><u>31,893</u></u>
No. of ordinary shares ('000)	651,991	217,330
Net assets per share (RM)	0.10	0.09

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial period ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.)

PDZ HOLDINGS BHD

**Condensed Consolidated Statement of Changes in Equity
for the financial year ended 31 March 2018 (Unaudited)**

	<u>Attributable to owners of the Company</u>						<u>Total</u> RM '000	<u>Non- controlling interests</u> RM '000	<u>Total equity</u> RM '000
	<u>Share capital</u> RM '000	<u>Share premium</u> RM '000	<u>ESOS Reserve</u> RM '000	<u>Revaluation Reserve</u> RM '000	<u>Currency translation differences</u> RM '000	<u>Accumulated losses</u> RM '000			
At 1 January 2018	34,521	0	0	886	95	(14,908)	20,594	557	21,151
Proceeds from rights issue	43,466	0	0	0	0	0	43,466	0	43,466
Share based payment expense	0	0	90	0	0	0	90	0	90
Loss for the period	0	0	0	0	0	(765)	(765)	0	(765)
Dividends	0	0	0	0	0	0	0	0	0
At 31 March 2018	<u>77,987</u>	<u>0</u>	<u>90</u>	<u>886</u>	<u>95</u>	<u>(15,673)</u>	<u>63,385</u>	<u>557</u>	<u>63,942</u>
At 1 January 2017	86,932	27,589	0	886	360	(85,521)	30,246	1,246	31,492
Foreign currency translation for a foreign subsidiary	0	0	0	0	40	0	40	0	40
Loss for the year	0	0	0	0	0	(2,341)	(2,341)	(270)	(2,611)
At 31 March 2017	<u>86,932</u>	<u>27,589</u>	<u>0</u>	<u>886</u>	<u>400</u>	<u>(87,862)</u>	<u>27,945</u>	<u>976</u>	<u>28,921</u>

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial period ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.)

PDZ HOLDINGS BHD
Condensed Consolidated Statement of Cash Flows
for the quarter ended 31 March 2018 (Unaudited)

	Current Year To Date <u>31.03.2018</u> RM '000	Preceding Year To Date <u>31.03.2017</u> RM '000
Operating activities		
Loss after tax	(765)	(2,611)
Adjustments for:		
Depreciation	53	283
Interest income	(25)	(3)
Unrealised gain on foreign exchange	(113)	-
	<u>(850)</u>	<u>(2,331)</u>
Changes in working capital:		
Bunker on board	-	4
Receivables	(1,627)	(225)
Payables	(2,053)	(90)
Cash outflows used in operations	<u>(4,530)</u>	<u>(2,642)</u>
Interest received	25	3
Income tax paid	(13)	(29)
Net cash outflows used in operating activities	<u>(4,518)</u>	<u>(2,668)</u>
Investing activities		
Acquisition of property, plant and equipment	(572)	-
Net cash outflows used in investing activities	<u>(572)</u>	<u>-</u>
Financing activities		
Proceeds from issuance of share capital	43,466	-
Decrease of amount due to directors	(400)	-
Repayment of short-term borrowings	(600)	-
Withdrawal of fixed deposits pledged	30	455
Net cash inflows from financing activities	<u>42,496</u>	<u>455</u>
Net change in cash and cash equivalents	37,406	(2,213)
Cash and cash equivalents at beginning of quarter	3,405	6,143
Effects of currency translation differences	-	42
Cash and cash equivalents at end of the quarter	<u><u>40,811</u></u>	<u><u>3,972</u></u>

PDZ HOLDINGS BHD
Condensed Consolidated Statement of Cash Flows
for the quarter ended 31 March 2018 (Unaudited)

	As at <u>31.03.2018</u> RM '000	As at <u>31.03.2017</u> RM '000
Cash and cash equivalents comprise:		
Cash and bank balances	2,744	3,932
Fixed deposits	<u>38,157</u>	<u>1,301</u>
	40,901	5,233
Fixed deposits pledged	-	(1,261)
	<u><u>40,901</u></u>	<u><u>3,972</u></u>

(The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial period ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.)

