



# **TRANSOCEAN HOLDINGS BHD**

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

## **UNAUDITED INTERIM FINANCIAL REPORT FOR FOURTH QUARTER ENDED DECEMBER 31, 2013**

*Dated February 28, 2014*



**INTERIM FINANCIAL REPORT**  
**For the Fourth Quarter ended December 31, 2013**

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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, 2013.

The figures have not been audited.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31/12/13 RM'000	Preceding Year Quarter Ended 31/12/12 RM'000	Current Year-To-Date Ended 31/12/13 RM'000	Preceding Year-To-Date Ended 31/12/12 RM'000
<b>Revenue</b>	<b>7,026</b>	<b>7,775</b>	<b>27,972</b>	<b>36,054</b>
Operating profit before depreciation and finance cost	495	688	2,995	3,086
Depreciation & amortisation	(359)	(120)	(1,333)	(892)
Loss on disposal of asset held for sale	(1,120)	-	(1,120)	-
<b>(Loss)/Profit from operations</b>	<b>(984)</b>	<b>568</b>	<b>542</b>	<b>2,194</b>
Finance cost	(327)	(321)	(1,295)	(1,075)
<b>(Loss)Profit before taxation</b>	<b>(1,311)</b>	<b>247</b>	<b>(753)</b>	<b>1,119</b>
Income tax expense	451	(18)	214	(268)
<b>(Loss)/Profit for the period</b>	<b>(860)</b>	<b>229</b>	<b>(539)</b>	<b>851</b>
Other comprehensive income:-				
<u>Items that may be reclassified subsequently to profit or loss</u>				
- Exchange differences arising from translation of foreign operation	(11)	-	7	30
<b>Total comprehensive (loss)/income for the financial period</b>	<b>(871)</b>	<b>229</b>	<b>(532)</b>	<b>881</b>
<b>(Loss)/Profit for the period attributable to :</b>				
Owners of the parent	(871)	229	(532)	851
Non-controlling interests	-	4	-	-
	<b>(871)</b>	<b>233</b>	<b>(532)</b>	<b>851</b>
<b>Total comprehensive (loss)/income for the financial period attributable to:-</b>				
Owners of the Company	(860)	229	(539)	881
Non-controlling interest	-	-	-	-
	<b>(860)</b>	<b>229</b>	<b>(539)</b>	<b>881</b>
<b>(Loss)/Profit per share attributable to owners of the parent :</b>				
- Basic (sen)	(0.02)	0.06	(0.01)	2.15
- Diluted (sen)	----- Not applicable -----			

(The Condensed Consolidated statements 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, 2012 and the accompanying explanatory notes attached to the Interim Financial Report)

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**For the Fourth Quarter ended December 31, 2013****CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>Unaudited As At 31/12/13 RM'000</b>	<b>Audited As At 31/12/12 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	25,859	24,766
Goodwill on consolidation	4,004	4,004
Deferred tax assets	217	194
	<u>30,080</u>	<u>28,964</u>
<b>Current Assets</b>		
Asset held for sale	-	10,220
Inventories	284	360
Prepaid land lease payments	1,967	1,967
Trade receivables	12,799	15,682
Other receivables	5,831	1,642
Tax recoverable	-	314
Cash and bank balances	470	602
	<u>21,351</u>	<u>30,787</u>
<b>TOTAL ASSETS</b>	<b><u>51,431</u></b>	<b><u>59,571</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	40,999	40,999
Reserve	(9,375)	(8,843)
Non-controlling interests	31	31
<b>Total equity</b>	<u>31,655</u>	<u>32,187</u>
<b>Non-current liabilities</b>		
Borrowings	5,463	5,078
Deferred tax liabilities	413	1,250
	<u>5,876</u>	<u>6,328</u>



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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(CONT'D)**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As At</b>	<b>As At</b>
	<b>31/12/13</b>	<b>31/12/12</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current liabilities</b>		
Borrowings	6,140	13,055
Trade payables	3,534	4,309
Other payables	3,302	3,647
Due to related companies	903	-
Tax payables	20	225
	<u>13,899</u>	<u>21,236</u>
<b>Total liabilities</b>	<b>19,775</b>	<b>27,564</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>51,431</b>	<b>59,751</b>
<b>Net assets per share attributable to owners of the parent (RM)</b>	<b>0.77</b>	<b>0.78</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, 2012 and the accompanying explanatory notes attached to the Interim Financial Report)



