



# **TRANSOCEAN HOLDINGS BHD**

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

## **UNAUDITED INTERIM FINANCIAL REPORT FOR SECOND QUARTER ENDED JUNE 30, 2017**

*Dated August 25, 2017*

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**INTERIM FINANCIAL REPORT**  
For the second Quarter ended June 30, 2017

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, 2017.

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year Quarter Ended 30/06/17 RM'000	Preceding Year Quarter Ended 30/06/16 RM'000	Changes (Amount/%) RM'000	Current Year-To-Date Ended 30/06/17 RM'000	Preceding Year-To-Date Ended 30/06/16 RM'000	Changes (Amount/%) RM'000
<b>Revenue</b>	<b>6,076</b>	<b>6,755</b>	<b>(679) (10%)</b>	<b>12,003</b>	<b>13,691</b>	<b>(1,688) (12%)</b>
Operating profits before depreciation and finance cost	654	852	(198) (23%)	1,192	1,645	(462) (28%)
Depreciation & amortisation	(408)	(424)	(16) (4%)	(826)	(844)	(455) (56%)
<b>Profit from operations</b>	<b>246</b>	<b>428</b>	<b>(182) (43%)</b>	<b>366</b>	<b>811</b>	
Finance cost	(90)	(130)	(40) (31%)	(182)	(267)	(85) (32%)
<b>Profit before taxation</b>	<b>156</b>	<b>298</b>	<b>(142) (48%)</b>	<b>184</b>	<b>544</b>	<b>(360) (66%)</b>
Income tax expense	(38)	(40)	(2) (5%)	(38)	(77)	(39) (51%)
<b>Profit for the period</b>	<b>118</b>	<b>258</b>	<b>(142) (55%)</b>	<b>146</b>	<b>467</b>	<b>(323) (69%)</b>
Other comprehensive income:-						
Items that may be reclassified subsequently to profit or loss						
- Exchange differences arising from translation of foreign operation	(59)	(8)	51 >-100%	20	(151)	131 >100%
<b>Total comprehensive income for the financial period</b>	<b>59</b>	<b>250</b>	<b>(191) (76%)</b>	<b>166</b>	<b>316</b>	<b>(150) (47%)</b>
<b>Profit for the period attributable to :</b>						
Owners of the parent	118	258	(140) (54%)	146	467	(321) (69%)
Non-controlling interests	-	-	-	-	-	-
	<b>118</b>	<b>258</b>	<b>(142) (55%)</b>	<b>146</b>	<b>467</b>	<b>(323) (69%)</b>
<b>Total comprehensive income for the financial period attributable to:-</b>						
Owners of the Company	59	250	(191) (76%)	166	316	(150) (47%)
Non-controlling interest	-	-	-	-	-	-
	<b>59</b>	<b>250</b>	<b>(191) (76%)</b>	<b>166</b>	<b>316</b>	<b>(150) (47%)</b>
<b>Earnings per share attributable to owners of the parent :</b>						
- Basic (sen)	0.14	0.61	(0.47) (77%)	0.40	0.77	(0.37) (48%)
- Diluted (sen)	----- Not applicable -----					

(The Condensed Consolidated statement 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**  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited As At 30/06/17 RM'000</b>	<b>Audited As At 31/12/16 RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	35,040	35,893
Prepaid lease payments	1,731	1,757
Deferred tax assets	23	23
Goodwill on consolidation	4,004	4,004
	<hr/> 40,798	<hr/> 41,677
<b>Current Assets</b>		
Inventories	373	469
Trade receivables	5,751	6,479
Other receivables	3,310	2,703
Amount owing by related companies	7,042	9,232
Tax recoverable	1,330	1,216
Cash and bank balances	442	1,111
	<hr/> 18,248	<hr/> 21,210
<b>TOTAL ASSETS</b>	<hr/> <b>59,046</b>	<hr/> <b>62,887</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the company</b>		
Share capital	40,999	40,999
Other Reserves	11,863	11,843
Accumulated Losses	(8,154)	(8,300)
Non-controlling interests	29	29
<b>Total equity</b>	<hr/> 44,737	<hr/> 44,571
<b>Non-Current Liabilities</b>		
Borrowings	1,275	1,780
Deferred tax liabilities	354	354
	<hr/> 1,629	<hr/> 2,134