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 financial year ended 31 December 2017. The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the financial statements for the financial year ended 31 December 2017 except for the adoption of new MFRS, amendments and interpretations that are mandatory for the Group for the financial year beginning on 1 January 2018. 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 period ended 31 December 2017 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.

A5. Changes in Estimates

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

A6. Changes in Debt and Equity securities

On 7 February 2018, the Company has issued 434,660,560 Rights Shares pursuant to the Rights Issue with Warrants making the issued ordinary shares of the Company to become 651,990,840 ordinary shares as at 31 March 2018. There were no other issuances, cancellations, repurchases, resale or repayments of debt securities during the current quarter.

A7. Dividend paid

There were no dividends paid during the current quarter.

A8. Valuation of Property and Equipment

The Group did not revalue any of its property, plant and equipment during the current quarter.

A9. Subsequent Events

There were no material events subsequent to the end of the financial quarter.

A10. Changes in Composition of the Group

There was no change in composition of the Group during the quarter.

A11. Capital commitments

There were no material capital commitments as at 31 March 2018.

A12. Contingent Liabilities and Contingent AssetsCorporate guarantee for Formosa Plastic Corporation (“Formosa”)

PDZ Holdings Bhd. had on 5 August 2016 issued a corporate guarantee to Formosa for the sum of RM2.33 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. Please refer to Note B7(a) for further clarification.

B. Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**B1. Operating segments review**

Financial review for Current Quarter and Cumulative Quarter:

	Individual / Cumulative Period		
	Current Year to- Date 31/03/18 RM’000	Preceding Year Corresponding Period 31/03/17 RM’000	Changes (Amount) RM’000
Revenue	1,127	2,570	(1,443)
Operating Loss	(765)	(2,611)	1,846
Loss Before Interest and Tax	(765)	(2,611)	1,846
Loss Before Tax	(765)	(2,611)	1,846
Loss After Tax	(765)	(2,611)	1,846
Loss Attributable to Ordinary Equity Holder of the Company	(765)	(2,341)	1,576

The Group registered lower Revenue for the current quarter and financial year, compared to the preceding year corresponding, due to weak market sentiment coupled with the challenging shipping industry. However, the Group registered a lower Loss After Tax due to the lower shipping maintenance costs and administrative expenses.

Financial review for Current Quarter and Immediate Preceding Quarter:

	Current Quarter	Immediate Preceding Quarter	Changes (Amount)
	31/03/18 RM'000	31/12/17 RM'000	RM'000
Revenue	1,127	1,402	(275)
Operating Loss	(765)	(7,477)	6,712
Loss Before Interest and Tax	(765)	(7,470)	6,705
Loss Before Tax	(765)	(7,475)	6,710
Loss After tax	(765)	(7,411)	6,646
Loss Attributable to the Owners of the Company	(765)	(7,383)	6,618

The Group recorded a slight decrease in revenue for the current quarter, compared to the preceding quarter due to the weak market sentiment and setback of the local shipping industry. The Loss After Tax has decreased compared to the immediate preceding quarter mainly due to the loss on disposal for the vessel "PDZ Maju" and the impairment of the trade receivables recorded in the fourth quarter of FY2017. The Group also recorded a decrease in administrative expenses due to lower legal fees and professional fees during the current quarter.

B2. Prospects

Expected growth in the global and local economy is expected to increase demand for freight transport, including container liner services, which transports 90% of the world's manufactured goods. This should positively impact the container liner industry and benefit industry players that offer related services. On an on-going basis, the Group continues to strive for efficient cost management of its business, while continuing to look for related business to provide enhancement to the Group's existing and future earnings.

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

The Group fully repaid its bank borrowings during the current quarter ended 31 March 2018.

B5. Dividend Payable

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

B6. Trade Receivables

The Group's normal trade credit terms range from cash term to 9 months (2017: cash terms to 9 months). Other credit terms are assessed and approved on a case by case basis. There are no trade receivables from related parties.

