



# **TRANSOCEAN HOLDINGS BHD**

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

## **UNAUDITED INTERIM FINANCIAL REPORT FOR SECOND QUARTER ENDED JUNE 30, 2014**

*Dated: August 26, 2014*



**INTERIM FINANCIAL REPORT**  
For the Second Quarter ended 30<sup>th</sup> June, 2014

# CONTENTS

	<u>PAGE</u>
1) CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3
2) CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	4 – 5
3) CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY	6
4) CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW	7
5) NOTES TO THE INTERIM FINANCIAL REPORT	
SECTION A : DISCLOSURE NOTES AS REQUIRED UNDER MFRS 134	8 – 12
SECTION B : DISCLOSURE NOTES AS REQUIRED UNDER BURSA MALAYSIA LISTING REQUIREMENTS	13 – 16



**INTERIM FINANCIAL REPORT**  
For the Second Quarter ended 30<sup>th</sup> June, 2014

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, 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 30/06/14 RM'000	Preceding Year Quarter Ended 30/06/13 RM'000	Current Year-To-Date Ended 30/06/14 RM'000	Preceding Year-To-Date Ended 30/06/13 RM'000
<b>Revenue</b>	<b>5,102</b>	<b>7,011</b>	<b>10,972</b>	<b>13,874</b>
Operating profit before depreciation and finance cost	576	888	1,173	1,781
Depreciation & amortisation	(327)	(306)	(655)	(609)
<b>Profit from operations</b>	<b>249</b>	<b>582</b>	<b>518</b>	<b>1,172</b>
Finance cost	(211)	(275)	(405)	(641)
<b>Profit before taxation</b>	<b>38</b>	<b>307</b>	<b>113</b>	<b>531</b>
Income tax expense	-	(129)	(36)	(237)
<b>Profit for the period</b>	<b>38</b>	<b>178</b>	<b>77</b>	<b>294</b>
Other comprehensive income:-				
<u>Items that may be reclassified subsequently to profit or loss</u>				
- Exchange differences arising from translation of foreign operation	(17)	(29)	(17)	(31)
<b>Total comprehensive income for the financial period</b>	<b>21</b>	<b>148</b>	<b>60</b>	<b>263</b>
<b>Profit for the period attributable to :</b>				
Owners of the parent	21	148	60	263
Non-controlling interests	-	-	-	-
	<b>21</b>	<b>148</b>	<b>60</b>	<b>113</b>
<b>Total comprehensive income for the financial period attributable to:-</b>				
Owners of the Company	38	178	77	294
Non-controlling interest	-	-	-	-
	<b>38</b>	<b>178</b>	<b>77</b>	<b>294</b>
<b>Earnings per share attributable to owners of the parent :</b>				
- Basic (sen)	0.09	0.43	0.18	0.72
- 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 Second Quarter ended 30<sup>th</sup> June, 2014**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>Unaudited As At 30/06/14 RM'000</b>	<b>Audited As At 31/12/13 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	25,245	25,921
Goodwill on consolidation	4,004	4,004
Deferred tax assets	217	217
	<hr/> 29,466	<hr/> 30,142
<b>Current Assets</b>		
Inventories	279	284
Prepaid land lease payments	1,888	1,915
Trade receivables	13,159	16,728
Other receivables	1,856	5,781
Tax recoverable	564	247
Cash and bank balances	523	734
	<hr/> 18,269	<hr/> 25,689
<b>TOTAL ASSETS</b>	<hr/> <b>47,735</b>	<hr/> <b>55,831</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	40,999	40,999
Reserve	(9,305)	(9,366)
Non-controlling interests	29	29
<b>Total equity</b>	<hr/> 31,723	<hr/> 31,662
<b>Non-current liabilities</b>		
Borrowings	3,721	5,197
Deferred tax liabilities	420	420
	<hr/> 4,141	<hr/> 5,617

**INTERIM FINANCIAL REPORT**  
For the Second Quarter ended 30<sup>th</sup> June, 2014**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(CONT'D)**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As At</b>	<b>As At</b>
	<b>30/06/14</b>	<b>31/12/13</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current liabilities</b>		
Borrowings	6,632	5,867
Trade payables	3,075	8,263
Other payables	1,860	4,346
Due to related companies	304	-
Tax payables	-	76
	<hr/> 11,871	<hr/> 18,552
<b>Total liabilities</b>	<b>16,012</b>	<b>24,169</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<hr/> <b>47,735</b>	<hr/> <b>55,831</b>
<b>Net assets per share attributable to owners of the parent (RM)</b>	<hr/> <b>0.77</b>	<hr/> <b>0.77</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, 2013 and the accompanying explanatory notes attached to the Interim Financial Report)

