



TRANSOCEAN HOLDINGS BHD

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

UNAUDITED INTERIM FINANCIAL REPORT FOR FIRST QUARTER ENDED MARCH 31, 2017

Dated May 25, 2017

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 FLOWS	7
5) NOTES TO THE INTERIM FINANCIAL REPORT	
SECTION A : DISCLOSURE NOTES AS REQUIRED UNDER MFRS 134	8 – 11
SECTION B : DISCLOSURE NOTES AS REQUIRED UNDER BURSA MALAYSIA LISTING REQUIREMENTS	12 – 16



INTERIM FINANCIAL REPORT
For the First Quarter ended March 31, 2017

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, 2017.

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 31/03/17 RM'000	Preceding Year Quarter Ended 31/03/16 RM'000	Current Year-To-Date Ended 31/03/17 RM'000	Preceding Year-To-Date Ended 31/03/16 RM'000
Revenue	5,927	6,936	5,927	6,936
Operating profit before depreciation and finance cost	538	802	538	802
Depreciation & amortization	(418)	(420)	(418)	(420)
Profit from operations	120	382	120	382
Finance cost	(92)	(137)	(92)	(137)
Profit before taxation	28	245	28	245
Income tax expense	-	(37)	-	(37)
Profit for the period	28	208	28	208
Other comprehensive income:- <u>Items that may be reclassified subsequently to profit or loss</u>				
- Exchange differences arising from translation of foreign operation	79	(143)	79	(143)
Total comprehensive income for the financial period	107	65	107	65
Profit for the period attributable to :				
Owners of the parent	28	208	28	208
Non-controlling interests	-	-	-	-
	28	208	28	208
Total comprehensive income for the financial period attributable to:-				
Owners of the Company	107	65	107	65
Non-controlling interest	-	-	-	-
	107	65	107	65
Earnings per share attributable to owners of the parent :				
- Basic (sen)	0.07	0.50	0.07	0.50
- 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, 2016 and the accompanying explanatory notes attached to the Interim Financial Report)

INTERIM FINANCIAL REPORT
For the First Quarter ended March 31, 2017

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited As At 31/03/16 RM'000	Audited As At 31/12/16 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	35,464	35,893
Prepaid land lease payments	1,744	1,757
Deferred tax assets	23	23
Goodwill on consolidation	4,004	4,004
	<hr/> 41,235	<hr/> 41,677
Current Assets		
Inventories	456	469
Trade receivables	3,567	6,479
Other receivables	3,048	2,713
Amount owing by related companies	9,039	9,232
Tax recoverable	1,694	1,216
Cash and bank balances	419	1,101
	<hr/> 18,223	<hr/> 21,210
TOTAL ASSETS	<hr/> 59,458	<hr/> 62,887
EQUITY AND LIABILITIES		
Equity attributable to owners of the company		
Share capital	40,999	40,999
Other Reserves	11,843	11,843
Accumulated Losses	(8,193)	(8,300)
Non-controlling interests	29	29
Total equity	<hr/> 44,678	<hr/> 44,571
Non-Current Liabilities		
Borrowings	1,448	1,780
Deferred tax liabilities	354	354
	<hr/> 1,802	<hr/> 2,134



INTERIM FINANCIAL REPORT
For the First Quarter ended March 31, 2017

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(CONT'D)

	Unaudited	Audited
	As At	As At
	31/03/17	31/12/16
	RM'000	RM'000
Current Liabilities		
Borrowings	3,111	3,369
Trade payables	3,633	5,532
Other payables	3,158	3,044
Amount owing to related companies	3,075	4,179
Tax payables	-	58
	<u>12,977</u>	<u>16,182</u>
Total liabilities	14,779	18,316
TOTAL EQUITY AND LIABILITIES	59,457	62,887
Net assets per share attributable to owners of the company (RM)	1.09	1.09

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended December 31, 2016 and the accompanying explanatory notes attached to the Interim Financial Report)



TRANSOCEAN HOLDINGS BHD (36747-U)