	As at 31 March 2018				Total RM'000
	Current RM'000	1-3 months RM'000	3-6 months RM'000	More than 6 months RM'000	
Denominated in RM					
Trade receivables	363	1,185	1,690	2,310	5,548

B7. Material litigation

(a) Injunction against Formosa Plastics Marina Corporation ("Formosa") and Eastgate Group:

On 21 September 2016, the Company obtained an ex parte injunction against Formosa and the Eastgate Group, amongst others, to restrain them from arresting the Company's vessels, cargo thereon or freight due therefrom. Formosa filed an application to set aside the said injunction and also for a stay of proceedings to refer this dispute to arbitration. On 2 May 2017, the Judge allowed the stay application pending arbitration and also that the injunctions were validly granted. On 21 March 2018, the Judge has fixed Eastgate's counter-claim for the outstanding charter hire including damages against the Company for a trial from 15 to 19 October 2018.

(b) Claims by by Dan-Bunkering (Singapore) Pte Ltd ("Dan-Bunkering"):

Reference is made to our announcement dated 25 January, 2 February 2017, 13 February 2017 and 15 June 2017, the High Court has on 14 June 2017, allowed the application of the Company to strike-out the Admiralty Suit and uplift and set-aside the Warrant of Arrest with cost of RM5,000 being awarded to the Company. An interim-stay has been granted by the High Court of Malaya, pending disposal of its appeal the solicitor acting for the Company is of the view the Company stands a strong chance in defending the suit and setting aside the claims.

(c) Johany Jaafar ("JJ") counter claim against the Company and JJ's counter claim against Pelaburan MARA Berhad ("PMB") & PMB claim against JJ:

Reference is made to our announcements dated 12 August 2016, 17 August 2016, 30 August 2016, 17 November, 1 December 2016 and 20 December 2017, the Court of Appeal has set aside the Striking Off and ordered that the case be retried at the High Court. The matter is fixed for continued trial at the High Court from 1 August 2018 to 3 August 2018. The solicitor acting for the Company is of the view the Company stands a strong chance in defending against the said claims.

B7. Material litigation (continued)

- (d) Continental Platform (M) Sdn Bhd (“CPSB”) and Marine & Offshore Solution Sdn Bhd (“MAROFF”):

Reference is made to our announcement dated 12 April 2017, the High Court has allowed the claims by CPSB and MAROFF, and granted an order for sale of PDZ Maju. Disposal of PDZ Maju has been conducted, pending determination of priorities order of claim by the Sheriff of the High Court.

- (e) Claims by Harbour-Link Lines (“Harbour”) and Shin Yang Shipping (“Shin Yang”):

Reference is made to our announcement dated 2 February 2017, the case is pending assessment of damages which in turn is pending the outcome of appeal per above B7 (b), in view that the damages claimed were caused by the wrongful Arrest of Vessel. The solicitor acting for the Company is of the view the Company stands a strong chance in defending the suit and setting aside the claims.

- (f) Claims by Perkapalan Dai Zhun Sdn Bhd (“PDZSB”) and Winding-Up petition against PDZSB:

On 3 August 2017, a writ was served by PDZSB against the Company and three of its subsidiaries, Salvage Point Ltd and 2 directors of the subsidiaries claiming for PDZ Mewah, the Port Klang Land with RM250,000 rental, including other damages where the High Court granted an interim injunction against the Company from dealing with the Port Klang Land and vessel PDZ Mewah, pending the disposal of the above matter, which is fixed for trial on 7 January 2019 to 10 January 2019 and 14 January 2019 to 17 January 2019. The solicitors acting for the Company in the above matter is of the view that it has a strong arguable case in defending against the suit. On 8 May 2017, the Company was served with a notice by the Liquidators that the Company shall administer the liquidation of PDZSB. The High Court of Malaya has fixed the hearing for the Company’s application for validation of the transfer of the Sale Shares in PDZSB from the Company to Salvage Point Ltd for decision on 7 June 2018. The solicitors acting for the Company is of the view the Company stands a strong chance in obtaining an order for validation.

