



TRANSOCEAN HOLDINGS BHD

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

UNAUDITED INTERIM FINANCIAL REPORT FOR SECOND QUARTER ENDED JUNE 30, 2019

Dated August 27, 2019

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INTERIM FINANCIAL REPORT
For the Second Quarter ended June 30, 2019

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, 2019.

The figures have not been audited.

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

| | INDIVIDUAL QUARTER | | | CUMULATIVE QUARTER | | | Changes | |
|--|---|---|------------------------------|--------------------|---|---|------------------------------|-------------------|
| | Current Year Quarter Ended 30/06/19 RM'000 | Preceding Year Quarter Ended 30/06/18 RM'000 | Changes (Amount/%) RM'000 | | Current Year-To-Date Ended 30/06/19 RM'000 | Preceding Year-To-Date Ended 30/06/18 RM'000 | Changes (Amount/%) RM'000 | |
| Revenue | 5,330 | 5,957 | (627) | (11%) | 11,133 | 11,832 | (699) | (6%) |
| Operating profits before depreciation and finance cost | 169 | 372 | (203) | (55%) | 446 | 747 | (301) | (40%) |
| Depreciation & amortisation | (342) | (397) | (55) | (14%) | (689) | (787) | (98) | (12%) |
| (Loss)/Profit from operations | (173) | (25) | (148) | >(100%) | (243) | (40) | (203) | >(100%) |
| Finance cost | (46) | (71) | (25) | (35%) | (95) | (138) | (43) | (31%) |
| (Loss)/Profit before taxation | (219) | (96) | (123) | >(100%) | (338) | (178) | (160) | >(100%) |
| Income tax expense | (36) | (25) | (11) | (44%) | (36) | (51) | (15) | 29% |
| (Loss)/Profit for the period | (255) | (121) | (134) | >(100%) | (374) | (229) | (145) | (63%) |
| Other comprehensive income:- | | | | | | | | |
| <u>Items that may be reclassified subsequently to profit or loss</u> | | | | | | | | |
| - Exchange differences arising from translation of foreign operation | 19 | 5 | 14 | > 100% | 19 | (35) | 54 | > 100% |
| Total comprehensive (loss)/income for the financial period | (236) | (116) | (120) | > (100%) | (355) | (264) | (91) | (34%) |
| (Loss)/Profit for the period attributable to: | | | | | | | | |
| Owners of the parent | (255) | (121) | (134) | >(100%) | (374) | (229) | (145) | (63%) |
| Non-controlling interests | - | - | - | | - | - | - | |
| | (255) | (121) | (134) | >(100%) | (374) | (229) | (145) | (63%) |
| Total comprehensive (loss)/income attributable to: | | | | | | | | |
| Owners of the Company | (236) | (116) | (120) | >(100%) | (355) | (264) | (91) | (34%) |
| Non-controlling interest | - | - | - | | - | - | - | |
| | (236) | (116) | (120) | >(100%) | (355) | (264) | (91) | (34%) |
| Earnings per share attributable to owners of the parent: | | | | | | | | |
| - Basic (sen) | (0.58) | (0.28) | (0.30) | >(100%) | (0.86) | (0.64) | (0.22) | (34%) |
| - 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 Second Quarter ended June 30, 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Unaudited As At 30/06/19 RM'000 | Audited As At 31/12/18 RM'000 |
|---|--|--|
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 32,660 | 33,318 |
| Prepaid lease payments | 1,626 | 1,652 |
| Deferred tax assets | 75 | 75 |
| Goodwill on consolidation | 4,002 | 4,004 |
| | <u>38,363</u> | <u>39,049</u> |
| Current Assets | | |
| Inventories | 307 | 432 |
| Trade receivables | 5,157 | 5,643 |
| Other receivables | 1,144 | 1,067 |
| Amount owing by related companies | 4,662 | 2,832 |
| Tax recoverable | 975 | 933 |
| Cash and bank balances | 529 | 1,843 |
| | <u>12,774</u> | <u>12,750</u> |
| TOTAL ASSETS | <u>51,137</u> | <u>51,799</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to owners of the company | | |
| Share capital | 40,999 | 40,999 |
| Other Reserves | 10,856 | 10,837 |
| Accumulated Losses | (10,271) | (9,897) |
| | <u>41,584</u> | <u>41,939</u> |
| Non-controlling interest | 1 | 1 |
| Total Equity | <u>41,585</u> | <u>41,940</u> |
| Non-Current Liabilities | | |
| Borrowings | 271 | 498 |
| Deferred tax liabilities | 1,357 | 1,357 |
| | <u>1,628</u> | <u>1,855</u> |

