TRANSOCEAN HOLDINGS BHD

(Company No.: 36747-U)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR SECOND QUARTER ENDED JUNE 30, 2013

Dated August 29, 2013

INTERIM FINANCIAL REPORT
For the Second Quarter ended June 30, 2013

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TRANSOCEAN HOLDINGS BHD (36747-U)

INTERIM FINANCIAL REPORT

For the Second Quarter ended June 30, 2013

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, 2013.

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 30/06/13 RM'000	Preceding Year Quarter Ended 30/06/12 RM'000	Current Year-To-Date Ended 30/06/13 RM'000	Preceding Year-To-Date Ended 30/06/12 RM'000
Revenue	**7,011**	**10,007**	**13,874**	**19,354**
Operating profit before depreciation and finance cost	888	1,054	1,781	1,811
Depreciation & amortization	(306)	(240)	(609)	(503)
Profit from operations	**582**	**814**	**1,172**	**1,308**
Finance cost	(275)	(251)	(641)	(518)
Profit before taxation	**307**	**563**	**531**	**790**
Income tax expense	(129)	(164)	(237)	(229)
Profit for the period	**178**	**399**	**294**	**561**
Attributable to :				
Owners of the parent	178	399	294	561
Non - controlling interests	-	-	-	-
	178	399	294	561
Profit per share attributable to owners of the parent :				
- Basic (sen)	0.43	0.97	0.72	1.37
- Diluted (sen)	-------------------- Not applicable ---------------------			

(The Condensed Consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended December 31, 2012 and the accompanying explanatory notes attached to the Interim Financial Report)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited As At 30/06/13 RM'000	Audited As At 31/12/12 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	24,439	24,766
Goodwill on consolidation	4,004	4,004
Deferred tax assets	194	194
	28,637	28,964
Current Assets		
Asset held for sale	10,220	10,220
Inventories	107	360
Prepaid land lease payments	1,967	1,967
Trade receivables	12,714	15,682
Other receivables	1,857	1,642
Tax Recoverable	207	314
Cash and bank balances	619	602
	27,691	30,787
TOTAL ASSETS	**56,328**	**59,571**
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	40,999	40,999
Reserve	(8,579)	(8,843)
Non-controlling interests	31	31
Total equity	32,451	32,187
Non-current liabilities		
Borrowings	3,895	5,078
Deferred tax liabilities	1,339	1,250
	5,234	6,328

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Unaudited As At 30/06/13 RM'000	Audited As At 31/12/12 RM'000
Current liabilities		
Borrowings	13,384	13,055
Trade payables	2,325	4,309
Other payables	2,549	3,647
Due to related companies	385	-
Tax payables	-	225
	18,643	21,236
Total liabilities	**23,877**	**27,564**
TOTAL EQUITY AND LIABILITIES	**56,328**	**59,751**
Net assets per share attributable to owners of the parent (RM)	**0.79**	**0.78**

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended December 31, 2012 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, 2013

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Owners of the Parent						
	Non-distributable			Distributable			
	Share Capital RM'000	Asset Revaluation Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At January 1, 2013	40,999	-	30	(8,873)	32,155	31	32,187
Net Profit for the financial period	-	-	(31)	294	264	-	264
Balance as at June 30, 2013	40,999	-	1	(8,579)	32,419	31	32,451
At Jan 1, 2012							
As previously stated	40,999	7,738	(5)	(17,500)	31,232	34	31,266
Effect of adopting MFRS 1	-	(7,738)	5	7,733	-	-	-
As restated	40,999	-	-	(9,767)	31,232	34	31,266
Acquisition of non-controlling interest	-	-	-	-	-	1	1
Total Comprehensive income:-							
Net profit for the financial year	-	-	-	894	894	(4)	890
Other comprehensive income	-	-	30	-	30	-	30
	-	-	30	894	924	(4)	920
At December 31, 2012	40,999	-	30	(8,873)	32,156	31	32,187

(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, 2012 and the accompanying explanatory notes attached to the Interim Financial Report)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

	Current Year-To-Date Ended 30/06/13 RM'000	Preceding Year-To-Date Ended 30/06/12 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	531	790
Adjustment for :-		
Non-cash items	645	563
Non-operating items	576	508
Operating profit before working capital changes	1,752	1,861
Changes in working capital :-		
Net change in current assets	1,012	4,368
Net change in current liabilities	(3,419)	(5,547)
Cash generated from operations	(655)	282
Interest paid	(641)	(517)
Taxation paid	(269)	(162)
Net cash generated used in operating activities	**(1565)**	**(397)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(194)	(144)
Acquisition of a subsidiary company	-	(1)
Proceeds from disposal of property, plant and equipment	65	10
Net cash used in investing activities	**(129)**	**(135)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase and lease payables	(1,518)	(414)
Changes in BA	(345)	-
Repayment of term loans	(297)	(369)
Net cash used in financing activities	**(2,160)**	**(783)**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(3,854)**	**(1,315)**
Effect of exchange rate changes	30	(5)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(5,615)	(5,809)
CASH AND CASH EQUIVALENTS AT END OF YEAR	**(9,439)**	**(7,129)**
Cash and cash equivalents comprise :-		
Cash and bank balances	619	210
Bank overdrafts (included within short term borrowings in Note 22)	(10,058)	(7,339)
	(9,439)	**(7,129)**

