



TRANSOCEAN HOLDINGS BHD

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

UNAUDITED INTERIM FINANCIAL REPORT FOR FOURTH QUARTER ENDED DECEMBER 31, 2018

Dated February 27, 2019

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**INTERIM FINANCIAL REPORT
For the Fourth Quarter ended December 31, 2018**

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, 2018.

The figures have not been audited.

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

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER			Changes (Amount/%)
	Current Year Quarter Ended 31/12/18 RM'000	Preceding Year Quarter Ended 31/12/17 RM'000	Changes (Amount/%) RM'000	Current Year-To-Date Ended 31/12/18 RM'000	Preceding Year-To-Date Ended 31/12/17 RM'000	Changes (Amount/%) RM'000	
Revenue	5,287	6,511	(1,224) (19%)	23,280	25,182	(1,902) (8%)	
Operating profits before depreciation and finance cost	964	(934)	1,898 >100%	2,435	247	2,188 >100%	
Depreciation & amortisation	(127)	(414)	(287) (69%)	(1,612)	(1,628)	(16) (1%)	
Profit/(loss) from operations	837	(1,348)	2,185 >100%	823	(1,381)	2,204 >100%	
Finance cost	(52)	(7)	(45) <100%	(251)	(274)	(23) (8%)	
Profit/(Loss) before taxation	785	(1,355)	2,140 >100%	572	(1,655)	2,227 >100%	
Income tax expense	(341)	(42)	299 <100%	(438)	(116)	322 >100%	
Profit/(Loss) for the period/year	444	(1,397)	1,841 >100%	134	(1,771)	1,905 >100%	
Other comprehensive income:-							
<u>Items that may be reclassified subsequently to profit or loss</u>							
- Exchange differences arising from translation of foreign operation	18	(106)	124 >100%	18	(117)	135 >100%	
Total comprehensive income for the financial period/year	462	(1,503)	1,965 > 100%	152	(1,888)	2,040 >100%	
(Loss)/Profit for the period/year attributable to :							
Owners of the parent	444	(1,397)	1,841 >100%	54	(1,663)	1,717 >100%	
Non-controlling interests	-	-	-	80	(108)	188 > 100%	
	444	(1,397)	1,841 >100%	134	(1,771)	1,790 >100%	
Owners of the Company	462	(1,503)	1,965 >100%	72	(1,780)	1,852 >100%	
Non-controlling interest	-	-	-	80	(108)	188 >100%	
	462	(1,503)	1,965 >100%	152	(1,888)	2,040 > 100%	
Earnings/(Loss) per share attributable to owners of the parent :							
- Basic (sen)	1.08	(3.41)	4.48 >100%	0.13	(4.05)	4.18 >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, 2017 and the accompanying explanatory notes attached to the Interim Financial Report)

**INTERIM FINANCIAL REPORT**
For the Fourth Quarter ended December 31, 2018**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Unaudited	Audited
	As At	As At
	31/12/18	31/12/17
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	33,319	34,844
Prepaid lease payments	1,653	1,705
Deferred tax assets	75	96
Goodwill on consolidation	4,002	4,004
	<u>39,049</u>	<u>40,649</u>
Current Assets		
Inventories	388	210
Trade receivables	5,643	6,041
Other receivables	1,058	1,336
Amount owing by related companies	2,832	6,789
Tax recoverable	933	1,064
Cash and bank balances	1,896	358
	<u>12,750</u>	<u>15,798</u>
TOTAL ASSETS	<u>51,799</u>	<u>56,447</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the company		
Share capital	40,999	40,999
Other Reserves	10,837	10,819
Accumulated Losses	(9,897)	(9,951)
	<u>41,939</u>	<u>41,867</u>
Non-controlling interest	1	(79)
Total Equity	<u>41,940</u>	<u>41,788</u>
Non-Current Liabilities		
Borrowings	498	1,200
Deferred tax liabilities	1,357	1,179
	<u>1,855</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
	31/12/18	31/12/17
	RM'000	RM'000
Current Liabilities		
Borrowings	2,059	2,700
Trade payables	2,230	4,143
Other payables	3,139	3,893
Amount owing to related companies	516	1,488
Tax payables	60	56
	<hr/> 8,004	<hr/> 12,280
Total liabilities	9,859	14,659
TOTAL EQUITY AND LIABILITIES	<hr/> 51,799	<hr/> 56,447
Net assets per share attributable to owners of the company (RM)	<hr/> 1.02	<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**
For the Fourth Quarter ended December 31, 2018**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 Profit for the financial year			54	54		54
Other comprehensive profit	-	18	-	18	80	98
At December 31, 2018	40,999	10,837	(9,897)	41,939	1	41,940
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)
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 31/12/18 RM'000	Preceding Year-To- Date Ended 31/12/17 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	572	(1,654)
Adjustment for :-		
Non-cash items	1,710	2,072
Non-operating items	137	(72)
Finance cost	251	274
Operating profit before working capital changes	2,670	620
Changes in working capital :-		
Net change in current assets	4,660	205
Net change in current liabilities	(3,730)	712
Cash generated from operations	3,600	1,537
Interest paid	(251)	(274)
Taxation paid	-	(107)
Net cash generated from operating activities	3,349	1,156
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(188)	(68)
Proceeds from disposal of property, plant and equipment	(137)	272
Net cash (used in)/ generated from investing activities	(325)	204
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(1,116)	(1,350)
Repayment of bank borrowings	(143)	(238)
Net cash used in financing activities	(1,259)	(1,588)
NET INCREASE /(DECREASE)/ IN CASH AND CASH EQUIVALENTS	1,765	(228)
Effects of currency translation differences	18	(119)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	(1,237)	(890)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	546	(1,237)
Cash and cash equivalents comprise :-		
Cash and bank balances	1,845	358
Bank overdrafts (included within short term borrowings in Note 21)	(1,245)	(933)
Fixed deposits pledged for bank borrowings	(54)	(54)
	546	(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 2018, 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 Fourth Quarter ended December 31, 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.

