

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

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding	Current Year	Preceding
	Quarter	Year	To Date	Year
	<u>30.9.2020</u>	<u>30.9.2019</u>	<u>30.9.2020</u>	<u>30.9.2019</u>
	RM '000	RM '000	RM '000	RM '000
Revenue	1,378	1,644	3,316	3,707
Cost of sales	(1,304)	(1,483)	(3,057)	(3,348)
Gross profit	74	161	259	359
Other expenses	(185)	(6,443)	(6,540)	(6,239)
Administrative expenses	(1,079)	(856)	(3,296)	(2,500)
Loss from operations	(1,190)	(7,138)	(9,577)	(8,380)
Interest income	235	348	739	930
Finance cost	-	-	-	-
Loss before tax	(955)	(6,790)	(8,838)	(7,450)
Taxation	-	-	-	(142)
Loss for the financial year	(955)	(6,790)	(8,838)	(7,592)
Other comprehensive expenses:				
Changes in fair value of financial assets	(456)	-	39	-
Exchange differences on translation of foreign operations	-	-	-	-
Loss after tax and other comprehensive expenses for the financial year	<u>(1,411)</u>	<u>(6,790)</u>	<u>(8,799)</u>	<u>(7,592)</u>
Loss after tax for the financial year attributable to:				
- Owners of the Company	(955)	(6,790)	(8,838)	(7,592)
- Non-controlling interests	-	-	-	-
	<u>(955)</u>	<u>(6,790)</u>	<u>(8,838)</u>	<u>(7,592)</u>
Loss after tax and other comprehensive expenses attributable to:				
- Owners of the Company	(1,411)	(6,790)	(8,799)	(7,592)
- Non-controlling interests	-	-	-	-
	<u>(1,411)</u>	<u>(6,790)</u>	<u>(8,799)</u>	<u>(7,592)</u>
Loss per share (sen)				
- Basic	(0.13)	(1.00)	(1.17)	(1.11)
- 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 September 2020 (Unaudited)

	(Unaudited)	(Audited)
	As at	As at
	<u>30.9.2020</u>	<u>31.12.2019</u>
	RM '000	RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	4,160	4,766
Investments in quoted shares	457	418
	<u>4,617</u>	<u>5,184</u>
Current assets		
Trade receivables	3,611	3,997
Other receivables	3,636	9,517
Deposits and prepayments	6,232	6,432
Tax recoverable	826	771
Term deposits	37,325	33,953
Cash at bank	347	873
	<u>51,977</u>	<u>55,543</u>
TOTAL ASSETS	<u><u>56,594</u></u>	<u><u>60,727</u></u>
EQUITY AND LIABILITIES		
Share capital	86,523	80,027
Reserves	3,789	3,750
Accumulated losses	(49,242)	(40,404)
Equity attributable to owners of the Company	<u>41,070</u>	<u>43,373</u>
Non-controlling interests	<u>248</u>	<u>248</u>
Total equity	<u><u>41,318</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	4,165	4,801
Other payables and accruals	10,831	12,025
	<u>14,996</u>	<u>16,826</u>
Total liabilities	<u><u>15,276</u></u>	<u><u>17,106</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>56,594</u></u>	<u><u>60,727</u></u>
No. of ordinary shares ('000)	894,179	681,991
Net assets per share (sen)	4.59	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 September 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
Issuance of new shares	5,736	-	-	5,736	-	5,736
Conversion of warrants	760	-	-	760	-	760
Profit for the financial year	-	-	(8,838)	(8,838)	-	(8,838)
Other comprehensive expenses	-	39	-	39	-	39
At 30 September 2020	<u>86,523</u>	<u>3,789</u>	<u>(49,242)</u>	<u>41,070</u>	248	<u>41,318</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 September 2020

	(Unaudited) Year To Date <u>30.9.2020</u> RM '000	(Unaudited) Year To Date <u>30.9.2019</u> RM '000
Operating activities		
Profit / (Loss) before tax	(8,838)	(7,450)
Adjustments for:		
Depreciation	290	251
Interest income	(739)	(930)
Loss on disposal of PPE	16	129
Provision for litigation claim	-	6,249
Impairment of other receivables	6,582	-
Reversal of allowance for doubtful debts	(377)	(77)
Unrealised (gain)/loss on foreign exchange	-	(62)
Unrealised (gain)/loss on quoted shares	(39)	127
	<u>(3,105)</u>	<u>(1,763)</u>
Changes in working capital:		
Receivables	1,001	1,076
Payables	(1,791)	(1,827)
Cash used in operations	<u>(3,895)</u>	<u>(2,514)</u>
Interest received	-	599
Income tax refund	-	427
Income tax paid	(55)	(322)
Net cash used in operating activities	<u>(3,950)</u>	<u>(1,810)</u>
Investing activities		
Acquisition of property, plant and equipment	-	(264)
Disposal of property, plant and equipment	300	-
Net cash from/(used in) investing activities	<u>300</u>	<u>(264)</u>

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

	(Unaudited) Year To Date <u>30.9.2020</u> RM '000	(Unaudited) Year To Date <u>30.9.2019</u> RM '000
Financing activities		
Proceeds from issuance of share capital	5,736	-
Proceeds from warrants	760	-
Net cash from financing activities	<u>6,496</u>	<u>-</u>
Net change in cash and cash equivalents	2,846	(2,074)
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>37,672</u></u>	<u><u>36,925</u></u>

	(Unaudited) As at <u>30.9.2020</u> RM '000	(Unaudited) As at <u>30.9.2019</u> RM '000
Cash and cash equivalents comprise:		
Cash and bank balances	347	811
Term deposits at call	37,325	36,114
	<u><u>37,672</u></u>	<u><u>36,925</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

During the quarter, the Company completed the issuance of a total of 7,591,450 shares at the issue price of RM0.10 per share respectively via warrants conversions by shareholders. 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

On 30 October 2020, the Company entered into a Joint Venture Agreement with Sanichi Technology Berhad, to formalize and set out the terms of the joint venture and regulating their relationship with each other via their respective investment participation in the joint venture.