INTERIM FINANCIAL REPORT
For the First Quarter ended March 31, 2017

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Owners of the Company			Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Other Reserves RM'000	Non-distributable Accumulated Losses RM'000			
2017						
At January 1, 2017	40,999	11,843	(8,300)	44,541	29	44,571
Total comprehensive income for the financial period	-	79	28	107	-	107
At March 31, 2017	40,999	11,922	(8,272)	44,648	29	44,678
2016						
At Jan 1, 2016	40,999	456	(9,137)	32,317	29	32,347
Total comprehensive income:-						
Net profit for the financial year	-	-	837	837	-	837
Other comprehensive income	-	11,387	-	11,387	-	11,387
	-	11,387	837	12,224	-	12,224
At December 31, 2016	40,999	11,843	(8,300)	44,541	29	44,571

(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, 2016 and the accompanying explanatory notes attached to the Interim Financial Report)

INTERIM FINANCIAL REPORT
For the First Quarter ended March 31, 2017

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

	Current Year-To- Date Ended 31/03/17 RM'000	Preceding Year-To- Date Ended 31/12/16 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	28	1,157
Adjustment for :-		
Non-cash items	443	1,842
Non-operating items	-	(412)
Finance cost	92	545
Operating profit before working capital changes	563	3,132
Changes in working capital :-		
Net change in current assets	2,305	(422)
Net change in current liabilities	(2,941)	1,701
Cash generated from operations	(73)	4,411
Interest paid	(92)	(542)
Taxation paid	(24)	(252)
Net cash used in operating activities	(189)	3,617
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	-	(75)
Proceeds from disposal of property, plant and equipment	-	1,195
Net cash used in investing activities	-	1,120
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(260)	(1,698)
Repayment of bank borrowings	(61)	(2,327)
Net cash used in financing activities	(321)	(4,025)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(510)	712
Effect of exchange rate changes	79	88
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	(871)	(1,671)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	(1,302)	(871)
Cash and cash equivalents comprise :-		
Cash and bank balances	419	1,101
Bank overdrafts (included within short term borrowings in Note 21)	(1,721)	(1,972)
	(1,302)	(871)

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended December 31, 2016 and the accompanying explanatory notes attached to the Interim Financial Report)

INTERIM FINANCIAL REPORT
For the First Quarter ended March 31, 2017

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 year ended 31 December 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.

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.

INTERIM FINANCIAL REPORT
For the First Quarter ended March 31, 2017

(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, 2016 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 First Quarter ended March 31, 2017

5. Segmental information
a. Business segments

The segmental results for the 3 months period ended 31 March 2017 are as follows:-

Business segment :	Trading of Tyres	Logistics Singapore	Logistics Solution	Total RM'000
	“Tyre”	“Logistics”		
	RM'000	RM'000	RM'000	
Revenue	1,694	1,309	2,924	5,927
Profit/(Loss) before taxation	103	161	(236)	28
Assets	14,150	4,483	40,825	59,458
Liabilities	5,624	519	8,636	14,779

b. Geographical segments

The results are for the 3 months period ended 31 March 2017 for geographical segments.

	Malaysia	Singapore	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External	5,208	719	-	-	5,927
Inter-segment	314	590	-	(904)	-
Total revenue	5,522	1,309	-	(904)	5,927
Profit from operations	(46)	166	-	-	120
Finance costs	(87)	(5)	-	-	(92)
Profit before taxation	(133)	161	-	-	28
Other Information					
Segment assets	54,975	4,483	-	-	59,458

6. Changes in estimates

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

INTERIM FINANCIAL REPORT
For the First Quarter ended March 31, 2017

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. Capital commitments

There were 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, 2017, other than material litigation as disclosed in Note 23, since the last annual statements of financial position date comprise:-

	As at 31/03/17 RM'000	As at 31/12/16 RM'000
Guarantees in favour of financial institutions for securing borrowings granted to subsidiaries		
- secured	5,149	5,228
- unsecured	609	1,690
	5,758	6,918

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, 2017

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 RM5.927 million and net profit after taxation of RM0.028 million for the reporting quarter as compared with revenue of RM6.936 million and net profit after taxation of RM0.208 million for the previous year quarter. Revenues and net operating profit drop by 14.55% and 86.65% as compared to the previous year quarter.

Reduction in revenues was attributed to weak consumer demands and shorter working days during this quarter due to the combined festive seasons of Chinese New Year and Thaipusam.

