

PDZ HOLDINGS BHD [199501031213 (360419 – T)]
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive
Income for the quarter and year ended 30 June 2020 (Unaudited)

	Individual Quarter		Cummulative Quarter	
	Current Year	Preceding	Current Year	Preceding
	Quarter	Year	To Date	Year
	<u>30.6.2020</u>	<u>30.6.2019</u>	<u>30.6.2020</u>	<u>30.6.2019</u>
	RM '000	RM '000	RM '000	RM '000
Revenue	718	1,023	1,938	2,063
Cost of sales	(646)	(923)	(1,753)	(1,865)
Gross profit	72	100	185	198
Other expenses	(6,355)	198	(6,355)	204
Administrative expenses	(1,852)	(871)	(2,217)	(1,644)
Loss from operations	(8,135)	(573)	(8,387)	(1,242)
Interest income	122	273	504	582
Finance cost	-	-	-	-
Loss before tax	(8,013)	(300)	(7,883)	(660)
Taxation	-	(65)	-	(142)
Loss for the financial year	(8,013)	(365)	(7,883)	(802)
Other comprehensive expenses:				
Changes in fair value of financial assets	495	-	495	-
Exchange differences on translation of foreign operations	-	-	-	-
Profit / (Loss) after tax and other comprehensive expenses for the financial year	(7,518)	(365)	(7,388)	(802)
Profit / (Loss) after tax for the financial year attributable to:				
- Owners of the Company	(8,013)	(365)	(7,883)	(802)
- Non-controlling interests	-	-	-	-
	(8,013)	(365)	(7,883)	(802)
Profit / (Loss) after tax and other comprehensive expenses attributable to:				
- Owners of the Company	(7,518)	(365)	(7,388)	(802)
- Non-controlling interests	-	-	-	-
	(7,518)	(365)	(7,388)	(802)
Profit / (Loss) per share (sen)				
- Basic	(1.16)	(0.05)	(1.14)	(0.12)
- 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 [199501031213 (360419 – T)]
Condensed Consolidated Statement of Financial Position
as at 30 June 2020 (Unaudited)

	(Unaudited)	(Audited)
	As at	As at
	<u>30.6.2020</u>	<u>31.12.2019</u>
	RM '000	RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	4,541	4,766
Investments in quoted shares	913	418
	<u>5,454</u>	<u>5,184</u>
Current assets		
Trade receivables	2,233	3,997
Other receivables	3,410	9,517
Deposits and prepayments	6,432	6,432
Tax recoverable	718	771
Term deposits	37,190	33,953
Cash at bank	1,057	873
	<u>51,040</u>	<u>55,543</u>
TOTAL ASSETS	<u><u>56,494</u></u>	<u><u>60,727</u></u>
EQUITY AND LIABILITIES		
Share capital	85,763	80,027
Reserves	4,245	3,750
Accumulated losses	(48,287)	(40,404)
Equity attributable to owners of the Company	<u>41,721</u>	<u>43,373</u>
Non-controlling interests	<u>248</u>	<u>248</u>
Total equity	<u><u>41,969</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	2,830	4,801
Other payables and accruals	11,415	12,025
	<u>14,245</u>	<u>16,826</u>
Total liabilities	<u><u>14,525</u></u>	<u><u>17,106</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>56,494</u></u>	<u><u>60,727</u></u>
No. of ordinary shares ('000)	886,588	681,991
Net assets per share (sen)	4.71	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 [199501031213 (360419 – T)]
Condensed Consolidated Statement of Changes in Equity
for the quarter and year ended 30 June 2020 (Unaudited)

	<---Attributable to owners of the Company-->				Non- controlling interests RM '000	Total equity RM '000
	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
Issuance of new shares	5,736	-	-	5,736	-	5,736
Profit for the financial year	-	-	(7,883)	(7,883)	-	(7,883)
Other comprehensive expenses	-	495	-	495	-	495
At 30 June 2020	<u>85,763</u>	<u>4,245</u>	<u>(48,287)</u>	<u>41,721</u>	248	<u>41,969</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>	248	<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 [199501031213 (360419 – T)]
Condensed Consolidated Statement of Cash Flows
for the quarter and year ended 30 June 2020

