



# **TRANSOCEAN HOLDINGS BHD**

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

## **UNAUDITED INTERIM FINANCIAL REPORT FOR SECOND QUARTER ENDED JUNE 30, 2020**

*Dated August 26, 2020*

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**INTERIM FINANCIAL REPORT**  
For the Second Quarter ended June 30, 2020

The Board of Directors is pleased to announce the Interim Financial Report on consolidated results of the Group for the second quarter ended June 30, 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 30/06/20 RM'000	Preceding Year Quarter Ended 30/06/19 RM'000	(Amount/%)	(Amount/%)	Current Year- To- Date Ended 30/06/20 RM'000	Preceding Year-To- Date Ended 30/06/19 RM'000	(Amount/%)	(Amount/%)
<b>Revenue</b>	<b>3,553</b>	<b>5,330</b>	<b>(1,777)</b>	<b>(33%)</b>	<b>7,783</b>	<b>11,133</b>	<b>(3,350)</b>	<b>(30%)</b>
Operating (loss)/ profit before depreciation and finance cost	74	169	(95)	(56%)	377	447	(70)	(16%)
Depreciation & amortisation	(456)	(342)	(114)	(33%)	(905)	(689)	(216)	(31%)
(Loss)/Profit from operations	(382)	(173)	(209)	>(100%)	(528)	(242)	(276)	>(100%)
Finance cost	(22)	(46)	24	52%	(50)	(95)	(45)	(47%)
<b>Loss before taxation</b>	<b>(404)</b>	<b>(219)</b>	<b>(185)</b>	<b>(45%)</b>	<b>(578)</b>	<b>(337)</b>	<b>(241)</b>	<b>(72%)</b>
Income tax expense	-	(36)	36	100%	-	(36)	(36)	(100%)
<b>Loss for the period</b>	<b>(404)</b>	<b>(255)</b>	<b>(149)</b>	<b>(46%)</b>	<b>(578)</b>	<b>(373)</b>	<b>(205)</b>	<b>(55%)</b>
Other comprehensive income:-								
Items that may be reclassified subsequently to profit or loss								
- Exchange differences arising from translation of foreign operation	-	19	(19)	100%	-	19	(19)	(100%)
<b>Total comprehensive (loss)/income for the financial period</b>	<b>(404)</b>	<b>(236)</b>	<b>(168)</b>	<b>(71%)</b>	<b>(578)</b>	<b>(354)</b>	<b>(224)</b>	<b>(63%)</b>
<b>Loss for the period attributable to :</b>								
Owners of the parent	(404)	(255)	(149)	(58%)	(578)	(373)	(205)	(55%)
Non-controlling interests	-	-	-	-	-	-	-	-
	<b>(404)</b>	<b>(255)</b>	<b>(149)</b>	<b>(58%)</b>	<b>(578)</b>	<b>(373)</b>	<b>(205)</b>	<b>(55%)</b>
<b>Total comprehensive (loss)/ income attributable to:</b>								
Owners of the Company	(404)	(236)	(168)	(71%)	(578)	(354)	(224)	(63%)
Non-controlling interest	-	-	-	-	-	-	-	-
	<b>(404)</b>	<b>(236)</b>	<b>(168)</b>	<b>(71%)</b>	<b>(578)</b>	<b>(354)</b>	<b>(224)</b>	<b>(63%)</b>
<b>Loss per share attributable to owners of the parent :</b>								
- Basic (sen)	(0.98)	(0.58)	(0.29)	>(50%)	(1.41)	(0.86)	(0.01)	(1%)
- Diluted (sen)	(0.98)	(0.58)			(1.41)	(0.86)		

(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)



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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As At</b>	<b>As At</b>
	<b>30/06/20</b>	<b>31/12/19</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	30,967	31,572
Right-of-use assets	2,994	3,272
Deferred tax assets	-	-
Goodwill on consolidation	-	-
	<hr/>	<hr/>
	33,961	34,844
<b>Current Assets</b>		
Inventories	344	173
Trade receivables	2,957	6,461
Contract assets	23	23
Other receivables	1,245	1,324
Amount owing by related companies	5,344	2,385
Tax recoverable	1,015	955
Cash and bank balances	416	452
	<hr/>	<hr/>
	11,344	11,773
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>45,305</b>	<b>46,617</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the company</b>		
Share capital	40,999	40,999
Other Reserves	10,865	10,864
Accumulated Losses	(16,082)	(15,504)
	<hr/>	<hr/>
	35,782	36,359
Non-controlling interest	1	1
	<hr/>	<hr/>
<b>Total Equity</b>	<b>35,783</b>	<b>36,360</b>
<b>Non-Current Liabilities</b>		
Borrowings	47	133
Lease liabilities	957	1,258
Deferred tax liabilities	1,367	1,367
	<hr/>	<hr/>
	2,371	2,758
	<hr/>	<hr/>



