



TRANSOCEAN HOLDINGS BHD

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

UNAUDITED INTERIM FINANCIAL REPORT FOR FIRST QUARTER ENDED MARCH 31, 2020

Dated June 19, 2020

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INTERIM FINANCIAL REPORT
For the First Quarter ended March 31, 2020

The Board of Directors is pleased to announce the Interim Financial Report on consolidated results of the Group for the first quarter ended March 31, 2020.

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 31/03/20 RM'000	Preceding Year Quarter Ended 31/03/19 RM'000	(Amount/%)		Current Year- To- Date Ended 31/03/20 RM'000	Preceding Year-To- Date Ended 31/03/19 RM'000	(Amount/%)	
Revenue	4,230	5,803	(1,573)	(27%)	4,230	5,803	(1573)	(27%)
Operating (loss)/ profit before depreciation and finance cost	305	277	28	(10%)	305	277	28	(10%)
Depreciation & amortisation	(449)	(347)	(102)	(29%)	(449)	(347)	(102)	(29%)
(Loss)/Profit from operations	(146)	(70)	(76)	>(100%)	(146)	(70)	(76)	>(100%)
Finance cost	(28)	(49)	(21)	(43%)	(28)	(49)	(21)	(43%)
Loss before taxation	(174)	(119)	(55)	(46%)	(174)	(119)	(55)	(46%)
Income tax expense	-	-	-	-	-	-	-	-
Loss for the period	(174)	(119)	(55)	(46%)	(174)	(119)	(55)	(46%)
Other comprehensive income:-								
<u>Items that may be reclassified subsequently to profit or loss</u>								
- Exchange differences arising from translation of foreign operation	-	(13)	(13)	100%	-	(13)	(13)	(100%)
Total comprehensive (loss)/income for the financial period	(174)	(132)	(42)	(32%)	(174)	(132)	(42)	(32%)
Loss for the period attributable to :								
Owners of the parent	(174)	(119)	(55)	(46%)	(174)	(119)	(55)	(46%)
Non-controlling interests	-	-	-	-	-	-	-	-
	(174)	(119)	(55)	(46%)	(174)	(119)	(55)	(46%)
Total comprehensive (loss)/ income attributable to:								
Owners of the Company	(174)	(132)	(42)	(32%)	(174)	(132)	(42)	(32%)
Non-controlling interest	-	-	-	-	-	-	-	-
	(174)	(132)	(42)	(32%)	(174)	(132)	(42)	(32%)
Loss per share attributable to owners of the parent :								
- Basic (sen)	(0.42)	(0.03)	(0.39)	>(100%)	(0.42)	(0.03)	(0.39)	>(100%)
- Diluted (sen)	(0.42)	(0.03)			(0.42)	(0.03)		

(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, 2019 and the accompanying explanatory notes attached to the Interim Financial Report)



INTERIM FINANCIAL REPORT
For the First Quarter ended March 31, 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At 31/03/20 RM'000	Audited As At 31/12/19 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	31,265	31,572
Right-of-use assets	3,127	3,272
Deferred tax assets	-	-
Goodwill on consolidation	-	-
	<u>34,392</u>	<u>34,844</u>
Current Assets		
Inventories	202	173
Trade receivables	3,456	6,461
Contract assets	23	23
Other receivables	1,154	1,324
Amount owing by related companies	1,356	2,385
Tax recoverable	1,011	955
Cash and bank balances	3,517	452
	<u>10,719</u>	<u>11,773</u>
TOTAL ASSETS	<u>45,111</u>	<u>46,617</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the company		
Share capital	40,999	40,999
Other Reserves	10,865	10,864
Accumulated Losses	(15,679)	(15,504)
	<u>36,185</u>	<u>36,359</u>
Non-controlling interest	1	1
Total Equity	<u>36,186</u>	<u>36,360</u>
Non-Current Liabilities		
Borrowings	83	133
Lease liabilities	1,141	1,258
Deferred tax liabilities	1,367	1,367
	<u>2,591</u>	<u>2,758</u>



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONT'D)

