



TRANSOCEAN HOLDINGS BHD

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THIRD QUARTER ENDED SEPTEMBER 30, 2018

Dated November 23, 2018

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**INTERIM FINANCIAL REPORT
For the Third Quarter ended September 30, 2018**

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, 2018.

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 30/09/18 RM'000	Preceding Year Quarter Ended 30/09/17 RM'000	(Amount/%)	(Amount/%)	Current Year-To-Date Ended 30/09/18 RM'000	Preceding Year-To-Date Ended 30/09/17 RM'000	(Amount/%)	(Amount/%)
Revenue	6,160	6,667	(507)	(8%)	17,992	18,671	(679)	(4%)
Operating profits before depreciation and finance cost	443	663	(220)	(33%)	1,189	1,181	8	1%
Depreciation & amortisation	(416)	(1,084)	(666)	(61%)	(1,203)	(1,214)	(11)	(1%)
(Loss)/Profit from operations	27	(421)	(448)	>100%	(14)	(33)	(19)	(57%)
Finance cost	(62)	(85)	(19)	(22%)	(199)	(267)	(68)	(25%)
(Loss)/Profit before taxation	(35)	(506)	(471)	(93%)	(213)	(300)	(87)	(29%)
Income tax expense	(46)	(36)	(10)	(28%)	(97)	(74)	23	31%
(Loss)/Profit for the period	(81)	(542)	(461)	(85%)	(310)	(374)	(64)	(17%)
Other comprehensive income:-								
<u>Items that may be reclassified subsequently to profit or loss</u>								
- Gain on revaluation of assets	-	22	(22)	>100%	-	63	(63)	>100%
- Exchange differences arising from translation of foreign operation	86	(10)	96	>100%	51	11	40	>100%
Total comprehensive (loss)/income for the financial period	5	(530)	535	>100%	(259)	(300)	(41)	(14%)
(Loss)/Profit for the period attributable to :								
Owners of the parent	(81)	(542)	(461)	>100%	(310)	(374)	(64)	(17%)
Non-controlling interests	-	-	-	-	-	-	-	-
	(81)	(542)	(461)	>100%	(310)	(374)	(64)	(17%)
Owners of the Company	5	(530)	(536)	>(100%)	(259)	(300)	41	(14%)
Non-controlling interest	-	-	-	-	-	-	-	-
	5	(530)	(536)	>(100%)	(258)	(300)	41	(14%)
Earnings per share attributable to owners of the parent :								
- Basic (sen)	(0.19)	(1.32)	(1.13)	86%	(0.75)	(0.91)	(0.16)	(18%)
- 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, 2017 and the accompanying explanatory notes attached to the Interim Financial Report)

**INTERIM FINANCIAL REPORT**
For the Third Quarter ended September 30, 2018**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Unaudited	Audited
	As At	As At
	30/09/18	31/12/17
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	33,638	34,844
Prepaid lease payments	1,666	1,705
Deferred tax assets	96	96
Goodwill on consolidation	4,002	4,004
	<u>39,402</u>	<u>40,649</u>
Current Assets		
Inventories	582	210
Trade receivables	4,009	6,041
Other receivables	1,289	1,336
Amount owing by related companies	6,966	6,789
Tax recoverable	1,028	1,064
Cash and bank balances	1,014	358
	<u>14,888</u>	<u>15,798</u>
TOTAL ASSETS	<u>54,290</u>	<u>56,447</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the company		
Share capital	40,999	40,999
Other Reserves	10,784	10,819
Accumulated Losses	(10,175)	(9,951)
	<u>41,608</u>	<u>41,867</u>
Non-controlling interest	(79)	(79)
Total Equity	<u>41,529</u>	<u>41,788</u>
Non-Current Liabilities		
Borrowings	628	1,120
Deferred tax liabilities	1,179	1,179
	<u>1,807</u>	<u>2,379</u>