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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(CONT'D)**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As At</b>	<b>As At</b>
	<b>30/6/20</b>	<b>31/12/19</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current Liabilities</b>		
Borrowings	1,207	1,346
Lease liabilities	244	456
Trade payables	2,692	2,452
Other payables	2,927	3,131
Amount owing to related companies	81	97
Tax payables	-	17
	<hr/> 7,151	<hr/> 7,499
<b>Total liabilities</b>	<b>9,522</b>	<b>10,257</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<hr/> <b>45,305</b>	<hr/> <b>46,617</b>
<b>Net assets per share attributable to owners of the company (RM)</b>	<hr/> <b>0.87</b>	<hr/> <b>0.89</b>

(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)

**INTERIM FINANCIAL REPORT**  
For the Second Quarter ended June 30, 2020**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			
<b>2020</b>						
At January 1, 2020	40,999	10,865	(15,504)	36,359	1	36,360
Net Loss for the financial year			(578)	(578)		(578)
Other comprehensive income	-	-	-	-	-	-
At June 30, 2020	40,999	10,865	(16,082)	35,781	1	35,782
<b>2019</b>						
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)



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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Current Year-To- Date Ended 30/06/20 RM'000</b>	<b>Preceding Year-To- Date Ended 31/12/19 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(578)	(5,359)
Adjustment for :-		
Non-cash items	656	5,917
Non-operating items	-	(128)
Finance cost	50	213
Operating profit before working capital changes	128	643
Changes in working capital :-		
Net change in current assets	382	(103)
Net change in current liabilities	64	215
Cash generated from operations	574	755
Interest paid	(50)	(213)
Taxation paid	(62)	(227)
<b>Net cash used in operating activities</b>	<b>462</b>	<b>315</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	(27)	(1,114)
Proceeds from disposal of property, plant and equipment	-	595
<b>Net cash generated from investing activities</b>	<b>(27)</b>	<b>(519)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of hire purchase payables	(159)	(898)
Repayment of bank borrowings	-	(61)
<b>Net cash used in financing activities</b>	<b>(159)</b>	<b>(959)</b>
<b>NET INCREASE /(DECREASE)/ IN CASH AND CASH EQUIVALENTS</b>	<b>276</b>	<b>(1,163)</b>
Effects of currency translation differences	-	27
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>(535)</b>	<b>601</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>(259)</b>	<b>(535)</b>
Cash and cash equivalents comprise :-		
Cash and bank balances	405	452
Bank overdrafts (included within short term borrowings in Note 21)	(674)	(987)
Fixed deposits pledged for bank borrowings	10	-
	<b>(259)</b>	<b>(535)</b>

(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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**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 6 months period ended 30 June 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	1,624	1,976	4,183	7,783
Profit/(Loss) before taxation	44	115	(737)	(578)
Assets	12,595	4,007	28,703	45,305
Liabilities	2,247	1,915	5,360	9,522

**b. Geographical segments**

The results are for the 6 months period ended 30 June 2020 by geographical segments.

	Malaysia	Singapore	Elimination	Total
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
External	6,551	1,232	-	7,783
Inter-segment	620	744	(1,364)	-
Total revenue	7,171	1,976	(1,364)	7,783
(Loss)/Profit from operations	(643)	115	-	(528)
Finance costs	(50)	-	-	(50)
Loss before taxation	(693)	115	-	(578)
<b>Other Information</b>				
Segment assets	41,298	4,007	-	45,305



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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 June 30, 2020 since the last annual statement of financial position date comprise:-

	As at 30/06/20 RM'000	As at 31/12/19 RM'000
Guarantees in favour of financial institutions for securing borrowings granted to subsidiaries		
- secured	1,875	2,304
- unsecured	136	175
	<u>2,011</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.

