



TRANSOCEAN HOLDINGS BHD

(Company No.: 36747-U)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THIRD QUARTER ENDED SEPTEMBER 30, 2019

Dated November 26, 2019

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INTERIM FINANCIAL REPORT
For the Third Quarter ended September 30, 2019

The Board of Directors is pleased to announce the Interim Financial Report on consolidated results of the Group for the third quarter ended September 30, 2019.

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER			Changes	
	Current Year Quarter Ended 30/09/19 RM'000	Preceding Year Quarter Ended 30/09/18 RM'000	Changes (Amount/%) RM'000	Current Year-To-Date Ended 30/09/19 RM'000	Preceding Year-To-Date Ended 30/09/18 RM'000	Changes (Amount/%) RM'000		
Revenue	4,586	6,160	(1,574) (26%)	15,718	17,992	(2,274) (13%)		
Operating (loss)/ profit before depreciation and finance cost	(80)	443	(523) >(100%)	367	1,189	(822) (69%)		
Depreciation & amortisation	(335)	(416)	(81) (19%)	(1,025)	(1,203)	(178) (15%)		
(Loss)/Profit from operations	(415)	27	(442) >(100%)	(658)	(14)	(644) >(100%)		
Finance cost	(40)	(62)	(22) (35%)	(135)	(199)	(64) (32%)		
Loss before taxation	(455)	(35)	(420) >(100%)	(793)	(213)	(580) >(100%)		
Income tax expense	(15)	(46)	(31) (67%)	(51)	(97)	(46) (47%)		
Loss for the period	(470)	(81)	(389) >(100%)	(844)	(310)	(534) >(100%)		
Other comprehensive income:-								
<u>Items that may be reclassified subsequently to profit or loss</u>								
- Exchange differences arising from translation of foreign operation	5	86	(81) (94%)	24	51	(27) (53%)		
Total comprehensive (loss)/income for the financial period	(465)	5	(470) > (100%)	(820)	(259)	(561) >(100%)		
Loss for the period attributable to :								
Owners of the parent	(470)	(81)	(389) >(100%)	(844)	(310)	(534) >(63%)		
Non-controlling interests	-	-	-	-	-	-		
	(470)	(81)	(389) >(100%)	(844)	(310)	(534) >(100%)		
Total comprehensive (loss)/ income attributable to:								
Owners of the Company	(465)	5	(470) >(100%)	(820)	(259)	(561) >(100%)		
Non-controlling interest	-	-	-	-	-	-		
	(465)	5	(470) >(100%)	(820)	(259)	(561) >(100%)		
Loss per share attributable to owners of the parent :								
- Basic (sen)	(1.15)	(0.28)	(0.87) > (100%)	(2.06)	(0.75)	(1.31) >(100%)		
- Diluted (sen)	----- Not applicable -----							

(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 December 31, 2018 and the accompanying explanatory notes attached to the Interim Financial Report)

**INTERIM FINANCIAL REPORT**
For the Third Quarter ended September 30, 2019**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Unaudited	Audited
	As At	As At
	30/09/19	31/12/18
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	31,939	33,318
Prepaid lease payments	1,614	1,652
Deferred tax assets	75	75
Goodwill on consolidation	4,002	4,004
	<u>37,630</u>	<u>39,049</u>
Current Assets		
Inventories	165	432
Trade receivables	4,928	5,643
Other receivables	1,421	1,067
Amount owing by related companies	4,627	2,832
Tax recoverable	1,081	933
Cash and bank balances	394	1,843
	<u>12,616</u>	<u>12,750</u>
TOTAL ASSETS	<u>50,246</u>	<u>51,799</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the company		
Share capital	40,999	40,999
Other Reserves	10,862	10,837
Accumulated Losses	(10,741)	(9,897)
	<u>41,120</u>	<u>41,939</u>
Non-controlling interest	1	1
Total Equity	<u>41,121</u>	<u>41,940</u>
Non-Current Liabilities		
Borrowings	194	498
Deferred tax liabilities	1,357	1,357
	<u>1,551</u>	<u>1,855</u>

**INTERIM FINANCIAL REPORT**
For the Third Quarter ended September 30, 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONT'D)