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 30/9/20 RM'000	Preceding Year Corresponding Quarter 30/9/19 RM'000	Changes (Amount) RM'000	Current Year to- Date 30/9/20 RM'000	Preceding Year Corresponding Period 30/9/19 RM'000	Changes (Amount) RM'000
Revenue	1,378	1,644	(266)	3,316	3,707	(391)
Operating Loss	(1,190)	(7,138)	5,948	(9,577)	(8,380)	(1,197)
Loss Before Interest and Tax	(1,190)	(7,138)	5,948	(9,577)	(8,380)	(1,197)
Loss Before Tax	(955)	(6,790)	5,835	(8,838)	(7,450)	(1,388)
Loss After Tax	(955)	(6,790)	5,835	(8,838)	(7,592)	(1,246)
LAOEHC*	(955)	(6,790)	5,835	(8,838)	(7,592)	(1,246)

* 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 lower volume transported by the Group.

The Group registered a higher Loss After Tax for the current cumulative quarter compared to the preceding year cumulative quarter, due to higher professional fees from private placement exercise, higher customer acquisition cost and provisions for the claims awarded against the Company as per Note B7(c).

Financial review for Current Quarter and Immediate Preceding Quarter:

	Current Quarter 30/9/20 RM'000	Immediate Preceding Quarter 30/6/20 RM'000	Changes (Amount) RM'000
Revenue	1,378	718	660
Operating Loss	(1,190)	(8,135)	6,945
Loss Before Interest and Tax	(1,190)	(8,135)	6,945
Loss Before Tax	(955)	(8,013)	7,058
Loss After tax	(955)	(8,013)	7,058
Loss Attributable to the Owners of the Company	(955)	(8,013)	7,058

The Group registered higher revenue for the current quarter, compared to the preceding quarter, due to the higher volume transported by the Group. Correspondingly, the Group registered a lower Loss After Tax in the current quarter compared to the immediate preceding quarter due to higher professional fees for private placement exercise, customer acquisition costs and provision for the claims awarded against the Company as per Note B7(c).

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 September 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	203	1,404	504	1,500	3,611

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. Eastgate Group's appeal against the stay order, was dismissed by the Court of Appeal on 3 September 2020. Hearing on the Company's appeal is fixed for case management on 15 December 2020.
- (b) Counter claims by Johany Jaafar ("JJ"):
On 12 November 2018, the Court has dismissed the counter claim against the Company by JJ with cost of RM10,000.00. The matter is fixed for case management on 2 December 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.

- (c) Claims by Dan-Bunkering (Singapore) Pte Ltd (“Dan-Bunkering”):
On 16 October 2020, the Company received a sealed order from the Kuala Lumpur High Court awarding Dan-Bunkering (Singapore) Pte Ltd’s claims, with interest and other costs, amounting to RM4.9 million 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. Nevertheless, the Company has made a provision of RM6.6 million in the previous financial reporting period. The Company has filed an appeal against the decision of the High Court and the matter is fixed for case management on 9 December 2020. 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.
- (d) 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.

B8. Taxation

	3 months ended individual period		9 months ended cumulative period	
	<u>30/9/20</u>	<u>30/9/19</u>	<u>30/9/20</u>	<u>30/9/19</u>
	RM '000	RM '000	RM '000	RM '000
Taxation	-	-	-	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 individual period		9 months ended cumulative period	
		<u>30/9/20</u>	<u>30/9/19</u>	<u>30/9/20</u>	<u>30/9/19</u>
Net loss attributable to ordinary shareholders	(RM'000)	(955)	(6,790)	(8,838)	(7,592)
Weighted average number of ordinary shares in issue	('000)	757,751	681,991	757,751	681,991
Basic loss per share	(sen)	(0.13)	(1.00)	(1.17)	(1.11)

B10. Profit Before Taxation

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

	3 months ended individual period		9 months ended cumulative period	
	30/9/20	30/9/19	30/9/20	30/9/19
	RM '000	RM '000	RM '000	RM '000
Interest income	(235)	(348)	(739)	(930)
Loss on disposal of PPE	16	-	16	129
(Reversal of) / additional impairment on financial assets	-	175	(377)	(77)
Impairment of other receivables	-	-	6,582	-
Depreciation expense	65	92	290	251
Provision for admiralty claim	-	6,249	-	6,249
(Gain) / loss in foreign exchange	-	19	-	(62)
Unrealised (gain) / loss on quoted shares	456	41	(39)	127

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	(8,150)	0	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	(11,579)	31,887	

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	5,376	(1,161)	4,215	Within 24 months
(ii)	Expenses in relation to the Corporate Exercise	360	(360)	0	Immediate
	Total	5,736	(1,521)	4,215	

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.