



# **TRANSOCEAN HOLDINGS BHD**

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

## **UNAUDITED INTERIM FINANCIAL REPORT FOR FIRST QUARTER ENDED MARCH 31, 2019**

*Dated May 28, 2019*

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# TRANSOCEAN HOLDINGS BHD (36747-U)

## INTERIM FINANCIAL REPORT For the First Quarter ended March 31, 2019

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, 2019.

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 31/03/19 RM'000	Preceding Year Quarter Ended 31/03/18 RM'000	(Amount/%)		Current Year-To-Date Ended 31/03/19 RM'000	Preceding Year-To-Date Ended 31/03/18 RM'000	(Amount/%)	
<b>Revenue</b>	<b>5,803</b>	<b>5,875</b>	<b>(72)</b>	<b>(1%)</b>	<b>5,803</b>	<b>5,875</b>	<b>(72)</b>	<b>(1%)</b>
Operating profits before depreciation and finance cost	277	375	(98)	(26%)	277	375	(98)	(26%)
Depreciation & amortisation	(347)	(390)	(43)	(11%)	(347)	(390)	(43)	(11%)
Loss from operations	(70)	(15)	55	>100%	(70)	(15)	55	>100%
Finance cost	(49)	(67)	(18)	(27%)	(49)	(67)	(18)	(27%)
<b>Loss before taxation</b>	<b>(119)</b>	<b>(82)</b>	<b>(37)</b>	<b>(45%)</b>	<b>(119)</b>	<b>(82)</b>	<b>(37)</b>	<b>(45%)</b>
Income tax expense	-	(26)	(26)	100%	-	(26)	(26)	100%
<b>Loss for the period</b>	<b>(119)</b>	<b>(108)</b>	<b>(11)</b>	<b>(10%)</b>	<b>(119)</b>	<b>(108)</b>	<b>(11)</b>	<b>(10%)</b>
Other comprehensive loss:-								
<u>Items that may be reclassified subsequently to profit or loss</u>								
- Exchange differences arising from translation of foreign operation	(13)	(40)	27	(68%)	(13)	(40)	27	(68%)
<b>Total comprehensive loss for the financial period</b>	<b>(132)</b>	<b>(148)</b>	<b>16</b>	<b>(11%)</b>	<b>(132)</b>	<b>(148)</b>	<b>16</b>	<b>(11%)</b>
<b>Loss for the period attributable to :</b>								
Owners of the parent	(119)	(108)	(11)	(10%)	(119)	(108)	(11)	(10%)
Non-controlling interests	-	-	-	-	-	-	-	-
	<b>(119)</b>	<b>(108)</b>	<b>(11)</b>	<b>(10%)</b>	<b>(119)</b>	<b>(108)</b>	<b>(11)</b>	<b>(10%)</b>
Owners of the Company	(132)	(148)	16	(11%)	(132)	(148)	16	(11%)
Non-controlling interest	-	-	-	-	-	-	-	-
	<b>(132)</b>	<b>(148)</b>	<b>16</b>	<b>(11%)</b>	<b>(132)</b>	<b>(148)</b>	<b>16</b>	<b>(11%)</b>
<b>Loss per share attributable to owners of the parent :</b>								
- Basic (sen)	(0.03)	(0.03)	0	-	(0.03)	(0.03)	0	-
- 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, 2018 and the accompanying explanatory notes attached to the Interim Financial Report)

**INTERIM FINANCIAL REPORT**  
For the First Quarter ended March 31, 2019**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As At</b>	<b>As At</b>
	<b>31/03/19</b>	<b>31/12/18</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	32,989	33,319
Prepaid lease payments	1,640	1,653
Deferred tax assets	75	75
Goodwill on consolidation	4,002	4,002
	<u>38,706</u>	<u>39,049</u>
<b>Current Assets</b>		
Inventories	494	432
Trade receivables	5,498	5,643
Other receivables	1,210	1,067
Amount owing by related companies	4,266	2,832
Tax recoverable	929	933
Cash and bank balances	652	1,843
	<u>13,049</u>	<u>12,750</u>
<b>TOTAL ASSETS</b>	<u><b>51,755</b></u>	<u><b>51,799</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the company</b>		
Share capital	40,999	40,999
Other Reserves	10,824	10,837
Accumulated Losses	(10,016)	(9,897)
	<u>41,807</u>	<u>41,939</u>
Non-controlling interest	1	1
<b>Total Equity</b>	<u><b>41,808</b></u>	<u><b>41,940</b></u>
<b>Non-Current Liabilities</b>		
Borrowings	375	498
Deferred tax liabilities	1,357	1,357
	<u>1,732</u>	<u>1,855</u>

