



# **TRANSOCEAN HOLDINGS BHD.**

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

## **UNAUDITED INTERIM FINANCIAL REPORT FOR PERIOD ENDED MAY 31, 2003**

*Dated July 29, 2003*



**INTERIM FINANCIAL REPORT  
FINANCIAL YEAR 2003  
FOURTH QUARTER ENDED MAY 31, 2003**

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**INTERIM FINANCIAL REPORT**  
**FINANCIAL YEAR 2003**  
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The Board of Directors is pleased to announce the Interim Financial Report on consolidated results of the Group for the Financial Year 2003, 4<sup>th</sup> Quarter ended May 31, 2003. The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENT**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31/05/03 RM'000	Preceding Year Quarter Ended 31/05/02 RM'000	Current Year-To-Date Ended 31/05/03 RM'000	Preceding Year-To-Date Ended 31/05/02 RM'000
<b>Revenue</b>	14,351	13,050	44,543	44,201
Other operating income	51	73	170	108
Operating profit before depreciation and finance cost	516	1,310	3,083	3,628
Depreciation/amortisation	(1,132)	(830)	(4,239)	(3,297)
Profit/(Loss) from operations	(616)	480	(1,156)	331
Finance cost	(576)	(295)	(2,399)	(1,649)
	(1,192)	185	(3,555)	(1,318)
Share of results of an Associate company	20	(10)	(22)	(10)
<b>Profit/(Loss) before taxation</b>	(1,172)	175	(3,577)	(1,328)
Taxation	206	(24)	168	(330)
<b>Profit/(Loss) after taxation</b>	(966)	151	(3,409)	(1,658)
Minority interest	16	83	259	(29)
<b>Profit/(Loss) for the period</b>	RM(950)	RM234	RM(3,150)	RM(1,687)
Earnings/(Loss) per share (sen)				
- Basic				
- Diluted			Not applicable	

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended May 31, 2002)

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**CONDENSED CONSOLIDATED BALANCE SHEET**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As At</b>	<b>As At</b>
	<b>31/05/03</b>	<b>31/5/02</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment	45,978	48,457
Land held for development	4,256	4,256
Investment in associated companies	63	86
Other investments	3	3
Goodwill on consolidation	2,642	2,868
<b>Current Assets</b>		
Inventories	53	99
Trade receivables	7,680	7,163
Other receivables	2,281	1,595
Cash and bank balances	263	754
	<b>10,277</b>	<b>9,611</b>
<b>Current Liabilities</b>		
Short term borrowings	19,322	17,554
Trade payables	2,902	1,445
Other payables	1,997	1,411
Due to associated company	0	37
Due to a director of subsidiary company	195	176
Taxation	0	0
	<b>24,416</b>	<b>20,623</b>
Net current liabilities	(14,139)	(11,012)
	<b>38,803</b>	<b>44,658</b>
Share capital	28,999	28,999
Accumulated losses	(4,605)	(1,455)
Shareholders' equity	24,394	27,544
Minority interest	720	804
Long term borrowings	13,199	15,620
Deferred taxation	490	690
	<b>38,803</b>	<b>44,658</b>
Net tangible assets per share (RM)	0.75	0.85

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended May 31, 2002)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<b>Share Capital RM'000</b>	<b>Retained profit/ (Accumulated loss) RM'000</b>	<b>Total Shareholders' Equity RM'000</b>
Balance as at June 1, 2002	28,999	(1,455)	27,544
Net loss for the year	0	(3,150)	(3,150)
Balance as at May 31, 2003	<u>28,999</u>	<u>(4,605)</u>	<u>24,394</u>
Balance as at June 1, 2001	19,999	9,231	29,230
Bonus issue of nine (9) ordinary shares for every twenty (20) shares held	9,000	0	9,000
Capitalisation for bonus issue	0	(9,000)	(9,000)
Net loss for the year	0	(1,686)	(1,686)
Balance as at May 31, 2002	<u>28,999</u>	<u>(1,455)</u>	<u>27,544</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended May 31, 2002)



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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>Current Year-to-date Ended 31/05/03 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Loss before taxation	(3,577)
Adjustment for :-	
Non-cash items	4,488
Non-operating items	2,304
Operating profit before working capital changes	<u>3,215</u>
Changes in working capital :-	
Net change in current assets	(773)
Net change in current liabilities	1,911
Cash generated from operations	<u>4,353</u>
Interest paid	(2,376)
Taxation paid	(379)
Net cash generated from operating activities	<u>1,598</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of plant and equipment	(677)
Proceeds from disposal of property, plant and equipment	1,307
Net cash generated from investing activities	<u>630</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from issuance of share capital	175
Repayment of hire-purchase and lease payables	(1,632)
Repayment of term loans	(2,855)
Net cash used in financing activities	<u>(4,312)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(2,084)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>(6,580)</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u><u>(8,664)</u></u>
Cash and cash equivalents comprise :-	
Cash and bank balances	263
Bank overdrafts	(8,927)
	<u><u>(8,664)</u></u>

There are no comparative figures for the same period of the preceding year since this is the first time a condensed consolidated cash flow statement is presented

**(The Condensed Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended May 31, 2002)**

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**NOTES TO THE INTERIM FINANCIAL REPORT**

**SECTION A  
DISCLOSURE NOTES AS REQUIRED UNDER MASB 26**

**1 Basis of preparation**

The interim financial report has been prepared in accordance with MASB 26, Interim Financial Reporting and Chapter 9 Part K of the Listing Requirements of Kuala Lumpur Stock Exchange.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended May 31, 2002.