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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	← Attributable to Owners of the Parent →				Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Asset Revaluation Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Accumulated Losses RM'000			
<b>2013</b>							
At January 1, 2013	40,999	-	30	(8,873)	32,155	31	32,187
Net loss for the financial period	-	-	7	(539)	(532)	-	(532)
At December 31, 2013	40,999	-	37	(9,412)	31,624	31	31,655
<b>2012</b>							
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)

**INTERIM FINANCIAL REPORT**  
For the Fourth Quarter ended December 31, 2013**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW**

	<b>Current Year-To- Date Ended 31/12/13 RM'000</b>	<b>Preceding Year-To- Date Ended 31/12/12 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(753)	1,119
Adjustment for :-		
Non-cash items	1,398	1,349
Non-operating items	929	(45)
Finance cost	1,295	1,129
Operating profit before working capital changes	2,869	3,552
Changes in working capital :-		
Net change in current assets	2,597	(1,787)
Net change in current liabilities	(1,528)	1,881
Cash generated from operations	3,938	3,646
Interest paid	(1,295)	(1,129)
Taxation paid	(287)	(625)
<b>Net cash generated from operating activities</b>	<b>2,356</b>	<b>1,892</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	(2,376)	(1,001)
Proceeds from disposal of asset held for sale	4,910	-
Proceeds from disposal of property, plant and equipment	191	62
<b>Net cash generated from/(used in) investing activities</b>	<b>2,725</b>	<b>(939)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of hire purchase payables	(1,459)	(320)
Repayment of bank borrowings	(601)	(456)
<b>Net cash used in financing activities</b>	<b>(2,060)</b>	<b>(776)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>3,021</b>	<b>177</b>
Effect of exchange rate changes	(7)	24
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>(5,615)</b>	<b>(5,816)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>(2,601)</b>	<b>(5,615)</b>
Cash and cash equivalents comprise :-		
Cash and bank balances	470	602
Bank overdrafts (included within short term borrowings in Note 21)	(3,123)	(6,217)
	<b>(2,601)</b>	<b>(5,615)</b>

(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)



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**NOTES TO THE INTERIM FINANCIAL REPORT**

**SECTION A**

**Selected Explanatory Notes: MFRSs 134 Paragraph 15B**

**1. Basis of preparation**

These condensed consolidated interim financial statements, for the period ended 31 December 2013, 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, 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 Disclosures - Offsetting Financial Assets and Liabilities)
- MFRS 10 Consolidated Financial Statements
- MFRS 10 Consolidated Financial Statements (Amendments relating to MFRS 10, 11 and 12)
- MFRS 11 Joint Arrangement
- MFRS 12 Disclose of Interest in Other Entities
- MFRS 13 Fair Value Measurement
- MFRS 119 Employee Benefits
- MFRS 127 Consolidated and Seperate Financial Statements
- MFRS 128 Investments in Associates and Joint Ventures
- 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 the Group.





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**MFRS and Amendments to MFRS that is 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 the Group in the period of initial application:-

		<u>Effective date for financial periods beginning on or after</u>
Amendments to MFRS 10, 12 & 127	Investment Entities	1 January 2014
Amendments to MFRS 132	Off-setting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting (Amendments to MFRS 139)	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.



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**(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. 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.

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**5. Segmental information**
**a. Business segments**

The segmental results for the 12 months period ended 31 December 2013 provided to chief operating decision maker are as follows:-

Business segment :	Trading of Tyres	Logistics Singapore	Logistics Solution	Total RM'000
	<b>“Tyre”</b>	<b>“Logistics”</b>		
	RM'000	RM'000	RM'000	
Revenue	11,389	4,393	12,190	27,972
Profit/(Loss)before taxation	1,314	307	(2,374)	(753)
Assets	14,026	2,857	34,548	51,431
Liabilities	5,783	1,152	12,840	19,775

**b. Geographical segments**

The results are for the 12 months period ended 31 December 2013 for geographical segments.