INTERIM FINANCIAL REPORT
For the Second Quarter ended June 30, 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONT'D)

| | Unaudited | Audited |
|--|------------------|-----------------|
| | As At | As At |
| | 30/06/19 | 31/12/18 |
| | RM'000 | RM'000 |
| Current Liabilities | | |
| Borrowings | 1,612 | 2,059 |
| Trade payables | 3,410 | 2,238 |
| Other payables | 2,760 | 3,131 |
| Amount owing to related companies | 142 | 516 |
| Tax payables | - | 60 |
| | <hr/> | <hr/> |
| | 7,924 | 8,004 |
| | <hr/> | <hr/> |
| Total liabilities | 9,551 | 9,859 |
| | <hr/> | <hr/> |
| TOTAL EQUITY AND LIABILITIES | 51,137 | 51,799 |
| | <hr/> | <hr/> |
| Net assets per share attributable to owners of the company (RM) | 1.01 | 1.02 |
| | <hr/> | <hr/> |

(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)

**TRANSOCEAN HOLDINGS BHD (36747-U)****INTERIM FINANCIAL REPORT
For the Second Quarter ended June 30, 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 | Non-distributable Accumulated Losses RM'000 | | | |
| 2019 | | | | | | |
| At January 1, 2019 | 40,999 | 10,837 | (9,897) | 41,939 | 1 | 41,940 |
| Net Loss for the financial year | | | (374) | (374) | | (374) |
| Other comprehensive loss | - | 19 | - | 19 | - | 19 |
| At June 30, 2019 | 40,999 | 10,856 | (10,271) | 40,584 | 1 | 41,585 |
| 2018 | | | | | | |
| At January 1, 2018 | 40,999 | 10,819 | (9,951) | 43,866 | (79) | 41,787 |
| Total comprehensive income:- | | | | | | |
| Loss for the financial year | - | - | 54 | 54 | 80 | 134 |
| Other comprehensive loss | - | 18 | - | 18 | - | 18 |
| | - | 18 | 54 | 73 | - | 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)

INTERIM FINANCIAL REPORT
For the Second Quarter ended June 30, 2019

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Current Year-To- Date Ended 30/06/19 RM'000 | Preceding Year-To- Date Ended 31/12/18 RM'000 |
|--|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before taxation | (338) | 572 |
| Adjustment for :- | | |
| Non-cash items | 711 | 1,920 |
| Non-operating items | (83) | 246 |
| Finance cost | 95 | 174 |
| Operating profit before working capital changes | 385 | 2,340 |
| Changes in working capital :- | | |
| Net change in current assets | (996) | 3,501 |
| Net change in current liabilities | (65) | (2,612) |
| Cash generated from operations | (676) | 3,229 |
| Interest paid | (95) | (243) |
| Taxation paid | 42 | (104) |
| Net cash (used in) operating activities | (729) | 2,882 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of plant and equipment | (15) | (34) |
| Proceeds from disposal of property, plant and equipment | 83 | 12 |
| Net cash generated from investing activities | 68 | (22) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of hire purchase payables | (359) | (898) |
| Repayment of bank borrowings | (78) | (143) |
| Net cash used in financing activities | (437) | (1,041) |
| NET INCREASE /(DECREASE)/ IN CASH AND CASH EQUIVALENTS | (1,098) | 1,819 |
| Effects of currency translation differences | 19 | 18 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 601 | (1,237) |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | (478) | 601 |
| Cash and cash equivalents comprise :- | | |
| Cash and bank balances | 538 | 1,843 |
| Bank overdrafts (included within short term borrowings in Note 21) | (1,026) | (1,286) |
| Fixed deposits pledged for bank borrowings | 10 | 44 |
| | (478) | 601 |

(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 Second Quarter ended June 30, 2019

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 Second Quarter ended June 30, 2019

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, 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 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 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 | 3,718 | 2,110 | 5,305 | 11,133 |
| Profit/(Loss) before taxation | 243 | 85 | (665) | (337) |
| Assets | 13,105 | 5,597 | 32,435 | 51,137 |
| Liabilities | 2,941 | 226 | 6,385 | 9,552 |

b. Geographical segments

The results are for the 6 months period ended 30 June 2019 for geographical segments.

| | Malaysia RM'000 | Singapore RM'000 | Elimination RM'000 | Total RM'000 |
|-------------------------------|--------------------|---------------------|-----------------------|-----------------|
| Revenue | | | | |
| External | 9,800 | 1,333 | - | 11,133 |
| Inter-segment | 719 | 777 | (1,496) | - |
| Total revenue | 10,519 | 2,110 | (1,496) | 11,133 |
| (Loss)/Profit from operations | (328) | 85 | - | (243) |
| Finance costs | (95) | - | - | (95) |
| Loss before taxation | (423) | 85 | - | (337) |
| Other Information | | | | |
| Segment assets | 45,540 | 5,597 | - | 51,137 |

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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

During the interim quarter the Company has completed the process of striking off five (5) dormant subsidiaries company. Apart from that, 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, 2019, other than material litigation as disclosed in Note 22, since the last annual statement of financial position date comprise:-

| | As at 30/06/19 RM'000 | As at 31/03/19 RM'000 |
|--|-----------------------------|-----------------------------|
| Guarantees in favour of financial institutions for securing borrowings granted to subsidiaries | | |
| - secured | 2,651 | 2,919 |
| - unsecured | 197 | 227 |
| | <u>2,848</u> | <u>3,145</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 RM5.330 million and net loss after taxation of RM0.255 million as compared with previous year's corresponding quarter revenue of RM5.957 million and net loss after taxation of RM0.121 million.

