

PDZ HOLDINGS BHD (360419 -T)

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive
Income for the quarter and year ended 31 December 2019 (Unaudited)**

	Individual Quarter		Cummulative Quarter	
	Current Year	Preceding	Current Year	Preceding
	Quarter	Year	To Date	Year
	<u>31.12.2019</u>	<u>31.12.2018</u>	<u>31.12.2019</u>	<u>31.12.2018</u>
	RM '000	RM '000	RM '000	RM '000
Revenue	2,050	1,001	5,757	5,000
Cost of sales	(1,844)	(901)	(5,192)	(4,536)
Gross profit	206	100	565	464
Other expenses	(2,864)	(3,071)	(9,103)	(8,335)
Administrative expenses	(510)	(496)	(3,010)	(5,022)
Loss from operations	(3,168)	(3,467)	(11,548)	(12,893)
Interest income	426	365	1,356	1,182
Finance cost	-	-	-	(75)
Loss before tax	(2,742)	(3,102)	(10,192)	(11,786)
Taxation	265	(160)	123	(295)
Loss for the financial year	(2,477)	(3,262)	(10,069)	(12,081)
Other comprehensive expenses:				
Changes in fair value of financial assets	(87)	(397)	(87)	(397)
Exchange differences on translation of foreign operations	-	(7)	-	(7)
Loss after tax and other comprehensive expenses for the financial year	(2,564)	(3,666)	(10,156)	(12,485)
Loss after tax for the financial year attributable to:				
- Owners of the Company	(2,462)	(3,017)	(10,054)	(11,836)
- Non-controlling interests	(15)	(245)	(15)	(245)
	<u>(2,477)</u>	<u>(3,262)</u>	<u>(10,069)</u>	<u>(12,081)</u>
Loss after tax and other comprehensive expenses attributable to:				
- Owners of the Company	(2,549)	(3,421)	(10,141)	(12,240)
- Non-controlling interests	(15)	(245)	(15)	(245)
	<u>(2,564)</u>	<u>(3,666)</u>	<u>(10,156)</u>	<u>(12,485)</u>
Loss per share (sen)				
- Basic	(0.36)	(0.44)	(1.47)	(1.74)
- 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 31 December 2019 (Unaudited)

	(Unaudited)	(Audited)
	As at	As at
	<u>31.12.2019</u>	<u>31.12.2018</u>
	RM '000	RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	4,766	4,861
Investments in quoted shares	418	501
	<u>5,184</u>	<u>5,362</u>
Current assets		
Trade receivables	4,013	3,909
Other receivables	8,441	8,528
Deposits and prepayments	6,545	5,234
Tax recoverable	771	1,167
Term deposits	34,891	36,052
Cash at bank	872	2,947
	<u>55,533</u>	<u>57,837</u>
TOTAL ASSETS	<u><u>60,717</u></u>	<u><u>63,199</u></u>
EQUITY AND LIABILITIES		
Share capital	80,027	80,027
Reserves	3,750	3,837
Accumulated losses	(40,046)	(29,992)
Equity attributable to owners of the Company	<u>43,731</u>	<u>53,872</u>
Non-controlling interests	<u>248</u>	<u>263</u>
Total equity	<u><u>43,979</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	4,801	4,261
Other payables and accruals	11,657	4,523
	<u>16,458</u>	<u>8,784</u>
Total liabilities	<u>16,738</u>	<u>9,064</u>
TOTAL EQUITY AND LIABILITIES	<u><u>60,717</u></u>	<u><u>63,199</u></u>
No. of ordinary shares ('000)	681,991	681,991
Net assets per share (sen)	6.41	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 31 December 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 financial year	-	-	(10,054)	(10,054)	(15)	(10,069)
Other comprehensive expenses	-	(87)	-	(87)	-	(87)
At 31 December 2019	<u>80,027</u>	<u>3,750</u>	<u>(40,046)</u>	<u>43,731</u>	<u>248</u>	<u>43,979</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 year ended 31 December 2019

