



TRANSOCEAN HOLDINGS BHD

Company No.: 197701005709 (36747-U)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR FOURTH QUARTER ENDED DECEMBER 31, 2019

Dated February 28, 2020

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INTERIM FINANCIAL REPORT
For the Fourth Quarter ended December 31, 2019

The Board of Directors is pleased to announce the Interim Financial Report on consolidated results of the Group for the fourth quarter ended December 31, 2019.

The figures have not been audited.

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

	INDIVIDUAL QUARTER		Changes		CUMULATIVE QUARTER		Changes	
	Current Year Quarter Ended 31/12/19 RM'000	Preceding Year Quarter Ended 31/12/18 RM'000	(Amount)	(%)	Current Year- To- Date Ended 31/12/19 RM'000	Preceding Year- To- Date Ended 31/12/18 RM'000	(Amount)	(%)
Revenue	4,030	5,287	(1,257)	(24%)	19,749	23,280	(3,531)	(15%)
Operating (loss)/ profit before depreciation and finance cost	141	964	(823)	(85%)	375	2,435	(2,060)	(85%)
Depreciation & amortisation	(4,558)	(127)	(4,431)	>(100%)	(5,583)	(1,612)	(3,971)	>(100%)
(Loss)/Profit from operations	(4,417)	837	(5,254)	>(100%)	(5,208)	823	(6,031)	>(100%)
Finance cost	(32)	(52)	(20)	(38%)	(167)	(251)	(84)	(33%)
Loss before taxation	(4,449)	785	(5,234)	>(100%)	(5,375)	572	(5,947)	>(100%)
Income tax expense	(159)	(341)	(182)	(75%)	(210)	(438)	(228)	(52%)
Loss for the period	(4,608)	444	(5,052)	>(100%)	(5,585)	134	(5,719)	>(100%)
Other comprehensive income:-								
<u>Items that may be reclassified subsequently to profit or loss</u>								
- Exchange differences arising from translation of foreign operation	4	18	(14)	(77%)	28	18	9	50%
Total comprehensive (loss)/income for the financial period	(4,604)	462	(5,066)	>(100%)	(5,557)	152	(5,709)	>(100%)
Loss for the period attributable to :								
Owners of the parent	(4,608)	444	(5,052)	>(100%)	(5,585)	54	(5,639)	>(100%)
Non-controlling interests	-	-	-	-	-	80	-	-
	(4,608)	444	(5,052)	>(100%)	(5,584)	134	(5,638)	>(100%)
Total comprehensive (loss)/ income attributable to:								
Owners of the Company	(4,604)	462	(5,066)	>(100%)	(5,557)	72	(5,629)	>(100%)
Non-controlling interest	-	-	-	-	-	80	-	-
	(4,604)	462	(5,066)	>(100%)	(5,557)	152	(5,629)	>(100%)
Loss per share attributable to owners of the parent :								
- Basic (sen)	(11.24)	1.08	(12.32)	>(100%)	(13.62)	0.13	(13.75)	>(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)



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At 31/12/19 RM'000	Audited As At 31/12/18 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	31,572	33,318
Prepaid Lease payment	1,600	1,652
Right-of-use assets	1,672	-
Deferred tax assets	-	75
Goodwill on consolidation	-	4,004
	<hr/> 34,844	<hr/> 39,049
Current Assets		
Inventories	173	388
Trade receivables	3,438	5,643
Other receivables	1,347	1,111
Amount owing by related companies	5,408	2,832
Tax recoverable	955	933
Cash and bank balances	452	1,843
	<hr/> 11,773	<hr/> 12,750
TOTAL ASSETS	<hr/> 46,617	<hr/> 51,799
EQUITY AND LIABILITIES		
Equity attributable to owners of the company		
Share capital	40,999	40,999
Other Reserves	10,865	10,837
Accumulated Losses	(15,482)	(9,897)
	<hr/> 36,382	<hr/> 41,939
Non-controlling interest	1	1
Total Equity	<hr/> 36,383	<hr/> 41,940
Non-Current Liabilities		
Borrowings	1,391	498
Deferred tax liabilities	1,344	1,357
	<hr/> 2,735	<hr/> 1,855



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONT'D)

	Unaudited	Audited
	As At	As At
	31/12/19	31/12/18
	RM'000	RM'000
Current Liabilities		
Borrowings	1,802	2,059
Trade payables	2,609	2,238
Other payables	2,944	3,131
Amount owing to related companies	127	516
Tax payables	17	60
	<hr/> 7,499	<hr/> 8,004
Total liabilities	10,234	9,859
TOTAL EQUITY AND LIABILITIES	<hr/> 46,617	<hr/> 51,799
Net assets per share attributable to owners of the company (RM)	<hr/> 0.89	<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**
For the Fourth Quarter ended December 31, 2019**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	Non-distributable 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			(5,585)	(5,585)		(5,585)
Other comprehensive income	-	28	-	28	-	28
At December 31, 2019	40,999	10,865	(15,482)	36,382	1	36,383
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)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year-To- Date Ended 31/12/19 RM'000	Preceding Year-To- Date Ended 31/12/18 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(5,375)	572
Adjustment for :-		
Non-cash items	6,812	1,710
Non-operating items	(191)	137
Finance cost	167	251
Operating profit before working capital changes	1,413	2,981
Changes in working capital :-		
Net change in current assets	338	4,660
Net change in current liabilities	375	(3,730)
Cash generated from operations	2,126	3,600
Interest paid	(167)	(251)
Taxation paid	(36)	-
Net cash used in operating activities	1,923	3,349
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(1,877)	(188)
Proceeds from disposal of property, plant and equipment	605	137
Net cash generated from investing activities	(1,272)	(325)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(1,717)	(1,116)
Repayment of bank borrowings	(78)	(143)
Net cash used in financing activities	(1,795)	(1,259)
NET INCREASE /(DECREASE)/ IN CASH AND CASH EQUIVALENTS	(1,144)	1,765
Effects of currency translation differences	28	18
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	601	(1,237)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	(515)	546
Cash and cash equivalents comprise :-		
Cash and bank balances	452	1,843
Bank overdrafts (included within short term borrowings in Note 21)	(977)	(1,286)
Fixed deposits pledged for bank borrowings	10	44
	(515)	546