Drop in profits for logistic division were due to:

* steep increase in diesel price from Rm1.85 per litre recorded in December as compared to Rm2.20 per litre recorded in March before the Government switched to “weekly price adjustments for fuel prices”, and

* Increase in minimum wages and weak Ringgit causing the price increases for imported spare parts and tires.

Drop in revenue and profit for tire division was caused by decrease in sales.

Logistic division recorded revenues of RM4.233 million, a drop of 4% as compared with RM4.393 million of the previous year quarter but faced with drastic drop in profits.

Tire division recorded revenues of RM1.694 million as compared with RM1.754 million of the previous year quarter, a drop of 4% revenues for the current quarter due to credit squeeze by tire manufacturers.

INTERIM FINANCIAL REPORT
For the First Quarter ended March 31, 2017

15. Comment on material change in profit before taxation

	Current Quarter 31/03/17 RM'000	Immediate Preceding Quarter 31/12/16 RM'000	Variation %
Gross revenue	5,927	6,050	-2.03%
Operating profit before depreciation and finance cost	538	1,185	-54.59%
Profit before taxation	28	576	-95.14%
Net profit attributable to owners of the parent	28	388	-92.78%

Current quarter recorded profit before taxation of RM0.028 million as against RM0.388 for the immediate preceding quarter. This is due to inability of trucking and haulage sectors to pass on the overall price increases to the customers.

16. Commentary on prospects

Malaysia's gross domestic product (GDP) recorded at 4.2% for 2016 being the lowest since 2009. Local markets continues to face with weak domestic demands caused by higher cost of imports and Malaysian worried about the rising cost of living which was confirmed by inflation of 5.1% recorded in March 2017.

Since the beginning of 2nd quarter, the company is negotiating with the customers to accept a general price increases to absolve the high operating cost. It also seek customer's acceptance to a proposed price adjustment formula based on the Government's "Weekly Fuel Price Adjustment Policy". So far 70% of its customers had accepted the price adjustments while the balance 30% is either seeking approval from HQ or threatened to open up tender again.

It is estimated that with the upward price adjustments effective May 2017, logistics division could be able to turnaround.

The group hopes to improve its performance for the 2nd quarter of 2017.

17. Profit forecast or profit guarantee

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

INTERIM FINANCIAL REPORT
For the First Quarter ended March 31, 2017

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

	Current Quarter 31/03/2017 RM'000	Current Year-to-date 31/03/2017 RM'000
Interest expenses	(92)	(92)
Depreciation and amortization	(418)	(418)

19. Income tax expense

	Current Quarter 31/03/2017 RM'000	Current Year-to-date 31/03/2017 RM'000
Current year provision	-	-

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, 2017 were as follows:-

	RM'000
Long term borrowings	
Term loan	144
Hire-purchase and lease payables	1,304
	<u>1,448</u>
Short term borrowings	
Overdrafts	1,721
Term loan	238
Banker's acceptance and revolving credit	-
Hire-purchase and lease payables	1,152
	<u>3,111</u>
Total borrowings	<u><u>4,559</u></u>

INTERIM FINANCIAL REPORT
For the First Quarter ended March 31, 2017

As at March 31, 2017, 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

There were no material litigation involving the Group as at March 31, 2017.

24. Dividend payable

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

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 31/12/17	Preceding Year Quarter Ended 31/12/16	Current Year-To-Date Ended 31/03/17	Preceding Year To-Date Ended 31/12/16
Profit attributable to owners of the parent (RM'000)	28	208	28	208
No of ordinary shares in issue ('000)	40,999	40,999	40,999	40,999
Basic earnings per share (sen)	0.07	0.50	0.07	0.50

INTERIM FINANCIAL REPORT
For the First Quarter ended March 31, 2017

26. Disclosure of Realised and Unrealised Losses

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

	Current Quarter 31/03/17 RM'000	Immediate Preceding Quarter 31/12/16 RM'000
Total accumulated losses of the Group:-		
- Realised	(7,942)	(7,969)
- Unrealised	(330)	(330)
Total accumulated losses	<u>(8,272)</u>	<u>(8,299)</u>

27. Authorisation for issue

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

By order of the Board
Dated 25th May 2017