

PDZ HOLDINGS BHD (360419 -T)

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive
Income for the quarter and year ended 30 June 2019 (Unaudited)**

	Individual Quarter		Cummulative Quarter	
	Current Year	Preceding	Current Year	Preceding
	Quarter	Year	To Date	Year
	<u>30.06.2019</u>	<u>30.06.2018</u>	<u>30.06.2019</u>	<u>30.06.2018</u>
	RM '000	RM '000	RM '000	RM '000
Revenue	1,023	1,409	2,063	2,536
Cost of sales	(923)	(1,276)	(1,865)	(2,305)
Gross profit	100	133	198	231
Other income/(expnses)	198	(4,873)	204	(4,760)
Administrative expenses	(871)	(1,384)	(1,644)	(2,385)
Loss from operations	(573)	(6,124)	(1,242)	(6,914)
Interest income	273	556	582	581
Finance cost	-	(63)	-	(63)
Loss before tax	(300)	(5,631)	(660)	(6,396)
Taxation	(65)	(133)	(142)	(133)
Loss for the period	(365)	(5,764)	(802)	(6,529)
Other comprehensive expenses:				
Transfer of share options reserve	-	10	-	10
Loss after tax and other comprehensive expenses for the period	<u>(365)</u>	<u>(5,754)</u>	<u>(802)</u>	<u>(6,519)</u>
Loss after tax for the period attributable to:				
- Owners of the Company	(365)	(5,764)	(802)	(6,529)
- Non-controlling interests	-	-	-	-
	<u>(365)</u>	<u>(5,764)</u>	<u>(802)</u>	<u>(6,529)</u>
Loss after tax and other comprehensive expenses attributable to:				
- Owners of the Company	(365)	(5,754)	(802)	(6,519)
- Non-controlling interests	-	-	-	-
	<u>(365)</u>	<u>(5,754)</u>	<u>(802)</u>	<u>(6,519)</u>
Loss per share (sen)				
- Basic	(0.05)	(0.77)	(0.12)	(0.87)
- Diluted	N/A	N/A	N/A	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 year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.)

PDZ HOLDINGS BHD (360419 -T)
Condensed Consolidated Statement of Financial Position
as at 30 June 2019 (Unaudited)

	(Unaudited)	(Audited)
	As at	As at
	<u>30.06.2019</u>	<u>31.12.2018</u>
	RM '000	RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	4,837	4,861
Investments at fair value through OCI	415	501
	<u>5,252</u>	<u>5,362</u>
Current assets		
Trade receivables	1,594	3,909
Other receivables	8,374	8,528
Deposits and prepayments	5,434	5,234
Tax recoverable	914	1,167
Fixed deposits	37,083	36,052
Cash at bank	439	2,947
	<u>53,838</u>	<u>57,837</u>
TOTAL ASSETS	<u><u>59,090</u></u>	<u><u>63,199</u></u>
EQUITY AND LIABILITIES		
Share capital	80,027	80,027
Reserves	3,837	3,837
Accumulated losses	(30,794)	(29,992)
Equity attributable to owners of the Company	<u>53,070</u>	<u>53,872</u>
Non-controlling interests	<u>263</u>	<u>263</u>
Total equity	<u><u>53,333</u></u>	<u><u>54,135</u></u>
Non-current liabilities		
Deferred taxation	280	280
	<u>280</u>	<u>280</u>
Current liabilities		
Trade payables	1,560	4,261
Other payables and accruals	3,917	4,523
	<u>5,477</u>	<u>8,784</u>
Total liabilities	<u><u>5,757</u></u>	<u><u>9,064</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>59,090</u></u>	<u><u>63,199</u></u>
No. of ordinary shares ('000)	681,991	681,991
Net assets per share (sen)	7.78	7.90

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.)

PDZ HOLDINGS BHD (360419 -T)
Condensed Consolidated Statement of Changes in Equity
for the quarter and year ended 30 June 2019 (Unaudited)

	<-----Attributable to owners of the Company---				Non- controlling interests	Total equity
	Share capital	Reserves	Retained earnings	Total		
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
At 1 January 2019	80,027	3,837	(29,992)	53,872	263	54,135
Loss for the period	-	-	(802)	(802)	-	(802)
At 30 June 2019	<u>80,027</u>	<u>3,837</u>	<u>(30,794)</u>	<u>53,070</u>	<u>263</u>	<u>53,333</u>
At 1 January 2018	34,521	981	(14,908)	20,594	557	21,151
Share issuance under rights issue	43,466	-	-	43,466	-	43,466
Fair value adjustments for warrants	-	3,260	(3,260)	-	-	-
Share issuance under Employee Share Options	1,840	-	-	1,840	-	1,840
Share based payment transactions	-	212	-	212	-	212
ESOS expired	200	(212)	12	-	-	-
Transaction with owners	-	-	-	-	(49)	(49)
Loss for the financial year	-	-	(11,836)	(11,836)	(245)	(12,081)
Other comprehensive expenses	-	(404)	-	(404)	-	(404)
At 31 December 2018	<u>80,027</u>	<u>3,837</u>	<u>(29,992)</u>	<u>53,872</u>	<u>263</u>	<u>54,135</u>

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.)