	Unaudited	Audited
	As At	As At
	30/09/19	31/12/18
	RM'000	RM'000
Current Liabilities		
Borrowings	1,605	2,059
Trade payables	2,941	2,238
Other payables	2,865	3,131
Amount owing to related companies	163	516
Tax payables	-	60
	<hr/> 7,574	<hr/> 8,004
Total liabilities	9,125	9,859
TOTAL EQUITY AND LIABILITIES	<hr/> 50,246	<hr/> 51,799
Net assets per share attributable to owners of the company (RM)	<hr/> 1.00	<hr/> 1.02

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended December 31, 2018 and the accompanying explanatory notes attached to the Interim Financial Report)



INTERIM FINANCIAL REPORT
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Owners of the Company			Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Other Reserves RM'000	Accumulated Losses RM'000			
2019						
At January 1, 2019	40,999	10,837	(9,897)	41,939	1	41,940
Net Loss for the financial year			(844)	(844)		(844)
Other comprehensive income	-	24	-	24	-	24
At September 30, 2019	40,999	10,862	(10,741)	40,120	1	41,121
2018						
At January 1, 2018	40,999	10,819	(9,951)	43,866	(79)	41,787
Total comprehensive income:-						
Loss for the financial year	-	-	54	54	80	134
Other comprehensive loss	-	18	-	18	-	18
	-	18	54	73	-	152
At December 31, 2018	40,999	10,837	(9,897)	41,939	1	41,940

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended December 31, 2018 and the accompanying explanatory notes attached to the Interim Financial Report)

INTERIM FINANCIAL REPORT
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year-To- Date Ended 30/09/19 RM'000	Preceding Year-To- Date Ended 31/12/18 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(793)	572
Adjustment for :-		
Non-cash items	1,067	1,920
Non-operating items	(191)	246
Finance cost	135	174
Operating profit before working capital changes	218	2,340
Changes in working capital :-		
Net change in current assets	(1,358)	3,501
Net change in current liabilities	(408)	(2,612)
Cash generated from operations	(1,548)	3,229
Interest paid	(135)	(243)
Taxation paid	66	(104)
Net cash used in operating activities	(1,617)	2,882
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(29)	(34)
Proceeds from disposal of property, plant and equipment	594	12
Net cash generated from investing activities	565	(22)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(192)	(898)
Repayment of bank borrowings	(78)	(143)
Net cash used in financing activities	(270)	(1,041)
NET INCREASE /(DECREASE)/ IN CASH AND CASH EQUIVALENTS	(1,322)	1,819
Effects of currency translation differences	24	18
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	601	(1,237)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	(697)	601
Cash and cash equivalents comprise :-		
Cash and bank balances	404	1,843
Bank overdrafts (included within short term borrowings in Note 21)	(1,110)	(1,286)
Fixed deposits pledged for bank borrowings	9	44
	(697)	601

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended December 31, 2018 and the accompanying explanatory notes attached to the Interim Financial Report)

INTERIM FINANCIAL REPORT
For the Third Quarter ended September 30, 2019**NOTES TO THE INTERIM FINANCIAL REPORT****SECTION A****Selected Explanatory Notes: MFRS 134****1. Basis of preparation**

The condensed consolidated interim financial statements have been prepared under the historical cost convention.

These condensed consolidated interim financial statements, have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The condensed financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended December 31, 2018. The explanatory notes attached to the Interim Financial Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group.

The significant accounting policies and methods of computation adopted for the interim financial report are consistent with those of the audited financial statements for the financial year ended 31 December 2018.