The Movement Control Order (MCO) which was issued by the Government of Malaysia in March was changed to Conditional MCO (CMCO) on 1<sup>st</sup> May 2020 in the effort to bring up the economy. Now we are on Recovery Movement Control Order (RMCO) and business has picked up but still slow in the light of the negative global growth for the last 2 quarters. For the past 6 months (January – June 2020), Malaysian Export and Import reduced by 6.8% and 7.2% respectively.



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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 RM3.553 million and net loss after taxation of RM0.404 million as compared with previous year's corresponding quarter revenue of RM5.330 million and net loss after taxation of RM0.255 million.

The loss was mainly due to two major factors, Covid-19 worldwide outbreak as well as the trade war between the US and China which adversely impacted the global economy. For the current quarter, April and May results were badly hit by a slow supply chain and logistics activities. A small recovery was registered in the results of the logistics division in June, but it was not sufficient to compensate for the shortfall in April and May. Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) however remained positive at RM74k or 2% of revenue.

*Comparison with preceding quarter*

	<b>Current Quarter 30/06/20 RM'000</b>	<b>Preceding Quarter 31/03/20 RM'000</b>	<b>Changes (Amount/%) RM'000</b>	
Gross revenue	3,553	4,230	(677)	16%
Operating Profit/(Loss) before depreciation and finance cost	74	304	(230)	(75%)
Loss before taxation	(404)	(174)	(578)	>(100%)

For the current Quarter loss of RM404k, a total of RM220k was due a provision for potential claims by a warehouse tenant in relation to damaged cargo. The damage was caused by severe water leakage from fire fighting sprinkler system in the warehouse.



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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 was not spared. Malaysia's overall trade for first half of 2020 fell by 7% to RM833.36 billion.

The measure imposed by the government to contain the domestic spread of Covid-19 was relaxed under RMCO but this did not give immediate positive impact until June 2020. Trucking operations especially for cross border activities showed some improvement but was still about 11% lower from the pre-MCO period.

While Singapore operations maintained their performance, Haulage business appeared to be picking up with higher revenue. For the current quarter, haulage segment registered 23% higher revenue at RM318k as compared to the preceeding quarter, which amounted to RM258k. Haulage business also registered lower loss in the current quarter, declining 37% from RM109k to RM68k. For the month of June, the segment almost achieved a break even level, with a marginal loss of only RM13k.

Premised on the above, the directors do not foresee any quick and meaningful recovery in the local and global economy. Further, the global supply chain pattern may shift in light of the growing tension between US and China and this may adversely impact the Group's business should it happen. However, certain operational units such like haulage (Gerak Intensif) still have significant growth opportunity considering its low capacity utilization at present. At present, haulage utilization stands at only 53% while the industry average is 90%.

Accordingly, the Group will focus on optimizing the capacity utilization and improve the overall performance 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 30/06/2020 RM'000	Current Year-to-date 30/06/2020 RM'000
Interest expense	22	50
Depreciation and amortization	456	905

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**18. Income tax expense**

	Current Quarter 30/06/2020 RM'000	Current Year-to-date 30/06/2020 RM'000
Current year provision	-	-

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 30/06/2020		
	Long Term RM'000	Short Term RM'000	Total borrowing RM'000
<b>Secured</b>			
Overdrafts	-	674	674
Term loan	-	-	-
Hire-purchase and lease payables	1,005	777	1,782
<b>Unsecured</b>			
Overdraft	-	-	-
	As at 30/06/2019		
	Long Term RM'000	Short Term RM'000	Total borrowing RM'000
<b>Secured</b>			
Overdrafts	-	830	830
Term Loan	-	-	-
Hire-purchase and lease payable	271	586	857
<b>Unsecured</b>			
Overdraft	-	197	197



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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 June 30, 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.

	<b>Current Year Quarter Ended 30/06/20</b>	<b>Preceding Year Quarter Ended 30/06/19</b>	<b>Current Year-To-Date Ended 30/06/20</b>	<b>Preceding Year To-Date Ended 30/06/19</b>
Loss attributable to owners of the parent (RM'000)	(404)	(255)	(578)	(373)
No of ordinary shares in issue ('000)	40,999	40,999	40,999	40,999
Basic loss per share (sen)	(0.99)	(0.62)	(0.14)	(0.91)

**25. Authorisation for issue**

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

**By order of the Board**  
Dated 26 August 2020