The accounting policies and methods of computation used in the preparation of the interim financial report are consistent with those adopted in the audited financial statements for the financial year ended May 31, 2002 except for the adoption of the followings MASB standards for the first time :-

- MASB 19 : Events after the Balance Sheet Date;
- MASB 20 : Provisions, Contingent Liabilities and Contingent Assets;
- MASB 21 : Business Combination;
- MASB 22 : Segmental Reporting;
- MASB 23 : Impairment of Assets; and
- MASB 24 : Financial Instruments – Disclosure and Presentation.

**2 Declaration of audit clarification**

The auditors' report on the financial statements for the year ended May 31, 2002 was not subject to any qualification.

**3 Seasonal or cyclical factors**

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

**4 Unusual items**

There were no unusual items affecting the Group's assets, liabilities, equity, net income or cash flows during the financial period ended May 31, 2003 except for the recognition of impairment losses on property, plant and equipment amounting to RM0.17 million.

**5 Changes in estimates**

No estimates are reported in the prior interim periods of the current financial year or the preceding financial year.

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**6 Issuance and repayment of debt and equity securities**

The Company has not issued nor repaid any debt and equity securities for the financial year to date.

**7 Dividend paid**

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

**8 Segmental reporting**

No segmental reporting is presented as the Group activities operate within one industry, primarily of a total logistics service provider and in one geographical area, wholly in Malaysia.

**9 Valuation of property, plant and equipment**

The valuation of property, plant and equipment has been brought forward from the previous audited financial statements and there were no revaluation of property, plant and equipment during the financial quarter under review.

**10 Subsequent events**

No event of a material nature has arisen that have not been reflected in the financial statement in the interval between the end of the current quarter and the date of this report, which is likely to affect substantially the results of the Group.

**11 Changes in the composition of the Group**

On January 23, 2003, Transocean (KL) Sdn Bhd, a sub-subsidiary of the Company, disposed off 65,000 ordinary shares representing 26% of the issued and paid-up capital of Throughfreight (JB) Sdn Bhd for a cash consideration of RM1.00. As a result, the Group's effective equity interest in Throughfreight (JB) Sdn Bhd has been reduced from 50% to 24%.

Save for the above there were no other changes in the composition of the Group for the current quarter under review.

**12 Contingent liabilities**

Contingent liabilities of the Company as at July 25, 2003, other than material litigation as disclosed in Note 23, since the last annual balance sheet date comprise :-

	<b>Company</b>	
	<b>As at 25/07/03 RM'000</b>	<b>As at 31/05/02 RM'000</b>
Guarantees in favour of financial institutions for securing borrowings granted to subsidiaries		
- secured	15,040	12,065
- unsecured	5,286	5,706
	20,326	17,771



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**NOTES TO THE INTERIM FINANCIAL REPORT**

**SECTION B**

**DISCLOSURE NOTES AS REQUIRED UNDER KLSE LISTING REQUIREMENTS**

**13 Review of performance**

During the fourth quarter under review, the Group recorded a loss after taxation of RM0.97 million (FY2002 – a profit of RM0.15 million) on the back of total revenue of RM14.35 million (FY2002 RM13.05 million). Net loss attributable to members amounted to RM0.95 million as compared to the preceding year, a profit of RM0.23 million.

For the year ended May 31, 2003, the Group achieved RM44.54 million in revenue, up from RM44.20 million previously. The Group, however recorded a higher loss after taxation of RM3.41 million, compared to preceding year, a loss of RM1.66 million. Net loss attributable to members was RM3.15 million and RM1.69 million for the current year and preceding financial year respectively.

The Group managed to maintain its revenue in spite of the unfavourable business environment due to uncontrollable external factors. However, as a result of the declining operating profit margin and the recognition of impairment losses on property, plant and equipment, the Group operating profit was reduced by 15.2% from RM3.63 million to RM3.08 million.

In addition, the Group expansion program for the haulage fleet had resulted in depreciation and finance cost increase by 28.6% and 45.5% respectively as compared with the previous year.

**14 Variation of results against preceding quarter**

	<b>Current Quarter 31/05/03 RM'000</b>	<b>Immediate Preceding Quarter 28/02/03 RM'000</b>	<b>Variation %</b>
Loss before taxation	1,172	979	193

The Group registered a net loss before taxation of RM1.17 million as compared to a net loss before taxation of RM0.98 million in the preceding quarter. The variation of results against the preceding quarter was mainly due to the recognition of impairment losses on property, plant and equipment amounting to RM0.17 million as at balance sheet date and higher depreciation cost incurred.