Accounting standards and amendments to accounting standards that are applicable and effective for the Group are as follows:

Annual periods beginning on/after 1 January 2018

- MFRS 2 : Classification and Measurement of Share-based Payment Transactions
- MFRS 140 : Transfer of Investment Property
- MFRS 9 : Financial Instruments
- MFRS 15 : Revenue from Contracts with Customers
- Annual Improvements to MFRS Standards 2014-2016 Cycle (except for Amendments to MFRS 12 Disclosure of Interests in Other Entities)
- IC Interpretation 22 : Foreign Currency Transactions and Advance Consideration
- Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Annual periods beginning on/after 1 January 2019

- MFRS 16 : Leases
- MFRS 128 : Investment in Associates and Joint Ventures
- MFRS 9 : Financial Instruments: Prepayment Features with Negative Compensation
- MFRS 119 : Employee Benefits: Plan Amendment, Curtailment or Settlement
- IC Interpretation 23 Uncertainty over Income Tax Treatments
- Annual Improvements to MFRS Standards 2015-2017 Cycle

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period financial statements of the Group.

INTERIM FINANCIAL REPORT
For the Third Quarter ended September 30, 2019**2. Significant Accounting Estimates and Judgments****(1) Critical Judgments Made in Applying Accounting Policies**

There are no critical judgments made by management in the process of applying the Group's accounting policies that have significant effect on the amounts recognized in the financial statements.

(2) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty on the statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as discussed below:

(i) Depreciation of motor vehicles

The cost of motor vehicles for operation and administrative purposes is depreciated on a straight-line basis over the asset's useful lives. Management estimates that the useful lives of these motor vehicles range from 5 to 10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage could impact the economic useful lives and the residual value of these assets, therefore depreciation charges could be revised.

(ii) Impairment loss for receivables

The policy on impairment loss for receivables of the Group is based on the evaluation of collectability and ageing analysis of the receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current credit worthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, additional allowances may be required.

(iii) Deferred tax assets

Deferred tax assets are recognised for unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and other deductible temporary differences can be utilised. Significant management decision is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with tax planning strategies.

3. Auditors' Report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended December 31, 2018 was not subject to any qualification.

INTERIM FINANCIAL REPORT
For the Third Quarter ended September 30, 2019

4. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter under review and/or financial year-to-date.

5. Segmental information

a. Business segments

The segmental results for the 9 months period ended 30 September 2019 are as follows:-

Business segment :	Trading of Tyres	Logistics Singapore	Logistics Solution	Total RM'000
	“Tyre”	“Logistics”		
	RM'000	RM'000	RM'000	
Revenue	4,941	3,155	7,622	15,718
Profit/(Loss) before taxation	302	126	(1,221)	(793)
Assets	12,947	5,698	31,601	50,246
Liabilities	2,734	286	5,312	9,125

b. Geographical segments

The results are for the 9 months period ended 30 September 2019 for geographical segments.

	Malaysia	Singapore	Elimination	Total
	RM'000	RM'000	RM'000	RM'000
Revenue				
External	13,745	1,973	-	15,718
Inter-segment	1,039	1,182	(2,221)	-
Total revenue	14,784	3,155	(2,221)	15,718
(Loss)/Profit from operations	(328)	126	-	(243)
Finance costs	(95)	-	-	(95)
Loss before taxation	(423)	126	-	(337)
Other Information				
Segment assets	44,548	5,698	-	50,246

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6. Changes in estimates

There were no changes in estimates that have had a material effect on the current quarter financial results.

7. Comments about seasonal or cyclical factors

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

8. Dividends

No dividend has been paid or declared by the Group since the end of the previous financial year.

9. Debt and equity securities

The Company has not issued or repaid any debt and equity securities for the current quarter and financial year to date.

10. Changes in the composition of the Group

There were no changes in the composition of the Group.

11. Capital commitments

There was no commitment for the purchase of property, plant and equipment and/or other capital commitments for the quarter under review.

12. Changes in contingent liabilities and contingent assets

Contingent liabilities of the Company as at September 30, 2019, other than material litigation as disclosed in Note 22, since the last annual statement of financial position date comprise:-

	As at 30/09/19 RM'000	As at 30/06/19 RM'000
Guarantees in favour of financial institutions for securing borrowings granted to subsidiaries		
- secured	2,460	2,651
- unsecured	174	197
	<u>2,634</u>	<u>2,848</u>

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13. Subsequent events

There were no events of a material nature which have arisen between the end of the current quarter and the date of this report that have not been reflected in the financial statements.