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended December 31, 2012 and the accompanying explanatory notes attached to the Interim Financial Report)

NOTES TO THE INTERIM FINANCIAL REPORT

SECTION A

Selected Explanatory Notes: MFRSs 134 Paragraph 15B

1. **Basis of preparation**

The condensed financial statement are unaudited and have been prepared in accordance with the requirement of Malaysia Financial Reporting Standard ('MFRS') 134: Interim Financial Reporting and Paragraph 9.22 of the Bursa Malaysia Securities Berhad ("Bursa Securities")'s Listing Requirements.

The condensed financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended December 31, 2012. 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.

2. 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 2012.

The accounting principles and bases used are consistent with those previously adopted in the preparation of the financial statements of Transocean Holdings Berhad ("THB"), and its subsidiary companies ("the Group") except during the financial year, the Group has adopted the following applicable new and revised Malaysia Financial Reporting Standards ("MFRSs") issued by the Malaysian Accounting Standards Board that are mandatory for the current financial year:-

- MFRS 101 Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income)
- MFRS 7 Financial Instruments: Disclosures [Amendments relating to Mandatory Effective Date of MFRS 9 and Transition Disclosures (IFRS 9 issued by IASB in November 2009 and October 2010 respectively)]
- MFRS 7 Financial Instruments: Disclosures (Amendments relating to Disclosures - Offsetting Financial Assets and Liabilities)
- MFRS 10 Consolidated Financial Statements
- MFRS 10 Consolidated Financial Statements (Amendments relating to Transition Guidance)
- MFRS 13 Fair Value Measurement
- Amendments to MFRSs contained in the document entitled Annual Improvements 2009-2011 cycle

The adoption of the above new and revised MFRSs does not have significant financial impact on the interim financial statements of THB and the Group.

MFRS and Amendments to MFRS that are applicable to the Group but not yet effective

The Directors of THB anticipate that the application of the following MFRS and amendments to MFRSs which are mandatory and will be effective for financial period as stated below will have no material impact on the financial statement of THB in the period of initial application:-

		Effective date for financial periods beginning on or after
Amendments to MFRS 10, 11 & 127	Investment Entities	1 January 2014
Amendments to MFRS 132	Off-setting Financial Assets and Financial Liabilities	1 January 2014
MFRS 9	Financial Instruments (IFRS 9 Issued by IASB in November 2009)	1 January 2015
	Financial Instruments (IFRS 9 Issued by IASB in October 2010)	1 January 2015

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 at 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, 2012 was not subject to any qualification.

4. 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 results are for the 6 months period ended 30 June 2013 by business segments.

	Trading of Tyres RM'000	Logistics Singapore RM'000	Logistics Solution RM'000	Total RM'000
Segment :				
Revenue	5,829	2,187	5,858	13,874
Profit/(Loss)before taxation	793	161	(423)	531
Assets	15,107	2,551	38,670	56,328
Liabilities	8,142	1,028	14,707	23,877

b. Geographical segments

The results are for the 6 months period ended 30 June 2013 for geographical segments.

	Malaysia	Singapore	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External	12,883	991	-	-	13,874
Inter-segment	353	1,199	-	(1,552)	-
Total revenue	13,236	2,190		(1,552)	13,874
Profit from operations					1,172
Finance costs					(641)
Profit before taxation					531
Other Information					
Segment assets	52,777	2,551	-		56,328

6. Unusual items due to their nature, size and incidence

There were no unusual items affecting the Group's assets, liabilities, equity, net income or cash flows during the financial period ended June 30, 2013.

7. Changes in estimates

There were no changes in estimates that have had a material effect on the current financial year results.

8. Comments about seasonal or cyclical factors

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

9. Dividends paid

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

10. Debt and equity securities

The Company has not issued or repaid any debt and equities security for the financial year to date.

11. Changes in the composition of the Group

There were no significant changes in the composition of the Group.

12. Capital commitments

There is no commitment for the purchase of property, plant and equipment not provided for in the quarter under review

13. Changes in contingent liabilities and contingent assets

Contingent liabilities of the Company as at June 30, 2013, other than material litigation as disclosed in Note 24, since the last annual statements of financial position date comprise:-

	As at 30/06/13 RM'000	As at 30/06/12 RM'000
Guarantees in favour of financial institutions for securing borrowings granted to subsidiaries		
- secured	5,533	2,950
- unsecured	1,518	1,135
	7,051	4,085

14. Subsequent events

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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.