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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(CONT'D)**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As At</b>	<b>As At</b>
	<b>30/06/17</b>	<b>31/12/16</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current Liabilities</b>		
Borrowings	3,227	3,369
Trade payables	5,054	5,532
Other payables	3,814	3,044
Amount owing to related companies	585	4,179
Tax payables	-	58
	<hr/> 12,680	<hr/> 16,182
<b>Total liabilities</b>	<b>14,309</b>	<b>18,316</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<hr/> <b>59,046</b>	<hr/> <b>62,887</b>
<b>Net assets per share attributable to owners of the company (RM)</b>	<hr/> <b>1.09</b>	<hr/> <b>1.09</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, 2016 and the accompanying explanatory notes attached to the Interim Financial Report)

**TRANSOCEAN HOLDINGS BHD (36747-U)****INTERIM FINANCIAL REPORT**  
For the Second Quarter ended June 30, 2017**CONDENSED CONSOLIDATED STATEMENT 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	Accumulated Losses RM'000			
<b>2017</b>						
At January 1, 2017	40,999	11,843	(8,300)	44,541	29	44,571
Total comprehensive income for the financial period	-	20	146	166	-	166
At June 30, 2017	40,999	11,863	(8,154)	44,707	29	44,737
<b>2016</b>						
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**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Current Year-To- Date Ended 30/06/17 RM'000</b>	<b>Preceding Year-To- Date Ended 31/12/16 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	184	1,157
Adjustment for :-		
Non-cash items	860	1,842
Non-operating items	-	(412)
Finance cost	182	545
Operating profit before working capital changes	1,226	3,132
Changes in working capital :-		
Net change in current assets	2,293	(422)
Net change in current liabilities	(3,241)	1,701
Cash generated from operations	278	4,411
Interest paid	(182)	(542)
Taxation paid	(146)	(252)
<b>Net cash used in operating activities</b>	<b>(50)</b>	<b>3,617</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	-	(75)
Proceeds from disposal of property, plant and equipment	-	1,195
<b>Net cash generated from investing activities</b>	<b>-</b>	<b>1,120</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of hire purchase payables	(535)	(1,698)
Repayment of bank borrowings	(130)	(2,327)
<b>Net cash used in financing activities</b>	<b>(665)</b>	<b>(4,025)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(715)</b>	<b>712</b>
Effects of currency translation differences	20	88
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>(871)</b>	<b>(1,671)</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>(1,566)</b>	<b>(871)</b>
Cash and cash equivalents comprise :-		
Cash and bank balances	442	1,111
Bank overdrafts (included within short term borrowings in Note 21)	(1,998)	(1,972)
Fixed deposits pledged for bank borrowings	(10)	(10)
	<b>(1,566)</b>	<b>(871)</b>

(The Condensed Consolidated Statement of Cash Flows 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**  
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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 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, 2016. 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 2016.

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 1 : First-time Adoption of Financial Reporting Standards
- MFRS 128 : Investment in Associates and Joint Ventures
- MFRS 2 : Classification and Measurement of Share-based Payment Transactions
- MFRS 140 : Transfer of Investment Property
- MFRS 9 : Financial Instruments
- MFRS 15 : Revenue from Contracts with Customers
- IC Interpretation 22 : Foreign Currency Transactions and Advance Consideration
- Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- MFRS 16 : Leases

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.



**INTERIM FINANCIAL REPORT**  
**For the Second Quarter ended June 30, 2017**

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**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.

**(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.

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**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 6 months period ended 30 June 2017 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	3,584	2,692	5,727	12,003
Profit/(Loss) before taxation	241	435	(492)	184
Assets	14,788	4,625	39,633	59,046
Liabilities	5,756	447	8,106	14,309

**b. Geographical segments**

The results are for the 6 months period ended 30 June 2017 for geographical segments.

	<b>Malaysia</b>	<b>Singapore</b>	<b>Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>				
External	10,495	1,508	-	12,003
Inter-segment	1,306	1,184	(2,490)	-
<b>Total revenue</b>	<b>11,801</b>	<b>2,692</b>	<b>(2,490)</b>	<b>12,003</b>
Profit from operations	(78)	444	-	366
Finance costs	(173)	(9)	-	(182)
<b>Profit before taxation</b>	<b>(251)</b>	<b>435</b>	<b>-</b>	<b>184</b>
<b>Other Information</b>				
Segment assets	54,421	4,625	-	59,046

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**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 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 June 30, 2017, other than material litigation as disclosed in Note 23, since the last annual statements of financial position date comprise:-

	As at 30/06/17 RM'000	As at 31/12/16 RM'000
Guarantees in favour of financial institutions for securing borrowings granted to subsidiaries		
- secured	4,699	5,228
- unsecured	584	1,690
	<u>5,283</u>	<u>6,918</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.

