



TRANSOCEAN HOLDINGS BHD

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

UNAUDITED INTERIM FINANCIAL REPORT FOR SECOND QUARTER ENDED JUNE 30, 2016

Dated August 30, 2016

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INTERIM FINANCIAL REPORT
For the Second Quarter ended June 30, 2016

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, 2016.

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 30/06/16 RM'000	Preceding Year Quarter Ended 30/06/15 RM'000	Current Year-To-Date Ended 30/06/16 RM'000	Preceding Year-To-Date Ended 30/06/15 RM'000
Revenue	6,755	6,288	13,691	11,944
Operating profit before depreciation and finance cost	852	739	1,654	1,354
Depreciation & amortization	(424)	(347)	(844)	(715)
Profit from operations	428	392	811	639
Finance cost	(130)	(196)	(267)	(385)
Profit before taxation	298	196	544	254
Income tax expense	(40)	(41)	(77)	(28)
Profit for the period	258	155	467	226
Other comprehensive income:- <u>Items that may be reclassified subsequently to profit or loss</u>				
- Exchange differences arising from translation of foreign operation	(8)	99	(151)	141
Total comprehensive income for the financial period	250	254	316	367
Profit for the period attributable to :				
Owners of the Company	258	155	467	226
Non-controlling interests	-	-	-	-
	258	155	467	226
Total comprehensive income for the financial period attributable to:-				
Owners of the Company	250	254	316	367
Non-controlling interest	-	-	-	-
	250	254	316	367
Earnings per share attributable to owners of the parent :				
- Basic (sen)	0.61	0.37	0.77	0.55
- 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, 2015 and the accompanying explanatory notes attached to the Interim Financial Report)

**INTERIM FINANCIAL REPORT**
For the Second Quarter ended June 30, 2016**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Unaudited As At 30/06/16 RM'000	Audited As At 31/12/15 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	37,084	26,502
Deferred tax assets	66	66
Prepaid land lease payments	1,784	1,810
Goodwill on consolidation	4,004	4,004
	<u>42,938</u>	<u>32,382</u>
Current Assets		
Inventories	741	1,070
Trade receivables	15,185	12,089
Other receivables	2,162	1,899
Tax recoverable	1,442	1,247
Cash and bank balances	1,385	810
	<u>20,915</u>	<u>17,115</u>
TOTAL ASSETS	<u>63,853</u>	<u>49,497</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	40,999	40,999
Reserve	2,934	(8,681)
Non-controlling interests	29	29
Total equity	<u>43,962</u>	<u>32,347</u>
Non-Current Liabilities		
Borrowings	2,463	3,491
Deferred tax liabilities	363	363
	<u>2,826</u>	<u>3,854</u>

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(CONT'D)

	Unaudited	Audited
	As At	As At
	30/06/16	31/12/15
	RM'000	RM'000
Current Liabilities		
Trade payables	6,212	4,142
Other payables	3,783	2,272
Borrowings	6,485	6,008
Due to related companies	585	822
Tax payables	-	52
	<hr/> 17,065	<hr/> 13,296
Total liabilities	19,891	17,150
TOTAL EQUITY AND LIABILITIES	<hr/> 63,853	<hr/> 49,497
Net assets per share attributable to owners of the Company (RM)	<hr/> 1.07	<hr/> 0.79

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended December 31, 2015 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 Company						Total Equity RM'000
	Non-distributable				Non- controlling Interests RM'000		
	Share Capital RM'000	Foreign Exchange Translation Reserve RM'000	Revaluation surplus RM'000	Accumulated Losses RM'000			
2016							
At January 1, 2016	40,999	456		(9,137)	32,318	29	32,347
Total comprehensive income for the financial period	-	(151)	11,299	467	11,615	-	11,615
At June 30, 2016	40,999	305	11,299	(8,670)	43,933	29	43,962
2015							
At January 1, 2015	40,999	110		(9,226)	31,883	29	31,912
Total comprehensive income:-							
Net profit for the financial year	-	-		89	89	-	89
Other comprehensive income	-	346		-	346	-	346
	-	346		89	435	-	435
At December 31, 2015	40,999	456		(9,137)	32,318	29	32,347

