

PDZ HOLDINGS BHD (360419 -T)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the quarter and year ended 31 March 2020 (Unaudited)

	Individual Quarter		Cummulative Quarter	
	Current Year	Preceding	Current Year	Preceding
	Quarter	Year	To Date	Year
	<u>31.3.2020</u>	<u>31.3.2019</u>	<u>31.3.2020</u>	<u>31.3.2019</u>
	RM '000	RM '000	RM '000	RM '000
Revenue	1,220	1,040	1,220	1,040
Cost of sales	(1,107)	(942)	(1,107)	(942)
Gross profit	113	98	113	98
Other expenses	-	6	-	6
Administrative expenses	(365)	(773)	(365)	(773)
Loss from operations	(252)	(669)	(252)	(669)
Interest income	382	309	382	309
Finance cost	-	-	-	-
Profit / (Loss) before tax	130	(360)	130	(360)
Taxation	-	(77)	-	(77)
Profit / (Loss) for the financial year	130	(437)	130	(437)
Other comprehensive expenses:				
Changes in fair value of financial assets	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-
Profit / (Loss) after tax and other comprehensive expenses for the financial year	130	(437)	130	(437)
Profit / (Loss) after tax for the financial year attributable to:				
- Owners of the Company	130	(437)	130	(437)
- Non-controlling interests	-	-	-	-
	130	(437)	130	(437)
Profit / (Loss) after tax and other comprehensive expenses attributable to:				
- Owners of the Company	130	(437)	130	(437)
- Non-controlling interests	-	-	-	-
	130	(437)	130	(437)
Profit / (Loss) per share (sen)				
- Basic	0.02	(0.06)	0.02	(0.06)
- 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 2019 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 March 2020 (Unaudited)

	(Unaudited) As at 31.3.2020 RM '000	(Audited) As at 31.12.2019 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	4,637	4,766
Investments in quoted shares	418	418
	<u>5,055</u>	<u>5,184</u>
Current assets		
Trade receivables	2,898	3,997
Other receivables	9,870	9,517
Deposits and prepayments	6,432	6,432
Tax recoverable	771	771
Term deposits	33,990	33,953
Cash at bank	671	873
	<u>54,632</u>	<u>55,543</u>
TOTAL ASSETS	<u><u>59,687</u></u>	<u><u>60,727</u></u>
EQUITY AND LIABILITIES		
Share capital	80,027	80,027
Reserves	3,750	3,750
Accumulated losses	(40,274)	(40,404)
Equity attributable to owners of the Company	<u>43,503</u>	<u>43,373</u>
Non-controlling interests	<u>248</u>	<u>248</u>
Total equity	<u><u>43,751</u></u>	<u><u>43,621</u></u>
Non-current liabilities		
Deferred taxation	280	280
	<u>280</u>	<u>280</u>
Current liabilities		
Trade payables	3,856	4,801
Other payables and accruals	11,800	12,025
	<u>15,656</u>	<u>16,826</u>
Total liabilities	<u>15,936</u>	<u>17,106</u>
TOTAL EQUITY AND LIABILITIES	<u><u>59,687</u></u>	<u><u>60,727</u></u>
No. of ordinary shares ('000)	681,991	681,991
Net assets per share (sen)	6.38	6.36

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 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 March 2020 (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		
At 1 January 2020	80,027	3,750	(40,404)	43,373	248	43,621
Profit for the financial year	-	-	130	130	-	130
Other comprehensive expenses	-	-	-	-	-	-
At 31 March 2020	<u>80,027</u>	<u>3,750</u>	<u>(40,274)</u>	<u>43,503</u>	<u>248</u>	<u>43,751</u>
At 1 January 2019	80,027	3,837	(29,992)	53,872	263	54,135
Loss for the financial year	-	-	(10,412)	(10,412)	(15)	(10,427)
Other comprehensive expenses	-	(87)	-	(87)	-	(87)
At 31 December 2019	<u>80,027</u>	<u>3,750</u>	<u>(40,404)</u>	<u>43,373</u>	<u>248</u>	<u>43,621</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 2019 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 31 March 2020

	(Unaudited) Year To Date <u>31.3.2020</u> RM '000	(Unaudited) Year To Date <u>31.3.2019</u> RM '000
Operating activities		
Profit / (Loss) before tax	130	(360)
Adjustments for:		
Depreciation	133	82
Interest income	(382)	(309)
Loss on disposal of PPE	-	129
Reversal of allowance for doubtful debts	-	(135)
Unrealised (gain)/loss on foreign exchange	-	-
Unrealised loss on quoted shares	-	45
	<u>(119)</u>	<u>(548)</u>
Changes in working capital:		
Receivables	1,124	2,329
Payables	(1,170)	(2,828)
Cash used in operations	<u>(165)</u>	<u>(1,047)</u>
Interest received	4	12
Income tax paid	-	(136)
Net cash outflows from operating activities	<u>(161)</u>	<u>(1,171)</u>
Investing activities		
Acquisition of property, plant and equipment	-	(181)
Net cash outflows from investing activities	<u>-</u>	<u>(181)</u>

PDZ HOLDINGS BHD (360419 -T)
Condensed Consolidated Statement of Cash Flows
for the quarter and year ended 31 March 2020

