



TRANSOCEAN HOLDINGS BHD

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

UNAUDITED INTERIM FINANCIAL REPORT FOR FIRST QUARTER ENDED MARCH 31, 2014

Dated April 27, 2014



INTERIM FINANCIAL REPORT
For the First Quarter ended March 31, 2014

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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, 2014.

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 31/03/14 RM'000	Preceding Year Quarter Ended 31/03/13 RM'000	Current Year-To-Date Ended 31/03/14 RM'000	Preceding Year-To-Date Ended 31/03/13 RM'000
Revenue	5,870	6,863	5,870	6,863
Operating profit before depreciation and finance cost	597	892	597	892
Depreciation & amortisation	(328)	(303)	(328)	(303)
Profit from operations	269	589	269	589
Finance cost	(194)	(366)	(194)	(366)
Profit before taxation	75	223	75	223
Income tax expense	(36)	(108)	(36)	(108)
Profit for the period	39	115	39	115
Other comprehensive income:- <u>Items that may be reclassified subsequently to profit or loss</u>				
- Exchange differences arising from translation of foreign operation	(3)	(2)	(3)	(2)
Total comprehensive income for the financial period	36	113	36	113
Profit for the period attributable to :				
Owners of the parent	36	113	36	113
Non-controlling interests	-	-	-	-
	36	113	36	113
Total comprehensive income for the financial period attributable to:-				
Owners of the Company	39	115	39	115
Non-controlling interest	-	-	-	-
	39	115	39	115
Earnings per share attributable to owners of the parent :				
- Basic (sen)	0.09	0.28	0.09	0.28
- 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, 2013 and the accompanying explanatory notes attached to the Interim Financial Report)

**INTERIM FINANCIAL REPORT**
For the First Quarter ended March 31, 2014**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Unaudited As At 31/03/14 RM'000	Audited As At 31/12/13 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	25,677	25,921
Goodwill on consolidation	4,004	4,004
Deferred tax assets	217	217
	<u>29,898</u>	<u>30,142</u>
Current Assets		
Inventories	251	284
Prepaid land lease payments	1,901	1,915
Trade receivables	12,778	16,728
Other receivables	1,802	5,781
Tax recoverable	49	247
Cash and bank balances	1,608	734
	<u>18,389</u>	<u>25,689</u>
TOTAL ASSETS	<u>48,287</u>	<u>55,831</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	40,999	40,999
Reserve	(9,330)	(9,366)
Non-controlling interests	29	29
Total equity	<u>31,698</u>	<u>31,662</u>
Non-current liabilities		
Borrowings	4,912	5,197
Deferred tax liabilities	420	420
	<u>5,332</u>	<u>5,617</u>



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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(CONT'D)

	Unaudited	Audited
	As At	As At
	31/03/14	31/12/13
	RM'000	RM'000
Current liabilities		
Borrowings	6,021	5,867
Trade payables	3,222	8,263
Other payables	1,814	4,346
Due to related companies	200	-
Tax payables	-	76
	<u>11,257</u>	<u>18,552</u>
Total liabilities	16,589	24,169
TOTAL EQUITY AND LIABILITIES	48,287	55,831
Net assets per share attributable to owners of the parent (RM)	0.77	0.77

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended December 31, 2013 and the accompanying explanatory notes attached to the Interim Financial Report)

**TRANSOCEAN HOLDINGS BHD (36747-U)****INTERIM FINANCIAL REPORT
For the Fourth Quarter ended December 31, 2013****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	Non-distributable Foreign Exchange Translation Reserve RM'000	Distributable Accumulated Losses RM'000			
2014						
At January 1, 2014	40,999	68	(9,433)	31,633	29	31,662
Total comprehensive income for the financial period	-	(3)	39	36	-	36
At March 31, 2014	40,999	65	(9,394)	31,669	29	31,698
2013						
At Jan 1, 2013	40,999	30	(8,873)	32,155	31	32,186
Total comprehensive income:-						
Net profit for the financial year	-	-	(560)	(560)	(2)	(562)
Other comprehensive income	-	38	-	38	-	38
	-	38	(560)	(522)	(2)	(524)
At December 31, 2013	40,999	68	(9,433)	31,633	29	31,662