(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
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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.



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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.

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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 12 months period ended 31 December 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	6,053	4,007	9,689	19,749
Profit/(Loss) before taxation	455	183	(6,013)	(5,375)
Assets	12,479	7,527	26,611	46,617
Liabilities	2,175	2,049	6,010	10,234

b. Geographical segments

The results are for the 12 months period ended 31 December 2019 for geographical segments.

	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Total RM'000
Revenue				
External	17,383	2,366	-	19,749
Inter-segment	1,414	1,641	(3,055)	-
Total revenue	18,797	4,007	(3,055)	19,749
(Loss)/Profit from operations	(5,023)	185	-	(5,208)
Finance costs	(165)	(2)	-	(167)
Loss before taxation	(5,192)	183	-	(5,375)
Other Information				
Segment assets	44,568	2,049	-	46,617



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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 December 31, 2019, other than material litigation as disclosed in Note 22, since the last annual statement of financial position date comprise:-

	As at 31/12/19 RM'000	As at 30/09/19 RM'000
Guarantees in favour of financial institutions for securing borrowings granted to subsidiaries		
- secured	2,304	2,460
- unsecured	175	174
	<u>2,479</u>	<u>2,634</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 RM4.030 million and net loss after taxation of RM4.608 million as compared with previous year's corresponding quarter revenue of RM5.287 million and net profit after taxation of RM0.444 million. The loss is partly attributable to goodwill impairment amounting to RM4.002 million.

Financial year- to-date

For the financial year ended 31 December 2019, the Group made a pre-tax loss of RM5.375 million (refer to Note 5) on the back of reduced revenue of RM19.749 million as compared to a pre-tax profit of RM0.572 million and revenue of RM23.280 million in the previous financial year. The loss for the current financial year is attributable to reduce in revenue which resulted in an operational loss of RM 5.375 million, aggravated by impairment of goodwill of RM4.002 million and bad debts of RM0.397 million.

Comparison with preceding quarter

	Current Quarter 31/12/19 RM'000	Preceding Quarter 30/09/19 RM'000	Changes (Amount/%) RM'000
Gross revenue	4,030	4,586	(556) (14%)
Operating Profit/(Loss) before depreciation and finance cost	141	(80)	(221) >(100%)
Loss before taxation	(4,449)	(455)	(3,994) >(100%)

Higher losses incurred this quarter due to slow down on cargo movements, impairment of goodwill and bad debts provision.

15. Commentary on prospects

Malaysia is an open market economy while logistics industry is dependent on the free flow of goods along the supply chains. The signing of the first phase trade agreement between US and China and the Brexit of UK have given hope for stability and growth of world trade.



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However, the current coronavirus outbreak in China had put serious pressure on world economy and has seen the reduction of GDP growth in the affected countries. This does not augur well for our country which is very much dependent on world trade.

In the light of current development, the group will focus on cost and cash flow management to ensure sufficient liquidity to sustain its operations during this difficult and uncertain period.

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 31/12/2019 RM'000	Current Year-to-date 31/12/2019 RM'000
Interest expenses	32	167
Depreciation and amortization	555	1,580
Impairment of goodwill	4,002	4,002

18. Income tax expense

	Current Quarter 31/12/2019 RM'000	Current Year-to-date 31/12/2019 RM'000
Current year provision	159	210

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 31/12/2019		
	Long Term RM'000	Short Term RM'000	Total borrowing RM'000
Secured			
Overdrafts	-	977	977
Term loan	-	-	-
Hire-purchase and lease payables	1,391	824	2,215
Unsecured			
Overdraft	-	-	-
	As at 31/12/2018		
	Long Term RM'000	Short Term RM'000	Total borrowing RM'000
Secured			
Overdrafts	-	1,245	1,245
Term Loan	-	61	61
Hire-purchase and lease payable	523	753	753
Unsecured			
Overdraft	-	-	-

As at December 31, 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 as at December 31, 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 31/12/19	Preceding Year Quarter Ended 31/12/18	Current Year-To-Date Ended 31/12/19	Preceding Year To-Date Ended 31/12/18
Loss attributable to owners of the parent (RM'000)	(4,608)	444	(5,585)	54
No of ordinary shares in issue ('000)	40,999	40,999	40,999	40,999
Basic loss per share (sen)	(11.24)	1.08	(13.62)	0.13

25. Authorisation for issue

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

By order of the Board
 Dated 28 February 2020