(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, 2015 and the accompanying explanatory notes attached to the Interim Financial Report)

**INTERIM FINANCIAL REPORT**
For the Second Quarter ended June 30, 2016**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW**

	Current Year-To-Date Ended 30/06/16 RM'000	Preceding Year-To-Date Ended 31/12/15 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	544	218
Adjustments for :-		
Non-cash items	896	2,005
Non-operating items	-	(8)
Finance cost	267	704
Operating profit before working capital changes	1,706	2,919
Changes in working capital :-		
Net change in current assets	(3,131)	(3,029)
Net change in current liabilities	3,289	2,466
Cash generated from operations	1,864	2,357
Interest paid	(267)	(704)
Taxation paid	(36)	(415)
Net cash generated from operating activities	1,561	1,238
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(221)	(368)
Proceeds from disposal of property, plant and equipment	-	11
Net cash used in investing activities	(221)	(357)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(645)	(1,326)
Repayment of bank borrowings	(9)	(187)
Net cash used in financing activities	(654)	(1,513)
NET DECREASE IN CASH AND CASH EQUIVALENTS	686	(632)
Effect of exchange rate changes	(151)	309
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	(1,671)	(1,348)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR	(1,136)	(1,671)
Cash and cash equivalents comprise :-		
Cash and bank balances	1,385	810
Bank overdrafts (included within short term borrowings in Note 21)	(2,574)	(2,481)
	(1,136)	(1,671)

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended December 31, 2015 and the accompanying explanatory notes attached to the Interim Financial Report)

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

The condensed consolidated interim financial statements have been prepared under the historical cost convention.

These condensed consolidated interim financial statements, for the period ended 31 March 2016, 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, 2015. 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 2015.

Accounting standards and amendments to accounting standards that are applicable for the Group in the following periods but are not yet effective:

Annual periods beginning on/after 1 January 2018

- MFRS 9 Financial Instruments
- MFRS 15 Revenue from Contracts with Customers

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group.

The Group is in the process of assessing the impact of MFRS 9 and MFRS 15 in the year of initial application. Aside from the above mentioned, the adoption of the accounting standards and amendments to accounting standards are not expected to have any significant impact to the financial statements of the Group.

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.

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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, 2015 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, 2016

5. Segmental information
a. Business segments

The segmental results for the 6 months period ended 30 June 2016 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	5,347	2,439	5,905	13,691
Profit/(Loss) before taxation	263	389	(108)	544
Assets	17,246	3,880	47,727	63,853
Liabilities	8,651	640	10,600	19,891

b. Geographical segments

The results are for the 6 months period ended 30 June 2016 for geographical segments.

	Malaysia RM'000	Singapore RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue					
External	12,223	1,468	-	-	13,691
Inter-segment	657	971	-	(1,628)	-
Total revenue	12,880	2,439	-	(1,628)	13,691
Profit from operations	406	405	-	-	811
Finance costs	(255)	(12)	-	-	(267)
Profit before taxation	156	388	-	-	544
Other Information					
Segment assets	59,973	3,880	-	-	63,853

6. Changes in estimates

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

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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 financial year to date.

10. Changes in the composition of the Group

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

11. Valuation of properties plant and equipment

The group conducted a valuation of Prai premise in June 2016. Prai premise was valued at RM28.50 million as compared with the net book value of RM17.176 million by an Independent Valuer. The revaluation surplus of RM11.324 million or 28 cents per share was booked into the accounts in the second quarter ended 30 June 2016. Thus, Net Assets of the group was increased from 79 cents per share to RM1.07 per share.