**INTERIM FINANCIAL REPORT**  
**For the First Quarter ended March 31, 2019**

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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>31/03/19</b>	<b>31/12/18</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current Liabilities</b>		
Borrowings	1,905	2,059
Trade payables	3,389	2,238
Other payables	2,747	3,131
Amount owing to related companies	174	516
Tax payables	-	60
	<hr/> 8,215	<hr/> 8,004
<b>Total liabilities</b>	<b>9,947</b>	<b>9,859</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<hr/> <b>51,755</b>	<hr/> <b>51,799</b>
<b>Net assets per share attributable to owners of the company (RM)</b>	<hr/> <b>1.02</b>	<hr/> <b>1.02</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, 2018 and the accompanying explanatory notes attached to the Interim Financial Report)

**INTERIM FINANCIAL REPORT  
For the First Quarter ended March 31, 2019****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>2019</b>						
At January 1, 2019	40,999	10,837	(9,897)	41,939	1	41,940
Total comprehensive loss:-						
Net loss for the financial period			(119)	(119)		(119)
Other comprehensive loss	-	(13)	-	(13)		(13)
At March 31, 2019	40,999	10,824	(10,016)	41,807	1	41,808
<b>2018</b>						
At January 1, 2018	40,999	10,819	(9,951)	41,867	(79)	41,788
Total comprehensive income:-						
Net Profit for the financial year	-	-	54	54	80	134
Other comprehensive income	-	18	-	18	-	18
	-	18	54	72	-	152
At December 31, 2018	40,999	10,837	(9,897)	41,939	1	41,940

(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, 2018 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 31/03/19 RM'000</b>	<b>Preceding Year-To- Date Ended 31/12/18 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(119)	572
Adjustment for :-		
Non-cash items	9	1,522
Non-operating items	-	-
Finance cost	49	246
Operating (loss)/profit before working capital changes	<u>(61)</u>	<u>2,340</u>
Changes in working capital :-		
Net change in current assets	(1,221)	3,501
Net change in current liabilities	<u>(136)</u>	<u>(2,612)</u>
Cash (used in)/generated from operations	(1,418)	3,229
Interest paid	(49)	(243)
Tax refunded/paid	33	(104)
<b>Net cash (used in)/ from operating activities</b>	<b><u>(1,434)</u></b>	<b><u>2,882</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	(7)	(34)
Proceeds from disposal of property, plant and equipment	-	12
<b>Net cash used in investing activities</b>	<b><u>(7)</u></b>	<b><u>(22)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown/(Repayment) of hire purchase payables	266	(898)
Drawdown/(Repayment) of bank borrowings	23	(143)
<b>Net cash from/(used in) financing activities</b>	<b><u>289</u></b>	<b><u>(1,041)</u></b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,152)</b>	<b>1,819</b>
Effects of currency translation differences	(13)	19
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>601</b>	<b>(1,237)</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b><u>(564)</u></b>	<b><u>601</u></b>
Cash and cash equivalents comprise :-		
Cash and bank balances	662	1,843
Bank overdrafts (included within short term borrowings in Note 21)	(1,236)	(1,286)
Fixed deposits pledged for bank borrowings	10	44
	<b><u>(564)</u></b>	<b><u>601</u></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, 2018 and the accompanying explanatory notes attached to the Interim Financial Report)

**INTERIM FINANCIAL REPORT**  
**For the First Quarter ended March 31, 2019**

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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, 2018. 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 2018.

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, 2019**

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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) Provision for expected credit losses of trade receivables and contract assets**

The Group uses a provision matrix to calculate expected credit losses for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

**3. Auditors' Report on preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended December 31, 2018 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 3 months period ended 31 March 2019 are as follows:-

Business segment :	Trading of Tyres	Logistics Singapore	Logistics Solution	Total RM'000
	“Tyre”	“Logistics”		
	RM'000	RM'000	RM'000	
Revenue	1,846	1,106	2,851	5,803
Profit/(Loss) before taxation	98	74	(291)	(119)
Assets	13,187	5,631	32,937	51,755
Liabilities	3,131	304	6,512	9,947

**b. Geographical segments**

The results are for the 3 months period ended 31 March 2019 for geographical segments.

	Malaysia	Singapore	Elimination	Total
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
External	5,081	722	-	5,803
Inter-segment	362	384	(746)	-
Total revenue	5,443	1,106	(746)	5,803
(Loss)/Profit from operations	(144)	74	-	(70)
Finance costs	(49)	-	-	(49)
(Loss)/Profit before	(193)	74	-	(119)
<b>Other Information</b>				
Segment assets	46,124	5,631	-	51,755

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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 31/03/19 RM'000	As at 31/12/18 RM'000
Guarantees in favour of financial institutions for securing borrowings granted to subsidiaries		
- secured	2,280	3,143
- unsecured	-	225
	<u>2,280</u>	<u>3,368</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 RM5.803 million and net loss after taxation of RM0.119 million as compared with previous year corresponding quarter revenue of RM5.875 million and net loss after taxation of RM0.108 million.