(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, 2013 and the accompanying explanatory notes attached to the Interim Financial Report)

**INTERIM FINANCIAL REPORT
For the First Quarter ended March 31, 2014****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW**

	Current Year-To- Date Ended 31/03/14 RM'000	Preceding Year-To- Date Ended 31/03/13 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	75	223
Adjustment for :-		
Non-cash items	328	323
Non-operating items	-	(65)
Finance cost	194	366
Operating profit before working capital changes	597	847
Changes in working capital :-		
Net change in current assets	2,043	1,465
Net change in current liabilities	(5,391)	(2,886)
Cash generated from operations	(2,751)	(574)
Interest paid	(194)	(366)
Taxation paid	(134)	(79)
Net cash used in operating activities	(3,079)	(1,019)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(94)	(166)
Proceeds from disposal of asset held for sale	4,190	-
Proceeds from disposal of property, plant and equipment	-	65
Net cash generated from/(used in) investing activities	4,096	(101)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(214)	(206)
Repayment of bank borrowings	36	(1,103)
Net cash used in financing activities	(178)	(1,309)
NET INCREASE IN CASH AND CASH EQUIVALENTS	839	(2,429)
Effect of exchange rate changes	(3)	(2)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(1,908)	(5,615)
CASH AND CASH EQUIVALENTS AT END OF YEAR	(1,072)	(8,046)
Cash and cash equivalents comprise :-		
Cash and bank balances	1,608	253
Bank overdrafts (included within short term borrowings in Note 21)	(2,680)	(8,299)
	(1,072)	(8,046)

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended December 31, 2013 and the accompanying explanatory notes attached to the Interim Financial Report)



**INTERIM FINANCIAL REPORT
For the First Quarter ended March 31, 2014**

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, 2013. 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 2013.

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:-

- Amendments to MFRS 10, 12 & 127
- Amendments to MFRS 132 Financial Instruments: Presentation
- Amendments to MFRS 136
- Amendments to MFRS 139

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:-

		Effective date for financial periods beginning on or after
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.



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(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, 2013 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.

5. Segmental information

a. Business segments

The segmental results for the 3 months period ended 31 March 2014 provided to chief operating decision maker are as follows:-

Business segment :	Trading of Tyres	Logistics Singapore	Logistics Solution	Total RM’000
	“Tyre”	“Logistics”		
	RM’000	RM’000	RM’000	
Revenue	1,617	1,234	3,019	5,870
Profit/(Loss)before taxation	158	81	(164)	75
Assets	12,887	2,932	32,468	48,287
Liabilities	5,487	1,139	9,963	16,589

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For the First Quarter ended March 31, 2014**b. Geographical segments**

The results are for the 3 months period ended 31 March 2014 for geographical segments.

	Malaysia	Singapore	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External	5,377	493	-	-	5,870
Inter-segment	199	700	-	(899)	-
Total revenue	5,676	1,193		(899)	5,870
Profit from operations	169	100	-	-	269
Finance costs	(180)	(14)	-	-	(194)
Profit before taxation	(6)	81	-	-	75
Other Information					
Segment assets	45,355	2,932	-		48,287

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

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.



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11. Capital commitments

The Group had contracted to purchase 7 units of reconditioned trucks amounting RM1,042,000.

Apart from the above, there was 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 March 31, 2014, other than material litigation as disclosed in Note 24, since the last annual statements of financial position date comprise:-

	As at 31/03/14 RM'000	As at 31/12/13 RM'000
Guarantees in favour of financial institutions for securing borrowings granted to subsidiaries		
- secured	5,841	5,963
- unsecured	3,372	3,708
	<u>9,213</u>	<u>9,671</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.

**INTERIM FINANCIAL REPORT
For the First Quarter ended March 31, 2014****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 RM5.870 million and net profit after taxation of RM0.039 million for the reporting quarter as compared with revenue of RM6.863 million and net profit after taxation of RM0.115 million for the previous year quarter, a drop of 14% and 66% respectively.