12. Capital commitments

There was 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, 2016, since the last annual statements of financial position date comprise:-

	As at 30/06/16 RM'000	As at 31/12/15 RM'000
Guarantees in favour of financial institutions for securing borrowings granted to subsidiaries		
- secured	4,325	5,000
- unsecured	5,062	4,401
	9,387	9,401
	9,387	9,401

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14. 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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SECTION B

Additional information required by the Bursa Securities' Listing Requirements

15. Performance review

The Group recorded revenue of RM6.755 million and net profit after taxation of RM0.258 million for the reporting quarter as compared with revenue of RM6.288 million and net profit after taxation of RM0.155 million for the previous year quarter, increased of 7% and 66% respectively. The increase in revenues and profits was from logistic division.

Logistic division recorded revenues of RM4.453 million, increase of 16% as compared with RM3.829 million of the previous year quarter.

Tire division recorded revenues of RM2.302 million as compared with RM2.459 million of the previous year quarter, slightly decreased of 6% sales volume for the current quarter due to credit control on debtors.

The group achieved better revenues for 6 months periods were derived from logistics division. Logistics division achieved profit before taxation of RM0.281 million with tire division achieved profit before taxation of RM0.263 million.

16. Comment on material change in profit before taxation

	Current Quarter 30/06/16 RM'000	Immediate Preceding Quarter 30/03/16 RM'000	Variation %
Gross revenue	6,755	6,936	-3%
Operating profit before depreciation and finance cost	852	802	6%
Profit before taxation	298	245	22%
Net profit attributable to owners of the Company	258	208	24%

Current quarter recorded profit before taxation of RM0.298 million as compared to RM0.245 for the immediate preceding quarter, increase of more than 22% mainly derived from higher sales volume from logistics division. There was no material change on profit source consisted of logistics and tire divisions.

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17. Commentary on prospects

Malaysia's 2nd quarter gross domestic product (GDP) had slid to 4% being the lowest pace in nearly seven years, weighted down by continued decline in net export but held up by strong domestic demand. Slowdown in imports and exports had reduced logistics activities at air and sea ports. Weak ringgits had pushed up prices for imported goods causing hardship to consumers. Factories are affected by the shortage of workers painting a gloomy prospect for 2nd half of 2016.

Aggressive marketing activities, cost cutting and improved services implemented during the first half is expected to yield results during the 2nd half of the year. The group's competitive advantage of having its own logistic hubs located at strategic towns from Padang Besar to Singapore also help to attract premium customers during this challenging environments.

The group is expected to further improve its performance during the 2nd half of the year.

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 30/06/2016 RM'000	Current Year-to-date 30/06/2016 RM'000
Interest expenses	(130)	(267)
Depreciation and amortization	(424)	(844)

20. Income tax expense

	Current Quarter 30/06/2016 RM'000	Current Year-to-date 30/06/2016 RM'000
Current year provision	(40)	(77)

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.

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22. Borrowings

Total Group borrowings as at June 30, 2016 were as follows:-

	RM'000
Long term borrowings	
Term loan	417
Hire-purchase and lease payables	2,046
	<u>2,463</u>
Short term borrowings	
Overdrafts	2,574
Term loan	767
Banker's acceptance and revolving credit	1,700
Hire-purchase and lease payables	1,444
	<u>6,485</u>
Total borrowings	<u><u>9,948</u></u>

As at June 30, 2016, 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

There were no material litigation involving the Group as at June 30, 2016.

25. Dividend payable

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

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26. 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 30/06/16	Preceding Year Quarter Ended 30/06/15	Current Year-To-Date Ended 30/06/16	Preceding Year To-Date Ended 30/06/15
Profit attributable to owners of the parent (RM'000)	258	155	467	226
No of ordinary shares in issue ('000)	40,999	40,999	40,999	40,999
Basic earnings per share (sen)	0.62	0.37	1.14	0.55

27. Disclosure of Realised and Unrealised Losses

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

	Current Quarter 30/06/16 RM'000	Immediate Preceding Quarter 31/12/15 RM'000
Total accumulated losses of the Group:-		
- Realised	(8,069)	(8,840)
- Unrealised	(297)	(297)
Total accumulated losses	<u>(8,670)</u>	<u>(9,137)</u>

28. Authorisation for issue

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

By order of the Board
Dated 30th August 2016