NOTES TO THE INTERIM FINANCIAL REPORT

SECTION B

Additional information required by the Bursa Securities' Listing Requirements

15. Performance review

The Group recorded revenues of RM7.010 million for the 2nd quarter ended 30 June 2013 compared with RM10.007 million for the previous years' quarter, a drop of 30%. Net profit after tax was RM 0.178 million for the quarter compared with RM0.399 million for the previous years' quarter, a drop of 55%.

Tires division recorded drop in revenue and net profit were due to strict credit control on debtors and non payments of prompt incentive payments from suppliers. Reduction in revenues for logistic division was due to worldwide weak demand for personal computers as users switched to personal tablets and smart phones, slowdown in Singapore's manufacturing activities which affected cross border trucking movement of goods between Sin/Mal.

Both tires and logistic divisions recorded lower profits as compared with previous year's quarter because of decrease in sale revenues.

16. Comment on material change in profit before taxation

	Current Quarter 30/06/13 RM'000	Immediate Preceding Quarter 31/03/13 RM'000	Variation %
Gross revenue	7,011	6,863	2.2%
Operating profit before depreciation and finance cost	888	892	-4.34%
Profit before taxation	307	223	37.6%
Net profit attributable to owners of the parent	178	115	54.7%

17. Commentary on prospects

Despite the global economic recovery in a modest pace during the 2nd quarter, the global economy faces increasing downside risks emanating from the developments in several major economies. Policy uncertainty surrounding the European Sovereign debts crisis and fiscal issues in the US are expected to weigh on market sentiments and growth prospects.

On the home front, Fitch Rating has revised Malaysia's outlook to "negative" from "stable" and said that the revision reflected the rating house's assessment that prospect for budgetary reform and fiscal consolidation to address weaknesses in public finances had worsened since the Government's weak showing in May' General election.

The group will continue to develop its cross border trucking services for car parts and consumer products between Thai/Mal/Sin to counter the decrease in revenues derived from electronic parts movements between Mal/Sin. However, the continuous appreciation of Thai Bahts and Singapore Dollars against Malaysian Ringgit will slow down their exports to Malaysia directly affecting trucking activities.

There are now 20 new trucks moving on the roads to replace the old units resulted substantial saving from fuel and maintenance cost.

18. Profit forecast or profit guarantee

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

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

	Current Quarter 30/06/2013 RM'000	Current year to-date 30/06/2013 RM'000
Interest expenses	(275)	(641)
Depreciation and amortization	(306)	(610)
Realized foreign exchange gain/(loss)	31	(1)

20. Income tax expense

	Current Quarter 30/06/2013 RM'000	Current Year-to-date 30/06/2013 RM'000
Current year provision	129	237

The income tax expenses are mainly incurred by the Company and certain of its subsidiaries.

21. Corporate proposal

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

22. Borrowings

Total Group borrowings as at June 30, 2013 were as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Long term borrowings			
Term loan	1,419	-	1,419
Hire-purchase and lease payables	2,476	-	2,476
	3,895	-	3,895
Short term borrowings			
Overdrafts	9,173	885	10,058
Term loan	885	-	885
Banker's acceptance and revolving credit	1,353	-	1,353
Hire-purchase and lease payables	1,088	-	1,088
	12,499	885	13,384
Total Borrowings	**16,394**	**885**	**17,279**

As at June 30, 2013, the Group does not have any exposure in borrowings and debt securities denominated in foreign currency.

23. Off balance sheet financial instruments

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

24. Changes in 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 except:-

Transocean Haulage Services Sdn. Bhd ("THS"), a subsidiary of Transocean Holdings Bhd, commenced legal action against EHaul Logistics Sdn Bhd ("EHaul") and Michael Tan ("MT") on 27 July 2011 to recover outstanding debts. The Court on 26 November 2012 had awarded a judgment in favor of THS to recover the sum of RM1,657,298 with 2% interest (from 26/11/2011 until full settlement) from both the defendants. Since the defendants failed to respond to the judgment debts, THS's solicitor had proceeded with Winding up petition and bankruptcy proceedings against E Haul and Michael Tan respectively.

25. Dividend payable

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

26. Profit per share

Basic profit per share amounts are calculated by dividing profit for the period attributable to owners of the parent by the weighted average number of shares in issue during the period.

	Current Year Quarter Ended 30/06/13	Preceding Year Quarter Ended 30/06/12	Current Year-To-Date Ended 30/06/13	Preceding Year To-Date Ended 30/06/12
Profit attributable to owners of the parent (RM'000)	178	399	294	561
No of ordinary shares in issue ('000)	40,999	40,999	40,999	40,999
Basic profit per share (sen)	0.43	0.97	0.72	1.37

27. Disclosure of Realised and Unrealised Losses

The accumulated losses of the Group are analysed as follows:-

	Current Quarter 30/06/13 RM'000	Immediate Preceding Quarter 30/06/12 RM'000
Total accumulated losses of the Group:-		
- Realised	(7,295)	(8,056)
- Unrealised	(1,284)	(1,549)
Total accumulated losses	(8,579)	(9,605)

28. Authorisation for issue

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

By order of the Board

Dated 29th day of August, 2013