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

	Unaudited	Audited
	As At	As At
	30/09/18	31/12/17
	RM'000	RM'000
Current Liabilities		
Borrowings	2,024	2,700
Trade payables	4,486	4,143
Other payables	3,746	3,893
Amount owing to related companies	698	1,488
Tax payables	-	56
	<hr/> 10,954	<hr/> 12,280
Total liabilities	12,761	14,659
TOTAL EQUITY AND LIABILITIES	<hr/> 54,290	<hr/> 56,447
Net assets per share attributable to owners of the company (RM)	<hr/> 1.01	<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, 2017 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			
2018						
At January 1, 2018	40,999	10,819	(9,951)	41,867	(79)	41,788
Net Loss for the financial year			(310)	(310)		(310)
Other comprehensive profit	-	51	-	51	-	51
At September 30, 2018	40,999	10,871	(10,261)	41,609	(79)	41,529
2017						
At January 1, 2017	40,999	10,936	(8,288)	43,647	29	43,676
Total comprehensive income:-						
Loss for the financial year	-	-	(1,663)	(1,663)	(108)	(1,771)
Other comprehensive loss	-	(117)	-	(117)	-	(117)
	-	10,819	(9,951)	(1,780)	-	(1,888)
At December 31, 2017	40,999	10,819	(9,951)	41,867	(79)	41,788

(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, 2017 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 30/09/18 RM'000	Preceding Year-To- Date Ended 31/12/17 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(213)	(1,654)
Adjustment for :-		
Non-cash items	1,230	2,072
Non-operating items	-	(72)
Finance cost	199	274
Operating profit before working capital changes	1,216	620
Changes in working capital :-		
Net change in current assets	1,851	205
Net change in current liabilities	(782)	712
Cash generated from operations	2,285	1,537
Interest paid	(199)	(274)
Taxation paid	(252)	(107)
Net cash generated from operating activities	1,834	1,156
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(28)	(68)
Proceeds from disposal of property, plant and equipment	-	272
Net cash (used in)/ generated from investing activities	(28)	204
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(713)	(1,350)
Repayment of bank borrowings	(106)	(238)
Net cash used in financing activities	(819)	(1,588)
NET INCREASE /(DECREASE)/ IN CASH AND CASH EQUIVALENTS	987	(228)
Effects of currency translation differences	51	(118)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	(1,237)	(890)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	(199)	(1,237)
Cash and cash equivalents comprise :-		
Cash and bank balances	1,014	358
Bank overdrafts (included within short term borrowings in Note 21)	(1,159)	(933)
Fixed deposits pledged for bank borrowings	(54)	(54)
	(199)	(1,237)

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended December 31, 2017 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, for the year ended 31 December 2017, 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, 2017. 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 2017.

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 1 : First-time Adoption of Financial Reporting Standards
- MFRS 128 : Investment in Associates and Joint Ventures
- 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
- 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

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, 2018

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, 2017 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 items affecting assets, liabilities, equity, net income or cash flows that are unusual of their nature, size or incidence 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 2018 are as follows:-

Business segment :	Trading of Tyres	Logistics Singapore	Logistics Solution	Total RM'000
	“Tyre”	“Logistics”		
	RM'000	RM'000	RM'000	
Revenue	5,850	3,835	8,307	17,992
Profit/(Loss) before taxation	324	695	(1,232)	(213)
Assets	13,725	5,497	35,068	54,290
Liabilities	4,062	336	8,363	13,604

b. Geographical segments

The results are for the 9 months period ended 30 September 2018 for geographical segments.

	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Total RM'000
Revenue				
External	15,898	2,094	-	17,992
Inter-segment	1,817	1,741	(3,558)	-
Total revenue	17,715	3,835	(3,558)	17,992
(Loss)/Profit from operations	(708)	695	-	(13)
Finance costs	(199)	-	-	(199)
Loss before taxation	(908)	695	-	(213)
Other Information				
Segment assets	48,793	5,497	-	54,290

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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 2018, other than material litigation as disclosed in Note 22, since the last annual statement of financial position date comprise:-

	As at 30/09/18 RM'000	As at 31/12/17 RM'000
Guarantees in favour of financial institutions for securing borrowings granted to subsidiaries		
- secured	3,357	3,965
- unsecured	227	562
	<u>3,584</u>	<u>4,528</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 RM6.160 million and net loss after taxation of RM0.081 million for the reporting quarter as compared with the previous year corresponding quarter revenue of RM6.667 million and net loss after taxation of RM0.542 million. Revenue dropped by 8% due to political uncertainty as a result of change of Government from 9th May 2018 General election. Reduced losses was due to abolishment of GST pending implementing goods and service tax as from June 2018,

Cross border trucking services remain profitable while:

- Warehouse operation had incurred losses during August and September due to fully clearance of one customer's stock after it had completed its warehouse renovation. The management needs time to fill up the empty space during this uncertain period as everyone is waiting for the new Government to release business and economic policies.
- In view of the fierce price cutting in the container haulage sector, the management had decided to shut down the operation and to lease out the 17 units of prime movers with trailers in order to cut losses.
- Tire division is facing with slowdown in collections which contribute to lower sales volume and profits.