PDZ HOLDINGS BHD (360419 -T)
Condensed Consolidated Statement of Cash Flows
for the quarter and year ended 30 June 2019

	(Unaudited) Year To Date <u>30.06.2019</u> RM '000	(Unaudited) Year To Date <u>30.06.2018</u> RM '000
Operating activities		
Loss before tax	(660)	(6,396)
Adjustments for:		
Depreciation	159	116
Equity share based payments expenses (ESOS)	-	136
Impairment charge / (reversal) of PPE	-	1,833
Interest expenses	-	63
Interest income	(582)	(581)
Loss on disposal of PPE	129	-
Reversal of allowance for doubtful debts	(252)	-
Unrealised (gain)/loss on foreign exchange	(81)	333
Unrealised loss on quoted shares	86	-
	<u>(1,201)</u>	<u>(4,496)</u>
Changes in working capital:		
Receivables	2,818	1,629
Payables	<u>(3,226)</u>	<u>(3,395)</u>
Cash used in operations	<u>(1,609)</u>	<u>(6,262)</u>
Interest received	285	581
Income tax refund	324	-
Income tax paid	<u>(213)</u>	<u>(314)</u>
Net cash used in operating activities	<u>(1,213)</u>	<u>(5,995)</u>
Investing activities		
Acquisition of property, plant and equipment	<u>(264)</u>	<u>(710)</u>
Net cash used in investing activities	<u>(264)</u>	<u>(710)</u>

PDZ HOLDINGS BHD (360419 -T)
Condensed Consolidated Statement of Cash Flows
for the quarter and year ended 30 June 2019

	(Unaudited) Year To Date <u>30.06.2019</u> RM '000	(Unaudited) Year To Date <u>30.06.2018</u> RM '000
Financing activities		
Proceeds from issuance of share capital	-	43,466
Proceeds from issuance of shares under ESOS	-	1,840
Decrease in amount due to directors	-	(400)
Repayment of short-term borrowings	-	(600)
Withdrawal of fixed deposits pledged	-	30
Net cash from financing activities	<u>-</u>	<u>44,336</u>
Net change in cash and cash equivalents	(1,477)	37,631
Cash and cash equivalents at beginning of the period	38,999	3,405
Cash and cash equivalents at end of the financial period	<u>37,522</u>	<u>41,036</u>

	(Unaudited) As at <u>30.06.2019</u> RM '000	(Unaudited) As at <u>30.06.2018</u> RM '000
Cash and cash equivalents comprise:		
Cash and bank balances	439	1,603
Term deposits at call	<u>37,083</u>	<u>39,433</u>
	37,522	41,036
Fixed deposits pledged	<u>-</u>	<u>-</u>
	<u>37,522</u>	<u>41,036</u>

(The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 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 2018. 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 2018 except for the adoption of new MFRS, amendments and interpretations that are mandatory for the Group for the financial year beginning on 1 January 2019. 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 2018 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

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 reporting period.

A9. Subsequent Events

There were no material events subsequent to the end of the reporting period.

A10. Changes in Composition of the Group

There was no change in composition of the Group during the current reporting period.

A11. Capital commitments

There were no material capital commitments as at the end of the reporting period.

A12. Contingent Liabilities and Contingent Assets

There were no contingent liabilities and contingent assets as at the end of the reporting period.

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 Period (2 nd Quarter)			Cumulative Period		
	Current Year Quarter 30/6/19 RM'000	Preceding Year Corresponding Quarter 30/6/18 RM'000	Changes (Amount) RM'000	Current Year to- Date 30/6/19 RM'000	Preceding Year Corresponding Period 30/6/18 RM'000	Changes (Amount) RM'000
Revenue	1,023	1,409	(386)	2,063	2,536	(473)
Operating Loss	(573)	(6,124)	5,551	(1,242)	(6,914)	5,672
Loss Before Interest and Tax	(573)	(6,124)	5,551	(1,242)	(6,914)	5,672
Loss Before Tax	(300)	(5,631)	5,331	(660)	(6,396)	5,736
Loss After Tax	(365)	(5,764)	5,399	(802)	(6,529)	5,727
LAOEH*	(365)	(5,764)	5,399	(802)	(6,529)	5,727

* Loss Attributable to Ordinary Equity Holder of the Company

The Group registered lower revenue for the current and cumulative quarter, compared to the preceding current and cumulative quarter, on the back of lower trade volume.

The Group recorded a lower Loss After Tax for the current and cumulative quarter, compared to the preceding current and cumulative quarter, due to lower administrative expenses coupled with loss on disposal of vessel ('PDZ Maju') upon determination of claims by the Court as well as impairment expenses of vessel ('PDZ Mewah') in the preceding current and cumulative quarter.