INTERIM FINANCIAL REPORT
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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 12 months period ended 31 December 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	7,451	3,052	12,776	23,279
Profit/(Loss) before taxation	891	859	(1,178)	572
Assets	12,012	5,495	34,292	51,799
Liabilities	1,940	228	7,691	9,859

b. Geographical segments

The results are for the 12 months period ended 31 December 2018 for geographical segments.

	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Total RM'000
Revenue				
External	20,227	3,052	-	23,279
Inter-segment	1,671	1,982	(3,653)	-
Total revenue	21,898	5,034	(3,653)	23,749
Profit from operations	(36)	859	-	823
Finance costs	(251)	-	-	(251)
Profit before taxation	(287)	859	-	572
Other Information				
Segment assets	46,304	5,495	-	51,799

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

	As at 31/12/18 RM'000	As at 31/12/17 RM'000
Guarantees in favour of financial institutions for securing borrowings granted to subsidiaries		
- secured	3,143	3,965
- unsecured	227	562
	3,370	4,528

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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 RM5.287 million and net profit after taxation of RM0.444million for the reporting quarter as compared with the previous year corresponding quarter revenue of Rm6.511 million and net Loss after taxation of Rm1.397 million respectively.

Revenues dropped by 19% while recorded profit after tax because:

- Decrease in logistics volume lost from movement of electrical and electronic products due to trade war between USA and China.
- 70% of transshipment cargo from Thailand using Penang sea port had switched to use double tracks rail cargo services.
- Decrease in sales revenue from tyre trading division was due to less demand from customers.

The management had revised the deferred tax computation with an increased tax of RM437,986 being charged for the year had resulted in a net profit after tax of RM134,229 for the year.

Comparison with preceding quarter

	Current Quarter 31/12/18 RM'000	Preceding Quarter 30/09/18 RM'000	Changes (Amount/%) RM'000
Gross revenue	5,287	6,160	(873) (14%)
Operating Profit/(Loss) before depreciation and finance cost	964	443	521 >100%
Profit before taxation	785	(35)	820 >100%
Net Profit attributable to owners of the parent	444	(81)	525 >100%

Profit increased for the current quarter at RM444,000 as compared with preceding quarter due to increase in profits from tire division.

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15. Commentary on prospects

During the years, the main source of revenue for logistics division was derived from cross border trucking services between Mal/Sin/Mal for electronic and electrical goods. With improved infrastructure for Malaysia's air and sea ports, cargo movement for cross border trucking services is diminishing. The group must move away from total dependency on E&E cargo to develop new markets for industrial and consumer goods.

The Company had on 18 December 2018 entered into a Heads of Agreement to acquire a group of companies mainly engaged in the logistic business. See Section 19 below for more information.

Notwithstanding, the Board and management will continue to manage cost and focus on generating sufficient revenue and cash flow to sustain the Group's operations.

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 31/12/2018 RM'000	Current Year-to-date 31/12/2018 RM'000
Interest expenses	52	251
Depreciation and amortization	127	1,560

18. Income tax expense

	Current Quarter 31/12/2018 RM'000	Current Year-to-date 31/12/2018 RM'000
Current year provision	341	438

Despite the loss position, the Group has to incur tax expense due to non deductibility of certain expenses for tax purpose.

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19. Corporate proposal

The Company had on 18 December 2018 entered into a Heads of Agreement (HOA) to acquire the entire equity interest of Swift Haulage Sdn Bhd and its subsidiaries for a purchase consideration of not less than RM750 million to be satisfied by the issuance of shares at an issue price of RM1.50 per share. The parties shall within 60 days from the date of the HOA enter into a definitive share sale agreement (SSA) subject to satisfactory due diligence by both parties, failing which an automatic extension of 30 days shall be allowed (Extended Term). In the event the parties are still unable to finalise SSA by the end of the Extended Period, the parties shall discuss in good faith to mutually agree on further such extensions.

20. Borrowings

Details of borrowings are as follows:

	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 payables	523	753	1,251
Unsecured			
Overdraft	-	-	-
	As at 31/12/2017		
	Long Term RM'000	Short Term RM'000	Total borrowing RM'000
Secured			
Overdrafts	-	1,585	1,537
Term Loan	48	156	204
Hire-purchase and lease payable	1,151	958	2,109
Unsecured			
Overdraft	-	-	-

As at December 31, 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 31/12/18	Preceding Year Quarter Ended 31/12/17	Current Year-To-Date Ended 31/12/18	Preceding Year To-Date Ended 31/12/17
Profit/(Loss) attributable to owners of the parent (RM'000)	444	(1,397)	54	(1,663)
No of ordinary shares in issue ('000)	40,999	40,999	40,999	40,999
Basic earnings per share (sen)	1.08	(3.41)	0.13	(4.06)

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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 27 February 2019