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NOTES TO THE INTERIM FINANCIAL REPORT

SECTION B

Additional information required by the Bursa Securities' Listing Requirements

14. Performance review

Comparison with previous year's corresponding quarter

The Group recorded revenue of RM4.585 million and net loss after taxation of RM0.455 million as compared with previous year's corresponding quarter revenue of RM6.160 million and net loss after taxation of RM0.081 million.

Factors attributed to the continuous losses incurred by the logistics division are:

- The prolonged trade tensions between USA and China has caused the reduction of worldwide air and sea ports cargo movement.
- Decreased in trucking of E & E consolidated cargo between Mal/Sin/Mal.
- Appreciation of Thai Bahts has caused the decrease in Thailand exports using Penang as Port of transit.
- Fierce price under cutting in the Northern Region because of excess capacity of trucks on the roads.

Comparison with preceding quarter

	Current Quarter 30/09/19 RM'000	Preceding Quarter 30/06/19 RM'000	Changes (Amount/%) RM'000
Gross revenue	4,586	5,330	(744) (14%)
Operating Profit/(Loss) before depreciation and finance cost	(80)	170	(250) >(100%)
Loss before taxation	(455)	(219)	(236) >(100%)
Net loss attributable to owners of the parent	(470)	(255)	(136) >(100%)

Higher losses incurred this quarter due to slow down on cargo movements.

15. Commentary on prospects

Until US and China resolved their trade disputes, international trade will continue to be depressed to slow down worldwide cargo movements. In fact, Penang air and sea ports had reported decrease in cargo movements for the 9 months period.

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For the last quarter of 2019, the Board and management will continue to manage cost and focus on generating sufficient revenue and cash flow to sustain the Group's operation.

In the interim, to reduce cost and improve on operational efficiency, the Group is in the process of consolidating certain administrative and corporate functions in Kajang to be effective on 1 January 2020.

16. Profit forecast or profit guarantee

The Group is not involved in any profit guarantee arrangement or providing any forecast profit.

17. Profit before taxation is derived after charging:

	Current Quarter 30/09/2019 RM'000	Current Year-to-date 30/09/2019 RM'000
Interest expenses	40	135
Depreciation and amortization	335	1,025

18. Income tax expense

	Current Quarter 30/09/2019 RM'000	Current Year-to-date 30/09/2019 RM'000
Current year provision	15	51

Despite the loss position, the Group has to incur tax expense due to non-deductibility of certain expenses for tax purpose.

19. Corporate proposal

There was no corporate proposal by the Group for the current quarter and financial year-to-date.

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20. Borrowings

Details of borrowings are as follows:

	As at 30/09/2019		
	Long Term RM'000	Short Term RM'000	Total borrowing RM'000
Secured			
Overdrafts	-	1,110	1,110
Term loan	-	-	-
Hire-purchase and lease payables	194	495	689
Unsecured			
Overdraft	-	-	-
	As at 30/09/2018		
	Long Term RM'000	Short Term RM'000	Total borrowing RM'000
Secured			
Overdrafts	-	1,158	1,158
Term Loan	-	98	98
Hire-purchase and lease payable	628	768	1,396
Unsecured			
Overdraft	-	-	-

As at September 30, 2019, the Group does not have any exposure in borrowings and debt securities denominated in foreign currency.

21. Off balance sheet financial instruments

There were no financial instruments with off balance sheet risks at the date of issue of the report

22. Changes in material litigation

There was no material litigation during the second quarter as at September 30, 2019.

23. Dividend payable

The Directors do not recommend the payment of any dividend for the current quarter.

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24. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to owners of the parent by the weighted average number of shares in issue during the quarter.

	Current Year Quarter Ended 30/09/19	Preceding Year Quarter Ended 30/09/18	Current Year-To-Date Ended 30/09/19	Preceding Year To-Date Ended 30/09/18
Loss attributable to owners of the parent (RM'000)	(470)	(81)	(844)	(310)
No of ordinary shares in issue ('000)	40,999	40,999	40,999	40,999
Basic loss per share (sen)	(1.15)	(0.20)	(2.06)	(0.75)

25. Authorisation for issue

The Interim Financial Report was authorized for issue by the Board of Directors.

By order of the Board
Dated 26 November 2019