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**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 RM6.076 million and net profit after taxation of RM0.118 million for the reporting quarter as compared with revenue of RM6.755 million and net profit after taxation of RM0.258 million for the previous year quarter. Revenues and net operating profit dropped by 10% and 55% respectively as compared to the previous year quarter.

Reduction in revenues was attributed to weak markets and shorter working days during this quarter due to long Hari Raya holidays.

Drop in profits for logistic division were due to increase in diesel price during this quarter. However due to weekly price fluctuation, the price increases could not be passed on to the customers in time.

Drop in revenue and profit for tyre division was caused by decrease in sales due to long Raya holidays.

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

	<b>Current Quarter 30/06/17 RM'000</b>	<b>Immediate Preceding Quarter 31/03/17 RM'000</b>	<b>Changes (Amount/%)  RM'000</b>
Gross revenue	6,076	5,927	149 2.51%
Operating profit before depreciation and finance cost	654	538	116 21.56%
Profit before taxation	156	28	128 >100%
Net profit attributable to owners of the parent	118	28	90 >100%

Higher profits for the current quarter were derived from buying tyres directly from manufacturers with better margins.

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**16. Commentary on prospects**

Logistics division derived revenues and profits mainly from multinational electronic factories shipments for “loose cargo” or consol cargo trucking services for the routes Pg/Sin/Pg and Pg/Thai/Pg. Continuous pull out of multinational factories from Malaysia particularly the electronic companies from Penang have reduced the cargo volumes and revenues. Furthermore, with the improved infrastructure of Air and Sea Ports in Malaysia, less importers and exporters are using Singapore Air and Sea Ports nowadays.

Traditional long haul chartered load sector required large fleet of trucks operating with low margins.

The group had switched to car parts sector to improve revenues moving consol cargo from Thai/Mal/Sin. Steps also had been taken to convince existing customers to accept the “monthly price adjustments format” based on the average of weekly fuel price adjustment announced by the government to pass on the extra cost to the customers. The effect of the price adjustments will only materialise during the 3<sup>rd</sup> quarter.

In the meantime, the group hopes to improve the performance during the 3<sup>rd</sup> quarter through passing on the extra fuel cost to customers.

**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 30/06/2017 RM'000	Current Year-to-date 30/06/2017 RM'000
Interest expenses	90	182
Depreciation and amortization	408	826

**19. Income tax expense**

	Current Quarter 30/06/2017 RM'000	Current Year-to-date 30/06/2017 RM'000
Current year provision	38	38

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

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**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 second quarter ended June 30, 2017 were as follows:-

	As at 2 <sup>nd</sup> quarter ended 30/06/2017		
	Long Term RM'000	Short Term RM'000	Total borrowing RM'000
<b>Secured</b>			
Overdrafts	-	1,730	1,730
Term loan	157	156	313
Hire-purchase and lease payables	1,118	1,062	2,180
<b>Unsecured</b>			
Overdrafts	-	278	278
Term loan	-	-	-
Hire-purchase and lease payables	-	-	-
	As at 2 <sup>nd</sup> quarter ended 30/06/2016		
	Long Term RM'000	Short Term RM'000	Total borrowing RM'000
<b>Secured</b>			
Overdrafts	-	1,607	1,607
Term Loan	417	767	1,184
Bank Acceptance (BA)	-	1,700	1,700
Hire-purchase and lease payable	2,046	1,444	3,490
<b>Unsecured</b>			
Overdrafts	-	967	967
Term Loan	-	-	-
Hire-purchase and lease payables	-	-	-

As at June 30, 2017, the Group does not have any exposure in borrowings and debt securities denominated in foreign currency. Term loan and bank acceptance shows a big drop as compared to previous year quarter due to settlement of BA and term loan during the last quarter 2016.

**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 June 30, 2017.

**24. 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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**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 30/06/17</b>	<b>Preceding Year Quarter Ended 30/06/16</b>	<b>Current Year-To-Date Ended 30/06/17</b>	<b>Preceding Year To-Date Ended 30/06/16</b>
Profit attributable to owners of the parent (RM'000)	118	258	146	467
No of ordinary shares in issue ('000)	40,999	40,999	40,999	40,999
Basic earnings per share (sen)	0.29	0.63	0.35	1.14

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

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

	<b>Current Quarter 30/06/17 RM'000</b>	<b>Immediate Preceding Quarter 31/03/17 RM'000</b>
Total accumulated losses of the Group:-		
- Realised	(7,824)	(7,942)
- Unrealised	(330)	(330)
Total accumulated losses	<u>(8,154)</u>	<u>(8,272)</u>

**27. Authorisation for issue**

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

**By order of the Board**  
Dated 25<sup>th</sup> August 2017