	<b>Malaysia</b> RM'000	<b>Singapore</b> RM'000	<b>Others</b> RM'000	<b>Elimination</b> RM'000	<b>Total</b> RM'000
<b>Revenue</b>					
External	25,666	2,306	-	-	27,972
Inter-segment	1,100	2,087	-	(3,187)	-
<b>Total revenue</b>	<b>26,766</b>	<b>4,393</b>		<b>(3,187)</b>	<b>27,972</b>
Profit from operations	169	373	-	-	542
Finance costs	(1,229)	(66)	-	-	(1,295)
Loss on disposal of asset held for sale	(1,120)	-	-	-	(1,120)
Loss before taxation	(1,060)	307	-	-	(753)
<b>Other Information</b>					
Segment assets	48,574	2,857	-		51,431



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**6. Changes in estimates**

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

No dividend has been paid or declared by the Company 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 financial year to date.

**10. Changes in the composition of the Group**

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

**11. Capital commitments**

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

**12. Changes in contingent liabilities and contingent assets**

Contingent liabilities of the Company as at December 31, 2013, other than material litigation as disclosed in Note 24, since the last annual statements of financial position date comprise:-

	As at 31/12/13 RM'000	As at 31/12/12 RM'000
Guarantees in favour of financial institutions for securing borrowings granted to subsidiaries		
- secured	5,963	6,230
- unsecured	3,708	1,002
	<u>9,671</u>	<u>7,232</u>

**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**

The Group recorded revenue of RM7.026 million for the reporting quarter, a reduction of 9.6% compared to the previous year's corresponding quarter. The Group also recorded full year revenue of RM27.972 million, a reduction of 22.4% compared to the previous year's corresponding period.

The Group recorded profits from operations of RM0.260 million for the reporting quarter. However, the Group's reported a net loss of RM0.871 million for the reporting quarter due to a loss on disposal of asset held for sales of RM1.12 million. The Group's net loss for the whole financial year was RM0.539 million as compared with a net profit of RM0.881 million for the previous financial year.

The decrease in revenue was caused by:-

- (a) Reduction in revenue in the Tyre segment caused by termination of sale contract by a major customer since June 2013.
- (b) Worldwide slow down of computer products which faced fierce competition from tablets and smart phones reducing trucking movement for computer parts between Sin/Mal/Thai. Singapore Government's foreign workers policy has caused workers shortage affecting logistic operators' "break bulk activities" at air and sea ports of Singapore which reduced the trucking movements to & fro Singapore to Malaysia/Southern Thailand.

Cross border trucking activities to & fro Thai/Mal/Sin had also slowed down due to flood and political turmoil in Thailand during the 2<sup>nd</sup> half of 2013.

- (c) Warehouse had a fire incident in May 2013. Cleaning and repair works had affected the warehouse operation for the next 3 months.
- (d) Logistics Singapore's operation was affected by relocation of logistic hub and office from Sungai Kadut to Tuas during the last quarter of the year.

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	<b>Current Quarter 31/12/13 RM'000</b>	<b>Immediate Preceding Quarter 30/09/13 RM'000</b>	<b>Variation %</b>
Gross revenue	7,026	7,072	-0.65%
Operating profit before depreciation and finance cost	495	719	-31%
(Loss)/Profit before taxation	(752)	28	>-100%
Net (loss)profit attributable to owners of the parent	(538)	28	>-100%

Decrease in Group's profits for the 4<sup>th</sup> quarter of 2013 was due to:

- a.** The Group had disposed Wisma Transocean to a third party for a consideration of RM9.1 million. As a result, a loss on disposal of asset held for sales has been recognised in the reporting quarter amounting to RM1.12 million.

The rationale for selling Wisma Transocean at RM9.1 million which was last revalued by Independent valuer in 2010 with market valuation of RM10.5 million were:

- The building had been left vacant since May 2010 when the Group relocated its operating office to the joint warehouse and office complex at Sungai Lokan, Butterworth;
- The Group has obtained the highest bidder since the property has been marketed for sale 3 years ago; and
- The premise is classified as a "new building" situated in the Penang Heritage Zone. It is difficult to obtain authorities' approval for any renovation works.