Logistics market was very soft during the first quarter of 2019 because of decrease in air and sea cargo movements as a result of trade war between US and China as well as other nations. Decrease in trucking services for the routes between Malaysia/Singapore/Malaysia and Malaysia/Thailand/Malaysia were due to less import from Singapore and Thailand were due to Ringgit depreciation against the currency of these countries.

Reduced in container haulage services in the northern region were caused by competition from double track rail cargo services, drastic drop of Thailand's transshipments of rubber and rubber woods to China using Penang Port. Export of China made tire and furniture made from these products are facing high import tariff in US.

*Comparison with preceding quarter*

	<b>Current Quarter 31/03/19 RM'000</b>	<b>Preceding Quarter 31/12/18 RM'000</b>	<b>Changes (Amount/%)  RM'000</b>
Gross revenue	5,803	5,287	516 10%
Operating Profit before depreciation and finance cost	277	964	(687) (71%)
(Loss)/Profit before taxation	(119)	785	(904) 100%
Net (Loss)/Profit attributable to owners of the parent	(119)	444	(563) 100%

Loss of the current quarter was due to high operating cost resulted from Ringgit depreciation. Preceding year's quarter profit was derived from year end written back of certain professional fees arisen from the failed M&A deal.

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**15. Commentary on prospects**

Until US and China had amicably resolved their trade disputes, Malaysia being an open economy depending heavily on international trade will continue to suffer from the decrease in cargo movements worldwide along the supply chains.

On the other hand, logistics industry is capital intensive operating with depleting asset value overtime. New technology on fuel saving and moving toward clean and green energy had made carbon-fuel- charged internal combustion engine obsolete. Operators need to continuously replenish with new trucks to improve efficiency and to save cost.

Despite the termination of heads of Agreement in relation to the proposed acquisition of the equity interest in SWIFT Haulage Sdn. Bhd and its subsidiaries on 16 April 2019, the Board and management will continue to source for potential asset rich investors for M&A.

Notwithstanding, despite the limited income generating assets, the Board and management will continue to manage cost and focus on generating sufficient revenue and cash flow to sustain the Group's operation. .

**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 31/03/2019 RM'000	Current Year-to-date 31/03/2019 RM'000
Interest expenses	49	49
Depreciation and amortization	347	347

**18. Income tax expense**

	Current Quarter 31/03/2019 RM'000	Current Year-to-date 31/03/2019 RM'000
Current year provision	-	-

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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.

However, on 16 April 2019, the expiry of the further extension (i.e. by 16 April 2019), the HOA has lapsed. Upon the expiry of the further extension, the representation and warranties contained in the HOA becomes null and void and no further effect and neither of the Parties shall have further claims against the other under or in respect of the HOA.

**20. Borrowings**

Details of borrowings are as follows:

	As at 31/03/2019		
	Long Term RM'000	Short Term RM'000	Total borrowing RM'000
<b>Secured</b>			
Overdrafts	-	1,236	1,236
Term loan	-	23	23
Hire-purchase and lease payables	375	646	1,021
<b>Unsecured</b>			
Overdraft	-	-	-
	As at 31/12/2018		
	Long Term RM'000	Short Term RM'000	Total borrowing RM'000
<b>Secured</b>			
Overdrafts	-	1,286	1,286
Term Loan	-	61	61
Hire-purchase and lease payable	498	712	1,210
<b>Unsecured</b>			
Overdraft	-	-	-

As at March 31, 2019, the Group does not have any exposure in borrowings and debt securities denominated in foreign currency.

**21. Off balance sheet financial instruments**

There were no financial instruments with off balance sheet risks at the date of issue of the report

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**22. Changes in material litigation**

They were no material litigation during the first quarter as at March 31, 2019.

**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.

	<b>Current Year Quarter Ended 31/03/19</b>	<b>Preceding Year Quarter Ended 31/12/18</b>	<b>Current Year-To-Date Ended 31/03/19</b>	<b>Preceding Year To-Date Ended 31/12/18</b>
(Loss)/Profit attributable to owners of the parent (RM'000)	(119)	444	(119)	444
No of ordinary shares in issue ('000)	40,999	40,999	40,999	40,999
Basic earnings per share (sen)	(0.03)	1.08	(0.03)	1.08

**25. Authorisation for issue**

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

**By order of the Board**  
Dated 28 May 2019