Comparison with preceding quarter

	Current Quarter 30/09/18 RM'000	Preceding Quarter 30/06/18 RM'000	Changes (Amount/%) RM'000	
Gross revenue	6,160	5,957	203	3%
Operating Profit/(Loss) before depreciation and finance cost	443	372	71	19%
Loss before taxation	(35)	(96)	(61)	(63%)
Net loss attributable to owners of the parent	(81)	(121)	(40)	(33%)

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Slight reduction of losses for the current quarter at RM81,000 as compared with preceding quarter due to increase in revenue from cross border trucking sector.

15. Commentary on prospects

Revenues for logistics division are derived from three sources:

- Cross border trucking services moving cargo from Prai/Thai/Prai and Prai/Sing/Prai.
- Warehouse Services at Prai premise
- Container Haulage Services

The main source of revenues and profits for logistics division is derived from cross border trucking services because the Company is one of the operators which has collection and distribution hubs located at strategic towns from Hatyai, Thailand all the way to Tuas Singapore. The only limitation is that it lacks of income generating trucks.

The Company markets itself as “one stop logistics service provider” but it only has one 100,000sf warehouse located at Prai. The limited warehouse space could not achieve “economy of scale operation”.

Container services operation in the Northern Region had faced with over capacity problems during the last 2 years due to:

- 70% of Container haulage services for Southern Thailand transshipment cargo using Penang port were taken over by double track rail cargo services.
- There are more trucks on the roads than the available cargo to move about ended up in fierce price undercutting.

To overcome the above shortcomings, the Board and management have been looking for M&A party for asset injections to solve the small capital base and limited income generating assets problems.

Notwithstanding, the Board and management will continue to manage cost and focus on generating sufficient revenue and cash flow to keep the Company above breakeven level.

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/(crediting):-

	Current Quarter 30/09/2018 RM'000	Current Year-to-date 30/09/2018 RM'000
Interest expenses	62	199
Depreciation and amortization	416	1,203

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18. Income tax expense

	Current Quarter 30/09/2018 RM'000	Current Year-to-date 30/09/2018 RM'000
Current year provision	46	97

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.

20. Borrowings

Details of borrowings are as follows:

	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 payables	628	768	1,396
Unsecured			
Overdraft	-	-	-
	As at 30/09/2017		
	Long Term RM'000	Short Term RM'000	Total borrowing RM'000
Secured			
Overdrafts	-	1,520	1,520
Term Loan	95	156	251
Hire-purchase and lease payable	1,078	771	1,849
Unsecured			
Overdraft	-	745	745

As at Sept 30, 2018, the Group does not have any exposure in borrowings and debt securities denominated in foreign currency.

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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

One Lee Chan Hooi who purportedly acted for Taipanco Sdn. Bhd had filed a writ in Court dated 31 March 2018 demanding from Transocean Holdings Bhd the return of Rm443,710.95 being money paid to various advisers and Consultants related to the aborted Merger and Acquisition deal with Taipanco shareholders.

On the day of 8 October 2018 which was fixed for open trial, only a junior lawyer attended the Court without the presence of the Plaintiff and its witness who did not even submit their written witness statements. The Court decided to strike out the suit and awarded Rm12,000 cost to Transocean.

23. Dividend payable

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

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 30/09/18	Preceding Year Quarter Ended 30/09/17	Current Year-To-Date Ended 30/09/18	Preceding Year To-Date Ended 30/09/17
(Loss)/Profit attributable to owners of the parent (RM'000)	(81)	(542)	(310)	(374)
No of ordinary shares in issue ('000)	40,999	40,999	40,999	40,999
Basic (loss)/earnings per share (sen)	(0.19)	(1.32)	(0.75)	(0.91)

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25. Authorisation for issue

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

By order of the Board
Dated 23 November 2018