	(Unaudited) Year To Date <u>31.3.2020</u> RM '000	(Unaudited) Year To Date <u>31.3.2019</u> RM '000
Net change in cash and cash equivalents	(161)	(1,352)
Cash and cash equivalents at beginning of the period	34,826	38,999
Effects of currency translation differences	(4)	-
Cash and cash equivalents at end of the financial period	<u>34,661</u>	<u>37,647</u>

	(Unaudited) As at <u>31.3.2020</u> RM '000	(Unaudited) As at <u>31.3.2019</u> RM '000
Cash and cash equivalents comprise:		
Cash and bank balances	671	795
Term deposits at call	<u>33,990</u>	<u>36,852</u>
	<u>34,661</u>	<u>37,647</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 2019 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 2019. 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 2019 except for the adoption of new MFRS, amendments and interpretations that are mandatory for the Group for the financial year beginning on 1 January 2020. 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 2019 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 and Cumulative Period (1 st Quarter)		
	Current Year To- Date 31/3/20 RM'000	Preceding Year Corresponding Period 31/3/19 RM'000	Changes (Amount) RM'000
Revenue	1,220	1,040	180
Operating Loss	(252)	(3,771)	3,519
Loss Before Interest and Tax	(252)	(3,771)	3,519
Profit/(Loss) Before Tax	130	(3,077)	3,207
Profit/(Loss) After Tax	130	(2,835)	2,965
PATOC*	130	(2,907)	3,037

* Profit / (Loss) Attributable to the Owners 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 current year quarter.

The Group recorded a Profit After Tax for the current quarter and financial year, compared to the preceding year corresponding quarter and financial year mainly due to the higher revenue and lower administrative expenses.

Financial review for Current Quarter and Immediate Preceding Quarter:

	Current Quarter	Immediate Preceding Quarter	Changes (Amount)
	31/3/20	31/12/19	
	RM'000	RM'000	RM'000
Revenue	1,220	2,050	(830)
Operating Loss	(252)	(3,083)	2,831
Loss Before Interest and Tax	(252)	(3,083)	2,831
Profit/(Loss) Before Tax	130	(2,657)	2,787
Profit/(Loss) After tax	130	(2,392)	2,522
Profit/(Loss) Attributable to the Owners of the Company	130	(2,377)	2,507

The Group registered a decrease in revenue for the current quarter, compared to the preceding quarter, on the back of lower transported volume by the Group due to the global pandemic, Covid19.

The Group registered a Profit After Tax in the current quarter compared to the immediate preceding quarter, mainly due to the lower administrative expenses.

B2. Prospects

The Group foresees prolonged challenges on the prospect for financial year ending 31 December 2020 due to the COVID-19 pandemic and the uncertainties in global economic environment, which will definitely impact the demand for freight transport, including container liner services. However, economic activity is expected to gradually pick up in second half 2020 and to register a positive recovery in 2021. Notwithstanding this, 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 (2019: 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 2020				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	272	1,953	673	-	2,898

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, which is fixed for case management on 6 July 2020. Eastgate Group appealed against both the High Court judgement on the stay order which is fixed for hearing on 3 September 2020.

- (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 trial was completed on 5 March 2020. The matter now is pending for the Court to fix the date for decision. The solicitor acting for the Company in the above matter is of the view that the Company stands a strong chance in defending the suits.

- (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) 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 matter is fixed for hearing on 28 October 2020 at the High 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 individual and cumulative period	
	<u>31/3/20</u>	<u>31/3/19</u>
	RM '000	RM '000
Taxation	-	<u>77</u>

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 individual and cumulative period	
		<u>31/3/20</u>	<u>31/3/19</u>
Net profit / (loss) attributable to ordinary shareholders	(RM'000)	<u>130</u>	<u>(437)</u>
Weighted average number of ordinary shares in issue	('000)	681,991	681,991
Basic earnings / (loss) per share	(sen)	<u>0.02</u>	<u>(0.06)</u>

B10. Profit Before Taxation

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

	3 months ended individual and cumulative period	
	<u>31/3/20</u>	<u>31/3/19</u>
	RM '000	RM '000
Interest income	(382)	(309)
Loss on disposal of PPE	-	129
(Reversal of) / additional impairment on financial assets	-	(135)
Depreciation expense	133	82
Unrealised loss on quoted shares	-	45

B11. Status of utilisation of proceeds as at 31 March 2020 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	Within 42 months
(iii)	Working capital	8,150	(7,555)	595	Within 42 months
(iv)	Security deposit for bank guarantee to port authorities	350	0	350	Within 42 months
(v)	Purchase of containers	4,900	0	4,900	Within 42 months
(vi)	Acquisition of a vessel	11,000	0	11,000	Within 42 months
(vii)	Acquisition and/or investment in other complementary businesses and/or assets	12,346	(2,509)	9,837	Within 42 months
(viii)	Estimated expenses for the Corporate Exercises	920	(920)	0	Immediate
	Total	43,466	(10,984)	32,482	

Remarks:

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

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").

On 29 May 2020, the shareholders of the Company voted by way of poll via remote participation at the Extraordinary General Meeting to proceed with the Proposed Private Placement. On 18 June 2020, the Company completed the issuance of 68,200,000 shares at the issue price of RM0.0297 per share.

B13. Off-balance sheet financial instruments

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