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**15 Prospect**

The Group expects to improve its performance and turnaround for the next financial year in view of the stronger growth in the Malaysian economy spurred by the government's intervention to increase domestic demand. The Group targets to secure higher business activities as the country's economic situation improves.

**16 Profit forecast**

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

**17 Taxation**

	<b>Current Quarter 31/05/03 RM'000</b>	<b>Current Year-to-date 31/05/03 RM'000</b>
Current year provision	(7)	0
Under/(Over) provision in prior year taxation	0	31
Deferred taxation	(199)	(199)
	(206)	(168)

There is no taxation charge for the Company and all its subsidiaries as they are in tax loss position.

**18 Profit/loss on sale of unquoted investment and/or properties**

Save and except as disclosed below, there was no sale of unquoted investment and/or properties by the Group for the current quarter and financial year :-

- a) On June 26, 2002, Transocean (KL) Sdn Bhd, a sub-subsidiary company, has signed a sale and purchase agreement to dispose a piece of property, PT No. 10385, Tempat Batu 14, Jalan Kajang/Puchong, Mukim Dengkil, Selangor, held under Hakmilik Sementara No. HS (M) 6236 together with a 1/2-storey terrace factory erected thereon for RM0.28 million.

As at the date of this report the transaction is yet to be completed pending the relevant State Authority's consent for the transfer of the property to the purchaser.

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- b) On June 27, 2002, the Company has signed a sale and purchase agreement to dispose a piece of property, Lot no. 600 & 602, Section 23, Daerah Timur Laut, Bandar Georgetown, Pulau Pinang held under Geran (First Grade) Pendaftaran no. 7967 & 7969 together with a 4-storey office building erected thereon for RM1.10 million. This transaction was completed in January 2003. The profit from this disposal was RM0.06 million.
- c) On January 23, 2003, Transocean (KL) Sdn Bhd, a sub-subsiidiary company, disposed 65,000 ordinary shares of RM1.00 each representing 26.0% of the issued and paid up capital of Throughfreight (JB) Sdn Bhd for a cash consideration of RM1.00. As impairment was duly provided for diminution in the associate, the gain arising from this disposal was RM1.00.

**19 Quoted Securities**

There was no purchase or disposal of quoted securities by the Group for the current quarter and financial year-to-date.

**20 Status of corporate proposal**

The Group has not proposed any corporate proposals since the beginning of the current financial year.

**21 Group borrowings and debt securities**

Total Group borrowings as at May 31, 2003 were as follows :-

	<b>Secured</b> RM'000	<b>Unsecured</b> RM'000	<b>Total</b> RM'000
<b>Long term borrowings</b>			
Term loan	10,157	0	10,157
Hire-purchase creditors	1,978	0	1,978
Lease payables	1,064	0	1,064
	<u>13,199</u>	<u>0</u>	<u>13,199</u>
<b>Short term borrowings</b>			
Overdrafts	7,231	1,697	8,928
Revolving credits	2,700	3,500	6,200
Term loan	2,782	0	2,782
Hire-purchase creditors	550	0	550
Lease payables	862	0	862
	<u>14,125</u>	<u>5,197</u>	<u>19,322</u>
<b>Total Borrowings</b>	<u>27,324</u>	<u>5,197</u>	<u>32,521</u>

As at May 31, 2003, the Group does not have any exposure in borrowings and debt securities denominated in foreign currency.

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**22 Off balance sheet financial instruments**

The Group does not have any financial instruments with off balance sheet risk as at July 25, 2003.

**23 Material litigation**

The Group is not engaged in any material litigation and is not aware of any proceedings, which might materially affect the position or business of the Group as at July 25, 2003.

**24 Dividend**

The Directors do not recommend the payment of any dividend in respect of the current financial period under review.

**25 Earnings/(Loss) per share**

	<b>Current Year Quarter Ended 31/05/03</b>	<b>Preceding Year Quarter Ended 31/05/02</b>	<b>Current Year-To-Date Ended 31/05/03</b>	<b>Preceding Year-To-Date Ended 31/05/02</b>
Net profit/(loss) for the period (RM'000)	(950)	234	(3,150)	(1,687)
No of ordinary shares in issue ('000)	28,999	28,999	28,999	28,999
Basic earnings/(loss) per share (sen)	(3.3)	0.8	(10.9)	(5.8)

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**NOTES TO THE INTERIM FINANCIAL REPORT**

**SECTION C  
ADDITIONAL DISCLOSURE**

- 26 Acquisition of plant and equipment**  
During the financial year, the Group acquired plant and equipment with an aggregate cost of RM2.92 million of which RM2.24 million was financed by hire-purchase arrangement. Cash payments of RM0.68 million were made to purchase the plant and equipment.
- 27 Listing requirement of the minimum paid-up capital**  
The paid up capital of the Company as at the date of this report is RM29.0 million. The Directors are aware of the requirement to increase the paid-up capital to RM40.0 million and is pursuing this matter to comply with the requirement.

By order of the Board  
Dated 29<sup>th</sup> day of July 2003