**INTERIM FINANCIAL REPORT  
For the Second Quarter ended 30<sup>th</sup> June, 2014****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			
<b>2014</b>						
At January 1, 2014	40,999	68	(9,433)	31,634	29	31,663
Total comprehensive income:-						
Net profit for the financial period	-	-	77	77	-	77
Other comprehensive income	-	(17)	-	(17)	-	(17)
	-	(17)	77	60	-	60
At June 30, 2014	40,999	51	(9,356)	31,694	29	31,723
<b>2013</b>						
At Jan 1, 2013	40,999	30	(8,873)	32,156	31	32,187
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)	31,634	29	31,663

(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 Second Quarter ended June 30, 2014****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW**

	<b>Current Year-To- Date Ended 30/06/14 RM'000</b>	<b>Preceding Year-To- Date Ended 30/06/13 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	113	531
Adjustment for :-		
Non-cash items	686	710
Non-operating items	(19)	(65)
Finance cost	405	576
Operating profit before working capital changes	1,185	1,752
Changes in working capital :-		
Net change in current assets	5,428	1,012
Net change in current liabilities	(5,614)	(3,419)
Cash generated from operations	999	(655)
Interest paid	(405)	(641)
Taxation paid	(32)	(269)
<b>Net cash generated from/(used in) operating activities</b>	<b>562</b>	<b>(1,565)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	(252)	(194)
Proceeds from disposal of property, plant and equipment	267	65
<b>Net cash generated from/(used in) investing activities</b>	<b>15</b>	<b>(129)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of hire purchase payables	(736)	(1,518)
Repayment of bank borrowings	(40)	(642)
<b>Net cash used in financing activities</b>	<b>(776)</b>	<b>(2,160)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(199)</b>	<b>(3,854)</b>
Effect of exchange rate changes	(17)	30
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>(1,908)</b>	<b>(5,615)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>(2,124)</b>	<b>(9,439)</b>
Cash and cash equivalents comprise :-		
Cash and bank balances	575	619
Bank overdrafts (included within short term borrowings in Note 21)	(2,699)	(10,058)
	<b>(2,124)</b>	<b>(9,439)</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, 2013 and the accompanying explanatory notes attached to the Interim Financial Report)



**INTERIM FINANCIAL REPORT  
For the Second Quarter ended June 30, 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 30 June 2014, 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 period:-

- Amendments to MFRS 10: Consolidated Financial Statements
- Amendments to MFRS 12: Disclosure of Interests in Other Entities
- Amendments to MFRS 127: Consolidated and Separate Financial Statements
- Amendments to MFRS 132: Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets
- Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting (Annual Improvements 2009-2011 Cycle)
- IC Interpretation 21: Levies

The adoption of the above amendments to MFRSs does not have significant financial impact on the interim financial statements of the Group.



**INTERIM FINANCIAL REPORT**  
**For the Second Quarter ended June 30, 2014****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 2	Share-based Payment (Annual Improvements 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 3	Business Combinations (Annual Improvements 2010-2012 and 2011 - 2013 Cycle)	1 July 2014
Amendments to MFRS 8	Operating Segments (Annual Improvements 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 13	Fair Value Measurement (Annual Improvements 2011-2013 Cycle)	1 July 2014
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions	1 July 2014
Amendments to MFRS 124	Related Party Disclosures (Annual Improvements 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 138	Intangible Assets (Annual Improvements 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 140	Investment Property (Annual Improvements 2011-2013 Cycle)	1 July 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.



**INTERIM FINANCIAL REPORT**  
**For the Second Quarter ended June 30, 2014**

**(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, 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.



**INTERIM FINANCIAL REPORT**  
For the Second Quarter ended June 30, 2014

**5. Segmental information**

**a. Business segments**

The segmental results for the 6 months period ended 30 June 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	3,072	2,444	5,456	10,972
Profit/(Loss) before taxation	264	221	(372)	113
Assets	13,163	2,881	31,691	47,735
Liabilities	5,658	965	9,389	16,012

**b. Geographical segments**

The results are for the 6 months period ended 30 June 2014 for geographical segments.

	Malaysia RM'000	Singapore RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>Revenue</b>					
External	9,916	1,056	-	-	10,972
Inter-segment	437	1,388	-	(1,825)	-
Total revenue	10,353	2,444		(1,825)	10,972
Profit from operations	221	248	-	-	518
Finance costs	(378)	(27)	-	-	(405)
Profit before taxation	(158)	221	-	-	113
<b>Other Information</b>					
Segment assets	44,854	2,881	-		47,735

**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.

**INTERIM FINANCIAL REPORT**  
For the Second Quarter ended June 30, 2014**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.

