



# **TRANSOCEAN HOLDINGS BHD**

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

## **UNAUDITED INTERIM FINANCIAL REPORT FOR THIRD QUARTER ENDED SEPTEMBER 30, 2016**

*Dated November 23, 2016*

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For the Third Quarter ended September 30, 2016

The Board of Directors is pleased to announce the Interim Financial Report on consolidated results of the Group for the third quarter ended September 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 30/09/16 RM'000	Preceding Year Quarter Ended 30/09/15 RM'000	Current Year-To-Date Ended 30/09/16 RM'000	Preceding Year-To-Date Ended 30/09/15 RM'000
<b>Revenue</b>	<b>6,515</b>	<b>5,994</b>	<b>20,207</b>	<b>17,938</b>
Operating profit before depreciation and finance cost	613	510	2,267	1,864
Depreciation & amortization	(426)	(399)	(1,269)	(1,114)
<b>Profit from operations</b>	<b>187</b>	<b>111</b>	<b>998</b>	<b>750</b>
Finance cost	(150)	(152)	(417)	(537)
<b>Profit before taxation</b>	<b>37</b>	<b>(41)</b>	<b>581</b>	<b>213</b>
Income tax expense	(54)	-	(132)	(20)
<b>Profit for the period</b>	<b>(17)</b>	<b>(41)</b>	<b>449</b>	<b>193</b>
Other comprehensive income:-				
<u>Items that may be reclassified subsequently to profit or loss</u>				
- Gain on Disposal of asset	319	-	319	-
- Exchange differences arising from translation of foreign operation	155	426	5	536
<b>Total comprehensive income for the financial period</b>	<b>457</b>	<b>385</b>	<b>773</b>	<b>729</b>
<b>Profit for the period attributable to :</b>				
Owners of the Company	(17)	(41)	449	193
Non-controlling interests	-	-	-	-
	<b>(17)</b>	<b>(41)</b>	<b>449</b>	<b>193</b>
<b>Total comprehensive income for the financial period attributable to:-</b>				
Owners of the Company	457	385	773	729
Non-controlling interest	-	-	-	-
	<b>457</b>	<b>385</b>	<b>773</b>	<b>729</b>
<b>Earnings per share attributable to owners of the parent :</b>				
- Basic (sen)	(0.04)	(0.10)	1.09	0.47
- 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 Third Quarter ended September 30, 2016****CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>Unaudited As At 30/09/16 RM'000</b>	<b>Audited As At 31/12/15 RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	36,365	26,502
Deferred tax assets	66	66
Prepaid land lease payments	1,771	1,810
Goodwill on consolidation	4,004	4,004
	<u>42,206</u>	<u>32,382</u>
<b>Current Assets</b>		
Inventories	619	1,070
Trade receivables	14,616	12,089
Other receivables	2,274	1,899
Tax recoverable	1,584	1,247
Cash and bank balances	696	810
	<u>19,789</u>	<u>17,115</u>
<b>TOTAL ASSETS</b>	<b><u>61,995</u></b>	<b><u>49,497</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	40,999	40,999
Reserve	3,391	(8,681)
Non-controlling interests	29	29
<b>Total equity</b>	<u>44,419</u>	<u>32,347</u>
<b>Non-Current Liabilities</b>		
Borrowings	2,116	3,491
Deferred tax liabilities	363	363
	<u>2,479</u>	<u>3,854</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>30/09/16</b>	<b>31/12/15</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current Liabilities</b>		
Trade payables	6,030	4,142
Other payables	3,638	2,272
Borrowings	4,844	6,008
Due to related companies	585	822
Tax payables	-	52
	<hr/>	<hr/>
	15,097	13,296
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>17,576</b>	<b>17,150</b>
	<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>61,995</b>	<b>49,497</b>
	<hr/>	<hr/>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>1.08</b>	<b>0.79</b>
	<hr/>	<hr/>

(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)

**INTERIM FINANCIAL REPORT  
For the Third Quarter ended September 30, 2016****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	RM'000		
<b>2016</b>							
At January 1, 2016	40,999	456		(9,137)	32,318	29	32,347
Total comprehensive income for the financial period	-	5	11,299	768	12,072	-	12,072
At September 30, 2016	40,999	461	11,299	(8,369)	44,390	29	44,419
<b>2015</b>							
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 Third Quarter ended September 30, 2016**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW**

	<b>Current Year-To-Date Ended 30/09/16 RM'000</b>	<b>Preceding Year-To-Date Ended 31/12/15 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	900	218
Adjustments for :-		
Non-cash items	1,321	2,005
Non-operating items	(367)	(9)
Finance cost	417	704
Operating profit before working capital changes	2,271	2,919
Changes in working capital :-		
Net change in current assets	(2,797)	(3,029)
Net change in current liabilities	2,966	2,466
Cash generated from operations	2,440	2,357
Interest paid	(417)	(704)
Taxation paid	(36)	(415)
<b>Net cash generated from operating activities</b>	<b>1,987</b>	<b>1,238</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	(566)	(368)
Proceeds from disposal of property, plant and equipment	1,062	11
<b>Net cash generated from investing activities</b>	<b>496</b>	<b>(357)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of hire purchase payables	(1,052)	(1,326)
Repayment of bank borrowings	(1,771)	(187)
<b>Net cash used in financing activities</b>	<b>(2,823)</b>	<b>(1,513)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(340)</b>	<b>(632)</b>
Effect of exchange rate changes	5	309
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>(1,671)</b>	<b>(1,348)</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR</b>	<b>(2,006)</b>	<b>(1,671)</b>
Cash and cash equivalents comprise :-		
Cash and bank balances	750	810
Bank overdrafts (included within short term borrowings in Note 21)	(2,756)	(2,481)
	<b>(2,006)</b>	<b>(1,671)</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, 2015 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**

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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**For the Third Quarter ended September 30, 2016**

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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.