Financial review for Current Quarter and Immediate Preceding Quarter:

	Current Quarter	Immediate Preceding Quarter	Changes (Amount)
	30/06/19	31/03/19	
	RM'000	RM'000	RM'000
Revenue	1,023	1,040	(17)
Operating Loss	(573)	(669)	96
Loss Before Interest and Tax	(573)	(669)	96
Profit/(Loss) Before Tax	(300)	(360)	60
Profit/(Loss) After tax	(365)	(437)	72
Profit/(Loss) Attributable to the Owners of the Company	(365)	(437)	72

The Group registered lower revenue for the current quarter, compared to the preceding quarter, on the back of lower trade volume.

The Group registered a lower Loss After Tax in the current quarter compared to the immediate preceding quarter, due to the unrealised gain on foreign exchange for trade payables.

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. Notwithstanding the losses reported due to the reasons mentioned as per B1 above, the Group will continue to monitor and 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 has no borrowings and debt securities as at the end of the reporting period.

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 (2018: 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 2019				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	263	1,051	280	-	1,594

B7. Material litigation

- (a) Injunction against Formosa Plastics Marina Corporation ("Formosa") and Eastgate:
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. The trial for Eastgate's counter-claim for damages against the Company was completed 17 June 2019. Decision date is fixed for 10 September 2019.
- (b) Claims 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. The Court has fixed 10 October 2019 for case management and the hearing dates are fixed on 17 to 20 February 2020 and 3 to 5 March 2020.
- (c) 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.
- (d) Claims by Perkapalan Dai Zhun Sdn Bhd ("PDZSB"):
Reference is made to our announcement on 27 June 2018. The court hearing for the application for validation of the transfer of the Sale Shares in PDZSB from the Company to Salvage Point Ltd has been dismissed with cost of RM5,000. The Court of Appeal has fixed 24 October 2019 for hearing. The solicitors acting for the Company is of the view the Company has a strong arguable case to appeal the decision.

- (e) Counter claims by Johany Jaafar:
Reference is made to our announcement on 23 January 2019, where the Court has on 12 November 2018 dismissed the counter claim against the Company by JJ with cost of RM10,000.00. The Court of Appeal has fixed hearing date on 18 November 2019. The solicitors acting for the Company is of the view the Company has a strong arguable case on the matter.

B8. Taxation

	3 months ended		6 months ended	
	Individual period		Cumulative period	
	<u>30/06/19</u>	<u>30/06/18</u>	<u>30/06/19</u>	<u>30/06/18</u>
	RM '000	RM '000	RM '000	RM '000
Taxation	65	133	142	133

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

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:

		3 months ended		6 months ended	
		Individual period		Cumulative period	
		<u>30/06/19</u>	<u>30/06/18</u>	<u>30/06/19</u>	<u>30/06/18</u>
Net loss attributable to ordinary shareholders	(RM'000)	(365)	(5,764)	(802)	(6,529)
Weighted average number of ordinary shares in issue	('000)	681,991	748,253	681,991	748,253
Basic loss per share	(sen)	(0.05)	(0.77)	(0.12)	(0.87)

B10. Profit Before Taxation

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

	3 months ended		6 months ended	
	Individual period		Cumulative period	
	<u>30/06/19</u>	<u>30/06/18</u>	<u>30/06/19</u>	<u>30/06/18</u>
	RM '000	RM '000	RM '000	RM '000
Interest income	(273)	(556)	(582)	(581)
Interest expense	-	63	-	63
Loss on disposal of PPE	-	-	129	-
Impairment charge on PPE	-	1,833	-	1,833
Reversal of allowance for doubtful debts	(117)	-	(252)	-
Depreciation	77	63	159	116
Share based transactions – ESOS	-	46	-	136
Unrealised loss on quoted shares	41	-	86	-
(Gain) / loss in foreign exchange difference	(81)	446	(81)	333

B11. Status of utilisation of proceeds as at 30 June 2019 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	⁽¹⁾ Within 36 months
(ii)	Regional business expansion	⁽²⁾ 1,800	0	1,800	Within 24 months
(iii)	Working capital	⁽²⁾ 8,150	(6,074)	2,076	Within 24 months
(iv)	Security deposit for bank guarantee to port authorities	⁽²⁾ 350	0	350	Within 24 months
(v)	Purchase of containers	4,900	0	4,900	Within 24 months
(vi)	Acquisition of a vessel	11,000	0	11,000	Within 24 months
(vii)	Acquisition and/or investment in other complementary businesses and/or assets	12,346	0	12,346	Within 24 months
(viii)	Estimated expenses for the Corporate Exercises	920	(920)	0	Immediate
	Total	43,466	(6,994)	36,472	

Remarks:

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

- (1) The Board on 15 May 2019 approved the proposed utilisation for acquisition of a container tug and barge set to be extended by 24 months to 7 February 2021 as the Company has yet to identify a suitable container tug and barge set.
- (2) The Board on 31 May 2019 approved the proposed re-allocation of RM1.5 million (from Regional Business Expansion) and RM0.65 million (from Security Deposit for bank guarantee to port authorities), totalling RM2.15 million to Working Capital in line with strategic partnering plans with regional shipping lines and streamlining the Group's finance and administrative functions.

B12. Status of corporate proposals

There is no on-going corporate proposal for the Company and the Group at the end of the reporting period.

B13. Off-balance sheet financial instruments

There were no financial instruments with off-balance sheet risks as at the reporting date.