**11. Capital commitments**

	As at 30/06/14 RM'000	As at 31/12/13 RM'000
Property, plant and equipment - Authorised and contracted for	1,042	1,188

The capital commitment stated above is to acquire 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 June 30, 2014, other than material litigation as disclosed in Note 24, since the last annual statements of financial position date comprise:-

	As at 30/06/14 RM'000	As at 31/12/13 RM'000
Guarantees in favour of financial institutions for securing borrowings granted to subsidiaries		
- secured	5,040	5,963
- unsecured	3,310	3,708
	8,350	9,671

**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 Second Quarter ended June 30, 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 RM5.102 million and net profit after taxation of RM0.021 million for the reporting quarter as compared to revenue of RM7.011 million and net profit after taxation of RM0.148 million for the previous year quarter, a drop of 27% and 86% respectively. The decrease in revenues and profits were mainly due to tyres division.

Logistic division recorded revenue of RM7.900 million as compared to RM8.045 million of the previous year corresponding quarter. There were signs of recovery for electronic products movements from Mal/Sin route during the second quarter. However, drop in revenue was from local haulage sector due to lack of trucks resulted from retirement of old truck beyond economic repairs.

Tyres division recorded revenue of RM3.072 million as compared with RM5.829 million of the previous six months, a drop of 47% which substantially reduced the profit for the reporting quarter.

**15. Comment on material change in profit before taxation**

	<b>Current Quarter 30/06/14 RM'000</b>	<b>Immediate Preceding Quarter 31/03/14 RM'000</b>	<b>Variation %</b>
Gross revenue	5,102	5,870	-13.08%
Operating profit before depreciation and finance cost	576	597	-3.51%
Profit before taxation	38	75	-49%
Net profit attributable to owners of the parent	21	36	-41.66%

The Group recorded net profit of RM0.021 million as compared with net profit of RM0.036 million of the immediate preceding quarter.

Profits continue to decline due to continue to operate with the old trucks because of the delay in new trucks' arrival and also decreased in sales from tire division.

**INTERIM FINANCIAL REPORT**  
**For the Second Quarter ended June 30, 2014****16. Commentary on prospects**

The Group expects 2<sup>nd</sup> half of the year to do better based on:

- Recovery of electronic industry to grow at 6.5% for 2014 as projected by WSTS.
- 7 new trucks on the road to phase out part of the old trucks.
- Fully operational of KL logistics hub to open up new routes KL/Sin and KL/Prai/Padang to service existing and obtain new customers.
- Cost saving through merger of administration, operation and marketing departments of cross-border trucking section with local haulage section.

**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 30/06/2014 RM'000	Current Year-to-date 30/06/2014 RM'000
Interest expenses	(211)	(405)
Depreciation and amortisation	(327)	(655)

**19. Income tax expense**

	Current Quarter 30/06/2014 RM'000	Current Year-to-date 30/06/2014 RM'000
Current year provision	-	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.

**INTERIM FINANCIAL REPORT**  
**For the Second Quarter ended June 30, 2014****21. Borrowings**

Total Group borrowings as at June 30, 2014 were as follows:-

	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Long term borrowings</b>			
Term loan	1,208	-	1,208
Hire-purchase and lease payables	2,514	-	2,514
	<u>3,722</u>	<u>-</u>	<u>3,722</u>
<b>Short term borrowings</b>			
Overdrafts	1,925	774	2,699
Term loan	768	-	768
Banker's acceptance and revolving credit	1,688	-	1,688
Hire-purchase and lease payables	1,477	-	1,477
	<u>5,858</u>	<u>774</u>	<u>6,632</u>
<b>Total borrowings</b>	<b><u>9,580</u></b>	<b><u>774</u></b>	<b><u>10,354</u></b>

As at June 30, 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 and bankruptcy proceeding against Michael Tan.

**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 Second Quarter ended June 30, 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.

	<b>Current Year Quarter Ended 30/06/14</b>	<b>Preceding Year Quarter Ended 30/06/13</b>	<b>Current Year-To-Date Ended 30/06/14</b>	<b>Preceding Year To-Date Ended 30/06/13</b>
Profit attributable to owners of the parent (RM'000)	38	178	77	294
No of ordinary shares in issue ('000)	40,999	40,999	40,999	40,999
Basic earnings per share (sen)	0.09	0.97	0.18	0.72

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

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

	<b>Current Quarter 30/06/14 RM'000</b>	<b>Immediate Preceding Quarter 31/03/13 RM'000</b>
Total accumulated losses of the Group:-		
- Realised	(8,266)	(7,442)
- Unrealised	(1,039)	(1,284)
Total accumulated losses	(9,305)	(8,726)

**27. Authorisation for issue**

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

**By order of the Board**

Dated 26<sup>th</sup> August, 2014