	(Unaudited) Year To Date <u>30.6.2020</u> RM '000	(Unaudited) Year To Date <u>30.6.2019</u> RM '000
Operating activities		
Profit / (Loss) before tax	(7,883)	(660)
Adjustments for:		
Depreciation	225	159
Interest income	(504)	(582)
Loss on disposal of PPE	-	129
Impairment of other receivables	6,582	-
Reversal of allowance for doubtful debts	(377)	(252)
Unrealised (gain)/loss on foreign exchange	-	(81)
Unrealised loss on quoted shares	(495)	86
	<u>(2,452)</u>	<u>(1,201)</u>
Changes in working capital:		
Receivables	2,170	2,818
Payables	(2,086)	(3,226)
Cash used in operations	<u>(2,368)</u>	<u>(1,609)</u>
Interest received	-	285
Income tax refund	-	324
Income tax paid	53	(213)
Net cash used in operating activities	<u>(2,315)</u>	<u>(1,213)</u>
Investing activities		
Acquisition of property, plant and equipment	-	(264)
Net cash used in investing activities	<u>-</u>	<u>(264)</u>

PDZ HOLDINGS BHD [199501031213 (360419 – T)]
Condensed Consolidated Statement of Cash Flows
for the quarter and year ended 30 June 2020

	(Unaudited) Year To Date <u>30.6.2020</u> RM '000	(Unaudited) Year To Date <u>30.6.2019</u> RM '000
Financing activities		
Proceeds from issuance of share capital	5,736	-
Net cash from financing activities	<u>5,736</u>	<u>-</u>
Net change in cash and cash equivalents	3,421	(1,477)
Cash and cash equivalents at beginning of the period	34,826	38,999
Effects of currency translation differences	-	-
Cash and cash equivalents at end of the financial period	<u><u>38,247</u></u>	<u><u>37,522</u></u>

	(Unaudited) As at <u>30.6.2020</u> RM '000	(Unaudited) As at <u>30.6.2019</u> RM '000
Cash and cash equivalents comprise:		
Cash and bank balances	1,057	439
Term deposits at call	37,190	37,083
	<u><u>38,247</u></u>	<u><u>37,522</u></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

On 18 June 2020 and 26 June 2020, the Company completed the issuance of 68,200,000 and 136,397,000 shares at the issue price of RM0.0297 and RM0.0272 per share respectively. 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

The Kuala Lumpur High Court on 4th August 2020, awarded claims against the Company per Note B7(b). The provision for the claim amount was made accordingly, pending receipt of sealed Court Order, as at the reporting date.

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 30/6/20 RM'000	Preceding Year Corresponding Quarter 30/6/19 RM'000	Changes (Amount) RM'000	Current Year to- Date 30/6/20 RM'000	Preceding Year Corresponding Period 30/6/19 RM'000	Changes (Amount) RM'000
Revenue	718	1,023	(305)	1,938	2,063	(125)
Operating Loss	(8,135)	(573)	(7,562)	(8,387)	(1,242)	(7,145)
Loss Before Interest and Tax	(8,135)	(573)	(7,562)	(8,387)	(1,242)	(7,145)
Loss Before Tax	(8,013)	(300)	(7,731)	(7,883)	(660)	(7,223)
Loss After Tax	(8,013)	(365)	(7,648)	(7,883)	(802)	(7,081)
LAOEHC*	(8,013)	(365)	(7,648)	(7,883)	(802)	(7,081)

* Profit / (Loss) Attributable to the Owners of the Company

The Group registered lower revenue for the current quarter and financial year, compared to the preceding year corresponding quarter and financial year, due to the COVID-19 global pandemic impact on global transportation of goods and logistics.

Correspondingly, the Group registered a higher Loss After Tax for the current quarter and financial year, compared to the preceding year corresponding quarter and financial year, due to provision for the claims awarded against the Company as per Note B7(b), higher professional fees from recently completed private placement exercise and higher customer acquisition cost.