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

The segmental results for the 9 months period ended 30 September 2016 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	7,522	3,652	9,033	20,207
Profit/(Loss) before taxation	365	499	(283)	581
Assets	16,432	4,168	41,395	61,995
Liabilities	7,755	693	9,128	17,576

**b. Geographical segments**

The results are for the 9 months period ended 30 September 2016 for geographical segments.

	<b>Malaysia</b>	<b>Singapore</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>					
External	18,188	2,019	-	-	20,207
Inter-segment	1,708	1,633	-	(3,341)	-
Total revenue	19,896	3,652	-	(3,341)	20,207
Profit from operations	475	523	-	-	998
Finance costs	(393)	(24)	-	-	(417)
Profit before taxation	82	499	-	-	581
<b>Other Information</b>					
Segment assets	57,827	4,168	-	-	61,995

**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 September 30, 2016, since the last annual statements of financial position date comprise:-

	As at 30/09/16 RM'000	As at 31/12/15 RM'000
Guarantees in favour of financial institutions for securing borrowings granted to subsidiaries		
- secured	3,782	5,000
- unsecured	3,799	4,401
	<u>7,581</u>	<u>9,401</u>

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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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**NOTES TO THE INTERIM FINANCIAL REPORT**

**SECTION B**

**Additional information required by the Bursa Securities' Listing Requirements**

**15. Performance review**

The Group recorded revenue of RM6.515 million and net loss after taxation of RM0.017 million for the reporting quarter as compared with revenue of RM5.994 million and net loss after taxation of RM0.041 million for the previous year quarter. Revenues increased by 9% while the net losses had reduced by 58% as compared to the previous year quarter. The increased in revenues were from logistic division.

Logistic division recorded revenues of RM4.339 million, an increase of 20% as compared with RM3.611 million of the previous year quarter.

Tire division recorded revenues of RM2.176 million as compared with RM2.383 million of the previous year quarter, slightly decreased of 8% revenues for the current quarter due to credit squeezed by tire manufacturers.

The group revenues had improved for 9 months periods derived from logistics division. Logistics division achieved profit before taxation of RM0.216 million (37%) while tire division achieved profit before taxation of RM0.365 million (62%).

Overall Profit increased to RM 0.773 million due to profit of RM0.319 million from sales of Johor Bahru premise.

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

	<b>Current Quarter 30/09/16 RM'000</b>	<b>Immediate Preceding Quarter 30/06/16 RM'000</b>	<b>Variation %</b>
Gross revenue	6,515	6,755	-4%
Operating profit before depreciation and finance cost	613	852	-28%
Profit before taxation	37	298	-87%
Net profit attributable to owners of the Company	302	258	17%

Current quarter recorded lower revenues as compared to immediate preceding quarter due to reduced trading volume from tire division. Profit before taxation RM0.037 million as

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compared to RM0.298 for the immediate preceding quarter, a drop of more than 87% mainly due to lower sales volume during the current quarter. However, profit attributable to owners of the company improved to RM0.302 million derived from gain on sales of Johor Bahru premise.

**17. Commentary on prospects**

Malaysia's gross domestic product (GDP) is expected to slide to around 4.3% for 3<sup>rd</sup> quarter of 2016. Weak domestic demands because of high cost of imported products resulted from weak Ringgits and the effect of GST implementation. Slow down in imports and exports had reduced logistics activities. There are too many trucks chasing after too little orders and end up with fierce price under cutting from back yard operators.

To counter the limited number of trucks, the group had collaborated with one big logistic trucking operator from Klang to leverage on combined competitive advantages to capture a bigger market share in the Northern regions.

Despite the weak consumer demands expected for the last quarter of 2016, the group hopes to maintain its performance as the same level of the last quarter.

**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 30/09/2016 RM'000	Current Year-to-date 30/09/2016 RM'000
Interest expenses	(150)	(417)
Depreciation and amortization	(426)	(1,269)

**20. Income tax expense**

	Current Quarter 30/09/2016 RM'000	Current Year-to-date 30/09/2016 RM'000
Current year provision	(54)	(132)

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

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**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 September 30, 2016 were as follows:-

	RM'000
<b>Long term borrowings</b>	
Term loan	355
Hire-purchase and lease payables	1,761
	<u>2,116</u>
<b>Short term borrowings</b>	
Overdrafts	2,146
Term loan	766
Banker's acceptance and revolving credit	610
Hire-purchase and lease payables	1,321
	<u>4,843</u>
<b>Total borrowings</b>	<u><b>6,959</b></u>

As at September 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 September 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.

	<b>Current Year Quarter Ended 30/09/16</b>	<b>Preceding Year Quarter Ended 30/09/15</b>	<b>Current Year-To-Date Ended 30/09/16</b>	<b>Preceding Year To-Date Ended 30/09/15</b>
Profit attributable to owners of the parent (RM'000)	(17)	(41)	449	193
No of ordinary shares in issue ('000)	40,999	40,999	40,999	40,999
Basic earnings per share (sen)	(0.04)	(0.10)	1.09	0.47

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

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

	<b>Current Quarter 30/09/16 RM'000</b>	<b>Immediate Preceding Quarter 31/12/15 RM'000</b>
Total accumulated losses of the Group:-		
- Realised	(7,611)	(8,840)
- Unrealised	(297)	(297)
Total accumulated losses	(7,908)	(9,137)

**28. Authorisation for issue**

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

**By order of the Board**  
Dated 23<sup>rd</sup> November 2016