	(Unaudited) Year To Date <u>31.12.2019</u> RM '000	(Audited) Year To Date <u>31.12.2018</u> RM '000
Operating activities		
Loss before tax	(10,192)	(11,786)
Adjustments for:		
Depreciation	343	296
Equity share based payments expenses (ESOS)	-	212
Impairment charge / (reversal) of PPE	-	1,753
Interest expenses	-	75
Interest income	(1,356)	(1,182)
Loss on disposal of PPE	129	7
Provision for litigation claim	6,249	-
(Reversal) / provision of bunker stock	-	(170)
Reversal of allowance for doubtful debts	(77)	758
Unrealised (gain)/loss on foreign exchange	(167)	431
Transaction with non-controlling interest	-	(49)
	<u>(5,071)</u>	<u>(9,655)</u>
Changes in working capital:		
Receivables	(920)	4,046
Payables	1,592	(1,172)
Cash used in operations	<u>(4,399)</u>	<u>(6,781)</u>
Interest received	1,025	1,031
Income tax refund	808	-
Income tax paid	(289)	(657)
Net cash used in operating activities	<u>(2,855)</u>	<u>(6,407)</u>
Investing activities		
Acquisition of property, plant and equipment	(377)	(1,430)
Investment in quoted shares	-	(898)
Net cash used in investing activities	<u>(377)</u>	<u>(2,328)</u>

PDZ HOLDINGS BHD (360419 -T)
Condensed Consolidated Statement of Cash Flows
for the year ended 31 December 2019

	(Unaudited)	(Audited)
	Year To Date	Year To Date
	<u>31.12.2019</u>	<u>31.12.2018</u>
	RM '000	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	(3,232)	35,601
Cash and cash equivalents at beginning of the period	38,999	3,405
Effects of currency translation differences	(4)	(7)
Cash and cash equivalents at end of the financial period	<u>35,763</u>	<u>38,999</u>

	(Unaudited)	(Audited)
	As at	As at
	<u>31.12.2019</u>	<u>31.12.2018</u>
	RM '000	RM '000
Cash and cash equivalents comprise:		
Cash and bank balances	872	2,947
Term deposits at call	34,891	36,052
	<u>35,763</u>	<u>38,999</u>
Fixed deposits pledged	-	-
	<u>35,763</u>	<u>38,999</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 requiring adjustments.

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 (3 rd Quarter)			Cumulative Period		
	Current Year Quarter 31/12/19 RM'000	Preceding Year Corresponding Quarter 31/12/18 RM'000	Changes (Amount) RM'000	Current Financial Year 31/12/19 RM'000	Preceding Financial Year 31/12/18 RM'000	Changes (Amount) RM'000
Revenue	2,050	1,001	1,049	5,757	5,000	757
Operating Loss	(3,168)	(3,467)	299	(11,548)	(12,893)	1,345
Loss Before Interest and Tax	(3,168)	(3,467)	299	(11,548)	(12,893)	1,345
Loss Before Tax	(2,742)	(3,102)	360	(10,192)	(11,786)	1,594
Loss After Tax	(2,477)	(3,262)	785	(10,069)	(12,081)	2,012
LAOEHC*	(2,462)	(3,017)	555	(10,054)	(11,836)	1,782

* Loss Attributable to Ordinary Equity Holder of the Company

The Group registered higher revenue for the current quarter and financial year, compared to the preceding year corresponding quarter and financial year, due to the higher volume transported by the Group during the quarter.

The Group recorded a lower Loss After Tax for the current quarter and financial year, compared to the preceding year corresponding quarter and financial year mainly due to the lower administrative expenses coupled with current year tax income from overprovision of tax for the previous financial year.

Financial review for Current Quarter and Immediate Preceding Quarter:

	Current Quarter	Immediate Preceding Quarter	Changes (Amount)
	31/12/19	30/9/19	
	RM'000	RM'000	RM'000
Revenue	2,050	1,644	406
Operating Loss	(3,168)	(7,138)	3,970
Loss Before Interest and Tax	(3,168)	(7,138)	3,970
Profit/(Loss) Before Tax	(2,742)	(6,790)	4,048
Profit/(Loss) After tax	(2,477)	(6,790)	4,313
Profit/(Loss) Attributable to the Owners of the Company	(2,462)	(6,790)	4,328

The Group registered an increase in revenue for the current quarter, compared to the preceding quarter, on the back of higher transported volume by the Group.