Logistic division recorded revenue of RM4.253 million as compared with RM5.089 million of the previous year quarter. The drop in revenue from electronic products from Mal/Sin route had been slowly recovered from increased in trucking revenue for car parts and consumer products from the Mal/Thai route during this reporting quarter.

Tire division record revenue of RM1.617 million as compared with RM4.258 million of the previous quarter, a drop of 62% which substantially reduced the profit for the reporting quarter. Despite aggressive marketing strategies to sell new and retread tires to GLCs, it had yet to yield result due to the long process of product evaluation and testing by customers.

Sale proceeds received from the sale of Wisma Transocean Penang had helped to strengthen the cash flow of the Group.

15. Comment on material change in profit before taxation

	Current Quarter 31/03/14 RM'000	Immediate Preceding Quarter 31/12/13 RM'000	Variation %
Gross revenue	5,870	7,026	-16.45%
Operating profit before depreciation and finance cost	269	495	-45.95%
Profit/(Loss) before taxation	75	(752)	>100%
Net profit/(Loss) attributable to owners of the parent	39	(538)	>100%

The Group recorded profit of RM0.39 million as compared with net loss of RM0.538 million of the immediate preceding quarter. The net loss of the immediate preceding quarter was due to the RM1.12 million from a loss on disposal of asset held for sale.



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16. Commentary on prospects

The Group is expecting the year 2014 to be a challenging one as price hikes will cause the cost of living to rise substantially. Among others, the rationalization of oil subsidies by the Government will increase the fuel cost seriously affecting the logistic industry.

The sale proceeds from disposal of Wisma Transocean Penang will be used to reduce bank borrowings to reduce interest cost, purchase new trucks to replace the ageing fleet to improve operation efficiency and also to improve working capital.

The set up of KL logistics hub to be operational as from 2nd quarter of 2014 will open up new routes to & fro Sin/KL and KL/PG/Thai to increase sale revenues.

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 31/03/2014 RM'000	Current Year-to-date 31/03/2014 RM'000
Interest expenses	(194)	(194)
Depreciation and amortization	(328)	(328)

19. Income tax expense

	Current Quarter 31/03/2014 RM'000	Current Year-to-date 31/03/2014 RM'000
Current year provision	36	36

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

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 March 31, 2014 were as follows:-

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	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Long term borrowings			
Term loan	1,879	-	1,879
Hire-purchase and lease payables	3,033	-	3,033
	<u>4,912</u>	<u>-</u>	<u>4,912</u>
Short term borrowings			
Overdrafts	1,795	885	2,680
Term loan	187	-	187
Banker's acceptance and revolving credit	1,674	-	1,674
Hire-purchase and lease payables	1,480	-	1,480
	<u>5,136</u>	<u>885</u>	<u>6,021</u>
Total borrowings	<u>10,048</u>	<u>885</u>	<u>10,933</u>

As at March 31, 2014, 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

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.

**INTERIM FINANCIAL REPORT**
For the First Quarter ended March 31, 2014**25. Earnings 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 31/03/14	Preceding Year Quarter Ended 31/03/13	Current Year-To-Date Ended 31/03/14	Preceding Year To-Date Ended 31/03/13
Profit/(Loss) attributable to owners of the parent (RM'000)	39	115	39	115
No of ordinary shares in issue ('000)	40,999	40,999	40,999	40,999
Basic earnings per share (sen)	0.09	0.28	0.09	0.28

26. Disclosure of Realised and Unrealised Losses

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

	Current Quarter 31/03/14 RM'000	Immediate Preceding Quarter 31/03/13 RM'000
Total accumulated losses of the Group:-		
- Realised	(8,291)	(7,442)
- Unrealised	(1,039)	(1,284)
Total accumulated losses	<u>(9,330)</u>	<u>(8,726)</u>

27. Authorisation for issue

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

By order of the Board

Dated 27th April, 2014