- (g) Northport (Malaysia) Berhad (“Northport”):

On 21 December 2017, Northport claimed the amount owing of RM910,000 for container handling services, storage, stevedoring and other port terminal services. The matter is now fixed for mediation on 3 July 2018. The solicitors acting for the Company in the above matter is of the view that it has a strong arguable case in defending against the suit.

- (h) Baker Tilly Monteiro Heng (“Baker Tilly”):

On 23 March 2018, Baker Tilly claimed the amount owing of RM162,510 for the audit and assurance services rendered to the Company. The solicitors acting for the Company in the above matter is of the view that it has a strong arguable case in defending against the suit.

B8. Taxation

**Current year
quarter / to-date**
31/03/18 31/03/17
RM '000 RM '000

Taxation

 - -

Effective from the year of assessment 2012, the amended Section 54A of the Income Tax Act, 1967 in Malaysia ("the Act") provides that only 70% of the statutory income derived from the operations of sea-going Malaysian registered ships is exempted from tax. Ministry of Finance has via their letter dated 27 November 2015 granted the above exemption until the year assessment 2020.

B9. Earnings/(loss) per share

Basic earnings per share of the Group is calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue:

**Current year
quarter / to-date**
31/03/18 31/03/17

Loss attributable to ordinary shareholders of the Company	(RM'000)	(765)	(2,341)
Weighted average number of ordinary shares in issue	('000)	471,289	869,321
Basic loss per share	(sen)	(0.16)	(0.27)

Diluted earnings per share of the Group is calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of shares in issue and issuable under the share options.

**Current year
quarter / to-date**
31/03/18 31/03/17

Loss attributable to ordinary shareholders of the Company	(RM'000)	(765)	(2,341)
Weighted average number of ordinary shares in issue	('000)	471,289	869,321
Adjustment for share options	('000)	42,000	-
Adjusted weighted average number of ordinary shares in issue	('000)	513,289	-
Basic loss per share	(sen)	(0.15)	n/a

B10. Profit Before Taxation

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

	Current year	
	Quarter / to-date	
	<u>31/03/18</u>	<u>31/03/17</u>
	RM '000	RM '000
Interest income	(25)	(3)
Interest expense	-	-
Depreciation and amortization	53	283
Share based expenses – ESOS	90	-
Unrealised gain on foreign exchange	(113)	-

B11. Status of utilisation of proceeds as at 31 March 2018 raised from the Rights Issue with Warrants following the quotation for 434,660,560 Rights Shares together with 325,995,328 Warrants on the Main Market of Bursa Securities on 7 February 2018:

No	Purpose	Proposed utilisation (RM'000)	YTD Utilisation (RM'000)	YTD Balance (RM'000)	Intended Timeframe for utilisation from date of receipt
(i)	Acquisition of a container tug and barge set	4,000	0	4,000	Within 6 months
(ii)	Regional business expansion	3,300	0	3,300	Within 24 months
(iii)	Working capital	6,000	(2,260)	3,740	Within 24 months
(iv)	Security deposit for bank guarantee to port authorities	1,000	0	1,000	Within 12 months
(v)	Dry docking expenditure for PDZ Mewah	5,500	0	5,500	Within 18 months
(vi)	Purchase of containers	4,900	0	4,900	Within 24 months
(vii)	Acquisition of a vessel	11,000	0	11,000	Within 24 months
(viii)	Acquisition and/or investment in other complementary businesses and/or assets	⁽¹⁾ 6,846	0	6,846	Within 24 months
(ix)	Estimated expenses for the Corporate Exercises	⁽¹⁾ 920	(920)	0	Immediate
	Total	43,466	(3,180)	40,286	

Remarks:

Unutilized proceeds are placed in interest bearing fixed deposit with licensed financial institutions(s) and money market funds.

⁽¹⁾Corporate exercise estimated expense surplus is adjusted accordingly into the acquisition and/or investment in other complementary businesses and/or assets.

B12. Status of corporate proposals

There is no on-going corporate proposal for the Company and the Group during the quarter.

B13. Off-balance sheet financial instruments

There were no financial instruments with off-balance sheet risks as at 31 March 2018.