	Unaudited	Audited
	As At	As At
	31/3/20	31/12/19
	RM'000	RM'000
Current Liabilities		
Borrowings	1,259	1,346
Lease liabilities	455	456
Trade payables	2,043	2,452
Other payables	2,463	3,131
Amount owing to related companies	97	97
Tax payables	17	17
	<hr/> 6,333	<hr/> 7,499
Total liabilities	8,925	10,257
TOTAL EQUITY AND LIABILITIES	<hr/> 45,111	<hr/> 46,617
Net assets per share attributable to owners of the company (RM)	<hr/> 0.88	<hr/> 0.89

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended December 31, 2019 and the accompanying explanatory notes attached to the 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	Non-distributable Accumulated Losses RM'000			
2020						
At January 1, 2020	40,999	10,865	(15,504)	36,359	1	36,360
Net Loss for the financial year			(174)	(174)		(174)
Other comprehensive income	-	-	-	-	-	-
At March 31, 2020	40,999	10,865	(15,678)	36,185	1	36,186
2019						
At January 1, 2019	40,999	10,837	(9,897)	41,939	1	41,940
Total comprehensive income:-						
Loss for the financial year	-	-	(5,607)	(5,607)	(0)	(5,607)
Other comprehensive loss	-	27	-	27	-	27
	-	27	(5,607)	(5,580)	-	(5,580)
At December 31, 2019	40,999	10,865	(15,504)	36,359	1	36,360

(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, 2019 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 31/03/20 RM'000	Preceding Year-To- Date Ended 31/12/19 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(174)	(5,359)
Adjustment for :-		
Non-cash items	317	5,917
Non-operating items	-	(128)
Finance cost	28	213
Operating profit before working capital changes	171	643
Changes in working capital :-		
Net change in current assets	3,722	(103)
Net change in current liabilities	(545)	215
Cash generated from operations	3,348	755
Interest paid	(28)	(213)
Taxation paid	(22)	(227)
Net cash used in operating activities	3,298	315
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(1)	(1,114)
Proceeds from disposal of property, plant and equipment	-	595
Net cash generated from investing activities	(1)	(519)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(190)	(898)
Repayment of bank borrowings	-	(61)
Net cash used in financing activities	(190)	(959)
NET INCREASE /(DECREASE)/ IN CASH AND CASH EQUIVALENTS	3,107	(1,163)
Effects of currency translation differences	-	27
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	(535)	601
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2,572	(535)
Cash and cash equivalents comprise :-		
Cash and bank balances	3,516	452
Bank overdrafts (included within short term borrowings in Note 21)	(954)	(987)
Fixed deposits pledged for bank borrowings	10	-
	2,572	(535)

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended December 31, 2019 and the accompanying explanatory notes attached to the 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, 2019. 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 2019.

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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For the First Quarter ended March 31, 2020

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, 2019 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 3 months period ended 31 March 2020 are as follows:-

Business segment :	Trading of Tyres	Logistics Singapore	Logistics Solution	Total RM'000
	“Tyre”	“Logistics”		
	RM'000	RM'000	RM'000	
Revenue	974	987	2,269	4,230
Profit/(Loss) before taxation	20	42	(236)	(174)
Assets	11,901	7,095	26,115	45,111
Liabilities	1,577	2,053	5,294	8,924

b. Geographical segments

The results are for the 3 months period ended 31 March 2020 by geographical segments.

	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Total RM'000
Revenue				
External	3,193	1,037	-	4,230
Inter-segment	335	395	(730)	-
Total revenue	3,528	1,432	(730)	4,230
(Loss)/Profit from operations	(188)	42	-	(146)
Finance costs	(28)	-	-	(28)
Loss before taxation	(216)	42	-	(174)
Other Information				
Segment assets	38,016	7,095	-	45,111



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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 March 31, 2020 since the last annual statement of financial position date comprise:-

	As at 31/03/20 RM'000	As at 31/12/19 RM'000
Guarantees in favour of financial institutions for securing borrowings granted to subsidiaries		
- secured	2,019	2,304
- unsecured	168	175
	<u>2,187</u>	<u>2,479</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 other than the on-going Covid-19 pandemic which is not seen to be abating as at the date of this report. To contain the spread of the infection of the virus, the government issued a Movement Control Order (MCO) to restrict the movement of people from 18 to 31 March 2020 which order was further extended thrice to 12 May 2020. The government announced on 1 May 2020, a conditional MCO to open up the economy on 4 May 2020 subject to stringent observation of standard operating procedures at the workplace and business premises.