Worldwide logistics market remains weak during the 2nd quarter of 2019 due to trade tension between US and China. Penang air and sea port had recorded decreased in container movements due to decrease in trucking movements for electronic and electrical products. Cross border trucking services between Mal/Sing was also down due to the contraction of the Singapore economy which recorded growth of only 0.01% for the 2nd quarter. Appreciation of Thai Baht against Ringgit had caused more Malaysian goods exported to Thailand with less Thai exports which resulted in the trucks returning empty from the border towns.

Reduction of container haulage volume in the northern region was caused by competition from double track rail cargo services, drastic drop of Thailand's transshipments cargo using Penang Port and surplus haulage capacities due to too many back yard operators.

Comparison with preceding quarter

| | Current Quarter 30/06/19 RM'000 | Preceding Quarter 31/03/19 RM'000 | Changes (Amount/%) RM'000 | |
|--|--|--|---|---------|
| Gross revenue | 5,330 | 5,803 | (473) | (8)% |
| Operating Profit/(Loss) before depreciation and finance cost | 170 | 277 | (107) | (39)% |
| Loss before taxation | (219) | (119) | (100) | (84)% |
| Net loss attributable to owners of the parent | (255) | (119) | (136) | >(100)% |

Loss recorded in this quarter was due to weak logistics markets worldwide resulted from trade tension between US and China

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15. Commentary on prospects

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

The only plus factor for Penang is that it had recorded the highest foreign investments of USD8.8 billion mainly from the relocation of electronic and electrical factories from China back to Malaysia. Such arrangement is to avoid the punitive high tariff imposed by US on China exports. Malaysian logistics industry is expected to benefit from increase in cargo movements along the materials and supply chain.

Logistics industry is capital intensive operating with depleting asset value overtime. Operators need to continuously replenish the trucks being the income generating assets to improve productivity and cost. Furthermore, Transocean is operating with limited income generating assets. The only way to improve performance is to increase the truck fleet and the warehouse space.

The Board and management will continue to source for potential asset rich investors for M&A after the termination of Head of Agreement related to the proposed acquisition of the equity interest of SWIFT Haulage Sdn. Bhd and its subsidiaries.

During the interim period, the Board and management will continue to manage cost and focus on generating sufficient revenue and cash flow to sustain the Group's operation.

Profit forecast or profit guarantee

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

16. Profit before taxation is derived after charging/(crediting):-

| | Current Quarter 30/06/2019 RM'000 | Current Year-to-date 30/06/2019 RM'000 |
|-------------------------------|--|---|
| Interest expenses | 46 | 95 |
| Depreciation and amortization | 342 | 689 |

17. Income tax expense

| | Current Quarter 30/06/2019 RM'000 | Current Year-to-date 30/06/2019 RM'000 |
|------------------------|--|---|
| Current year provision | 36 | 36 |

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

18. Corporate proposal

There was no corporate proposal by the Group for the current quarter and financial year-to-date.

19. Borrowings

Details of borrowings are as follows:

| | As at 30/06/2019 | | |
|----------------------------------|---------------------|----------------------|---------------------------|
| | Long Term RM'000 | Short Term RM'000 | Total borrowing RM'000 |
| Secured | | | |
| Overdrafts | - | 830 | 830 |
| Term loan | - | - | - |
| Hire-purchase and lease payables | 271 | 586 | 857 |
| Unsecured | | | |
| Overdraft | - | 197 | 197 |
| | As at 30/06/2018 | | |
| | Long Term RM'000 | Short Term RM'000 | Total borrowing RM'000 |
| Secured | | | |
| Overdrafts | - | 1,032 | 1,032 |
| Term Loan | - | 134 | 134 |
| Hire-purchase and lease payable | 795 | 802 | 1,597 |
| Unsecured | | | |
| Overdraft | - | 253 | 253 |

As at June 30, 2019, the Group does not have any exposure in borrowings and debt securities denominated in foreign currency.

20. 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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21. Changes in material litigation

There were no material litigation during the second quarter as at June 30, 2019.

22. Dividend payable

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

23. 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 30/06/19 | Preceding Year Quarter Ended 30/06/18 | Current Year-To-Date Ended 30/06/19 | Preceding Year To-Date Ended 30/06/18 |
|---|--|--|--|--|
| (Loss)/Profit attributable to owners of the parent (RM'000) | (255) | (121) | (373) | (229) |
| No of ordinary shares in issue ('000) | 40,999 | 40,999 | 40,999 | 40,999 |
| Basic (loss)/earnings per share (sen) | (0.62) | (0.29) | (0.91) | (0.56) |

24. Authorisation for issue

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

By order of the Board
Dated 27 August 2019