- b.** Decrease in operating profits was due to:

- Additional repair and maintenance carried out on the warehouse due to damages caused by fire not covered by insurance policy;
- Governments' Restriction on movement of heavy vehicles on the road due to festive holidays during the last quarter of the year; and
- Reduction of profits from Tyre division resulted from termination of a sale contract by a major customer.



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**16. Commentary on prospects**

The Group had completed the disposal of Wisma Transocean Penang in 2013 and received the remaining balance sum on 30 January 2014. The sale proceeds will be used to reduce bank borrowings, purchase of trucks to replace the old one and reserve for working capital.

The purchase of additional new trucks will help to reduce fuel and maintenance cost as well as increased operation efficiency.

With the set up of KL logistics hub to be used as a collection and distribution centre to service the KL region, this would open up new routes for movement of goods to & fro Sin/KL and KL/PG/Thai.

For the forthcoming year, the Group's marketing team is targeting to expand market into the supply chain for car parts and transportation of consumer products.

The Group had collaboration arrangement with a local air freight operator, border town forwarder and a Thailand logistic operator to form a logistic consortium by pulling resources together to tender for multinational's logistic contracts covering trucking routes from Sin/KL/PG/Thai.

The Group hopes to achieve satisfactory performance for logistic division in the year 2014.

**17. Profit forecast or profit guarantee**

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

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

	Current Quarter 31/12/2013 RM'000	Current year to-date 31/12/2013 RM'000
Interest expenses	(327)	(1,295)
Depreciation and amortization	(359)	(1,333)
Loss on disposal of asset held for sale	(1,120)	(1,120)

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	Current Quarter 31/12/2013 RM'000	Current Year-to-date 31/12/2013 RM'000
Current year tax savings	451	214

The current tax savings is derived from written back of deferred tax liability arisen from the disposal of asset held for sale.

**20. Corporate proposal**

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

**21. Borrowings**

Total Group borrowings as at December 31, 2013 were as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Long term borrowings</b>			
Term loan	1,945	-	1,945
Hire-purchase and lease payables	3,518	-	3,518
	<u>5,463</u>	<u>-</u>	<u>5,463</u>
<b>Short term borrowings</b>			
Overdrafts	2,236	887	3,123
Term loan	165	-	165
Banker's acceptance and revolving credit	1,588	-	1,588
Hire-purchase and lease payables	1,264	-	1,264
	<u>5,253</u>	<u>887</u>	<u>6,140</u>
<b>Total borrowings</b>	<b>10,716</b>	<b>887</b>	<b>11,603</b>

As at December 31, 2013, the Group does not have any exposure in borrowings and debt securities denominated in foreign currency.

**22. 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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**23. 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:-

The Court awarded a judgment sum of RM1,657,298 with 2% interest on 26/11/2011 until full settlement to Transocean Haulage Services Sdn. Bhd. (“THS”), a subsidiary of Transocean Holdings Bhd, but the co-defendants, Ehaul Logistic Sdn. Bhd. (Ehaul) and Michael Tan has failed to settle the said judgment sum.

As at date of this report, THS’s solicitor had succeeded with the winding up petition against Ehaul while bankruptcy proceeding against Michael Tan is still in progress.

**24. Dividend payable**

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

**25. (Loss)/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.

	<b>Current Year Quarter Ended 31/12/13</b>	<b>Preceding Year Quarter Ended 31/12/12</b>	<b>Current Year-To-Date Ended 31/12/13</b>	<b>Preceding Year To-Date Ended 31/12/12</b>
(Loss)/Profit attributable to owners of the parent (RM'000)	(871)	229	(532)	851
No of ordinary shares in issue ('000)	40,999	40,999	40,999	40,999
Basic (loss)/profit per share (sen)	(2.12)	0.56	(1.30)	2.08



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**26. Disclosure of Realised and Unrealised Losses**

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

	<b>Current Quarter 31/12/13 RM'000</b>	<b>Immediate Preceding Quarter 31/12/12 RM'000</b>
Total accumulated losses of the Group:-		
- Realised	(8,128)	(7,062)
- Unrealised	(1,284)	(1,811)
Total accumulated losses	<u>(9,412)</u>	<u>(8,873)</u>

**27. Authorisation for issue**

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

**By order of the Board**

Dated 28th day of February, 2014