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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 RM4.230 million and net loss after taxation of RM0.174 million as compared with previous year's corresponding quarter revenue of RM5.803 million and net profit after taxation of RM0.119 million. The loss is partly due to Chinese New Year restriction on heavy truck movements on the roads and the Covid-19 outbreak leading to lock down with Movement Control Order (MCO) which started from 18th to 31st March 2020 and the economic to almost a standstill.

Comparison with preceding quarter

	Current Quarter 31/03/20 RM'000	Preceding Quarter 31/12/19 RM'000	Changes (Amount/%) RM'000	
Gross revenue	4,230	4,030	200	5%
Operating Profit/(Loss) before depreciation and finance cost	304	141	163	>100%
Loss before taxation	(174)	(4,449)	(4,275)	>(100%)

The losses incurred this quarter was due to shorter operating days arising from the MCO from 18 to 31 March 2020 which brought business almost to a standstill during the MCO period. . The huge losses of preceding Quarter was from the impairment of goodwill and bad debts provision.



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15. Commentary on prospects

The Covid-19 pandemic had seen countries reporting negative GDP growth for the first quarter of this year and Malaysia is not spared.

The MCO measures taken by the Malaysian government to contain the spread of the Covid-19 virus have inevitably negatively impacted on our economy.

The Malaysian economy has reopened on 4 May 2020 when the government announced a conditional MCO to relax certain business and industry sectors to open for business.

Notwithstanding, the pandemic is not seen to be abating except for China, and has caused unprecedented unemployment rates and negative GDP growth in the developed economies.

Premised on the above, the directors do not foresee any meaningful recovery in the Malaysian and global economy. Further, the global supply chain may shift in light of the growing tension between US and China and this may negatively impact the Group's business should it happen.

Accordingly, the directors together with the management will strive to minimize the unfavorable impact on the financial performance of the Group for the rest of the financial year.

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 31/03/2020 RM'000	Current Year-to-date 31/03/2020 RM'000
Interest expense	28	28
Depreciation and amortization	449	449

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18. Income tax expense

	Current Quarter 31/03/2020 RM'000	Current Year-to-date 31/03/2020 RM'000
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Current year provision	-	-
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There is no current tax as the subsidiaries are making losses.

19. Corporate proposal

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

20. Borrowings

Details of borrowings are as follows:

	As at 31/03/2020		
	Long Term RM'000	Short Term RM'000	Total borrowing RM'000
Secured			
Overdrafts	-	954	954
Term loan	-	-	-
Hire-purchase and lease payables	1,225	758	1,983
Unsecured			
Overdraft	-	-	-
	As at 31/03/2019		
	Long Term RM'000	Short Term RM'000	Total borrowing RM'000
Secured			
Overdrafts	-	1,235	1,235
Term Loan	-	22	22
Hire-purchase and lease payable	376	646	1,022
Unsecured			
Overdraft	-	-	-

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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 March 31, 2020.

23. Dividend payable

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

24. Earnings per share

Basic loss per share is calculated by dividing loss 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 31/03/20	Preceding Year Quarter Ended 31/03/19	Current Year-To-Date Ended 31/03/20	Preceding Year To-Date Ended 31/03/19
Loss attributable to owners of the parent (RM'000)	(174)	(119)	(174)	(119)
No of ordinary shares in issue ('000)	40,999	40,999	40,999	40,999
Basic loss per share (sen)	(0.42)	(0.03)	(0.42)	(0.03)

25. Authorisation for issue

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

By order of the Board
 Dated 19 June 2020