The Group registered a lower Loss After Tax in the current quarter compared to the immediate preceding quarter, mainly due to the provision made during the preceding quarter for the provision for litigation payable as per Note B7(a).

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 December 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	932	1,479	1,277	325	4,013

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 Court awarded Eastgate Group's counter-claim against the Company and its former subsidiary, Perkapalan Dai Zhun Sdn Bhd ("PDZSB") amounting to RM5.2 million being operational expenses incurred by Eastgate Group with interest of RM0.9 million and cost of RM0.1 million. The Company and PDZSB have on 18 November 2019 filed for an appeal against the said judgement and obtained a stay of execution of the High Court judgement, with a sum of RM1.2 million to be paid by the Company into a joint stakeholder account and the private caveat on the Company's office building, pending the hearing and final disposal of the appeal. Eastgate Group appealed against both the High Court judgement and stay order. Hearing dates have not been fixed.
- (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 hearing dates 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 Company has succeeded in the appeal to the validation of the transfer of the Sale Shares in PDZSB from the Company to Salvage Point Ltd.
- (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 adjourned hearing to a date pending from court. 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		Year to date	
	Individual period		Cumulative period	
	<u>31/12/19</u>	<u>31/12/18</u>	<u>31/12/19</u>	<u>31/12/18</u>
	RM '000	RM '000	RM '000	RM '000
Taxation	(265)	160	(123)	295

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		Year to date	
		Individual period		Cumulative period	
		<u>31/12/19</u>	<u>31/12/18</u>	<u>31/12/19</u>	<u>31/12/18</u>
Net loss attributable to ordinary shareholders	(RM'000)	(2,462)	(3,017)	(10,054)	(11,836)
Weighted average number of ordinary shares in issue	('000)	681,991	681,991	681,991	681,991
Basic loss per share	(sen)	(0.36)	(0.44)	(1.47)	(1.74)

B10. Profit Before Taxation

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

	3 months ended		Year to date	
	Individual period		Cumulative period	
	<u>31/12/19</u>	<u>31/12/18</u>	<u>31/12/19</u>	<u>31/12/18</u>
	RM '000	RM '000	RM '000	RM '000
Interest income	426	(365)	(1,356)	(1,182)
Interest expense	-	-	-	75
Loss on disposal of PPE	-	-	129	-
Impairment charge on PPE	-	-	-	1,753
(Reversal of) / additional impairment on financial assets	-	758	(77)	758
Depreciation expense	92	97	343	296
Share based transactions – ESOS	-	76	-	212
Income from bunker	-	-	-	(170)
Provision for litigation payable	-	-	6,249	-
Provision for corporate guarantee	-	2,336	-	2,336
Loss / (gain) in foreign exchange difference	(105)	(53)	(167)	431

B11. Status of utilisation of proceeds as at 31 December 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	Within 36 months
(ii)	Regional business expansion	1,800	0	1,800	⁽¹⁾ Within 42 months
(iii)	Working capital	8,150	(7,348)	802	⁽¹⁾ Within 42 months
(iv)	Security deposit for bank guarantee to port authorities	350	0	350	⁽¹⁾ Within 42 months
(v)	Purchase of containers	4,900	0	4,900	⁽¹⁾ Within 42 months
(vi)	Acquisition of a vessel	11,000	0	11,000	⁽¹⁾ Within 42 months
(vii)	Acquisition and/or investment in other complementary businesses and/or assets	12,346	(3,000)	9,346	⁽¹⁾ Within 42 months
(viii)	Estimated expenses for the Corporate Exercises	920	(920)	0	Immediate
	Total	43,466	(11,298)	32,168	

Remarks:

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

(1) On 23 January 2020, the Board approved an extension of timeframe for utilisation of proceeds for another 18 months to 6 August 2021 as the Company is still in the midst of negotiations and due diligence works in relation to any new investment arrangements.

B12. Status of corporate proposals

On 19 February 2020, the Company proposes to undertake the private placement of up to 204,597,000 new ordinary shares in the Company, representing up to 30% of the total number of issued shares of the Company, to independent third party investors to be identified later, at an issue price to be determined later ("Placement Shares") ("Proposed Private Placement").

B13. Off-balance sheet financial instruments

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