Financial review for Current Quarter and Immediate Preceding Quarter:

	Current Quarter 30/6/20 RM'000	Immediate Preceding Quarter 31/3/20 RM'000	Changes (Amount) RM'000
Revenue	718	1,220	(502)
Operating Loss	(8,135)	(252)	(7,883)
Loss Before Interest and Tax	(8,135)	(252)	(7,883)
Profit/(Loss) Before Tax	(8,013)	130	(8,143)
Profit/(Loss) After tax	(8,013)	130	(8,143)
Profit/(Loss) Attributable to the Owners of the Company	(8,013)	130	(8,143)

The Group registered lower revenue for the current quarter, compared to the preceding quarter, on the back of lower global transportation of goods amid the COVID-19 global pandemic. Correspondingly, the Group registered a higher Loss After Tax in the current quarter compared to the immediate preceding quarter, due to provision for the claims awarded against the Company as per Note B7(b), higher professional fees from recently completed private placement exercise and higher customer acquisition cost.

B2. Prospects

The Group foresees prolonged challenges on the prospect for financial year ending 31 December 2020 due to the COVID-19 global pandemic and the uncertainties in global economic environment (albeit sign of improving trends are being observed), which will definitely impact the demand for freight transport, including container liner services. However, economic activity is expected to gradually pick up in the coming quarters and the Group continuously looking to further expands into related logistic business to enhance 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 30 June 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	229	761	1,243	-	2,233

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, which has been provided in the previous financial reporting periods. 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 paid by the Company into a joint stakeholder account with a private caveat on the Company's office building, pending the hearing on the disposal of the appeal. Eastgate Group appealed against 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"):
On 4 August 2020, in which the Kuala Lumpur High Court awarded Dan Bunkering (Singapore) Pte Ltd's claims with interest (amount is pending receipt of sealed Court Order) and a cost of RM150k. Nevertheless, the Company has accrued the claims with interests of up to RM5.2m, which were for non-payment of marine fuel oil and/or gas oil to vessels which were previously owned by the former subsidiary of the Company, PDZSB. The Company has filed an appealed against the decision of the High Court and

Messrs. Mohd Latip & Associates, being the solicitors of the Company, are of the view that the Company has a strong arguable case in the Court of Appeal.

- (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). The solicitor acting for the Company is of the view the Company stands a strong chance in its appeal.
- (d) Counter claims by Johany Jaafar (“JJ”):
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		6 months ended	
	individual period		cumulative period	
	<u>30/6/20</u>	<u>30/6/19</u>	<u>30/6/20</u>	<u>30/6/19</u>
	RM '000	RM '000	RM '000	RM '000
Taxation	-	65	-	142

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>30/6/20</u>	<u>30/6/19</u>	<u>30/6/20</u>	<u>30/6/19</u>
Net profit / (loss) attributable to ordinary shareholders	(RM'000)	(8,013)	(365)	(7,883)	(802)
Weighted average number of ordinary shares in issue	('000)	689,527	681,991	689,527	681,991
Basic earnings / (loss) per share	(sen)	(1.16)	(0.05)	(1.14)	(0.12)

B10. Profit Before Taxation

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

	3 months ended individual period		6 months ended cumulative period	
	<u>30/6/20</u>	<u>30/6/19</u>	<u>30/6/20</u>	<u>30/6/19</u>
	RM '000	RM '000	RM '000	RM '000
Interest income	(122)	(273)	(504)	(582)
Loss on disposal of PPE	-	-	-	129
(Reversal of) / additional impairment on financial assets	(377)	(117)	(377)	(252)
Impairment of other receivables	6,582	-	6,582	-
Depreciation expense	92	77	225	159
(Gain) / loss in foreign exchange	-	(81)	-	(81)
Unrealised (gain) / loss on quoted shares	(495)	41	(495)	86

B11. Status of utilisation of proceeds raised from Rights issue with Warrants completed on 7 February 2018, following the admission of Warrants to the official list and the listing of and 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	(8,070)	80	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	(11,499)	31,967	

B11. Status of utilisation of proceeds raised from the Private Placement following the quotation for 68,200,000 ordinary shares on 18 June 2020 and 136,397,000 ordinary shares on 26 June 2020, on the Main Market of Bursa Securities.

No	Purpose	Proposed utilisation (RM'000)	YTD utilisation (RM'000)	YTD balance (RM'000)	Intended Timeframe for utilisation from date of receipt
(i)	Working capital	5,320	0	5,320	Within 24 months
(ii)	Expenses in relation to the Corporate Exercise	415	(359)	56	Immediate
	Total	5,735	(359)	5,376	

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.