



TRANSOCEAN HOLDINGS BHD

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THIRD QUARTER ENDED SEPTEMBER 30, 2017

Dated November 28, 2017

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INTERIM FINANCIAL REPORT
For the third Quarter ended September 30, 2017

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, 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 30/09/17 RM'000	Preceding Year Quarter Ended 30/09/16 RM'000	Changes (Amount/%) RM'000	Current Year-To-Date Ended 30/09/17 RM'000	Preceding Year-To-Date Ended 30/09/16 RM'000	Changes (Amount/%) RM'000
Revenue	6,667	6,515	152 2%	18,671	20,207	(1,536) (7%)
Operating profits before depreciation and finance cost	663	613	50 8%	1,877	2,267	(390) (17%)
Depreciation & amortisation	(388)	(426)	(38) (9%)	(1,214)	(1,269)	(55) (4%)
Merger & Acquisition Cost	(696)	-	(696)>(100%)	(696)	-	(696)>(100%)
Profit from operations	(421)	187	(608)>(100%)	(33)	998	(1,031)>(100%)
Finance cost	(85)	(150)	(65) (43%)	(267)	(417)	(150) (36%)
Profit before taxation	(506)	37	(543)>(100%)	(300)	581	(881)>(100%)
Income tax expense	(36)	(54)	(18) (33%)	(74)	(132)	(58) (44%)
Profit for the period	(542)	(17)	(559)>(100%)	(374)	449	(823)>(100%)
Other comprehensive income:-						
<u>Items that may be reclassified subsequently to profit or loss</u>						
- Gain on Disposal of assets	22	319	(297) (93%)	63	319	(256) (80%)
- Exchange differences arising from translation of foreign operation	(10)	155	51 > (100%)	11	5	6 >100%
Total comprehensive income for the financial period	(530)	457	(987)>(100%)	(300)	773	(1,033)>(100%)
Profit for the period attributable to :						
Owners of the parent	(542)	(17)	(525) >(100%)	(374)	449	(823) >(100%)
Non-controlling interests	-	-	-	-	-	-
	(542)	(17)	(525)>(100%)	(374)	449	(823)>(100%)

**TRANSOCEAN HOLDINGS BHD (36747-U)****INTERIM FINANCIAL REPORT**
For the third Quarter ended September 30, 2017**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**
AND OTHER COMPREHENSIVE INCOME (CONT'D)**Total comprehensive income for the financial period attributable to:-**

Owners of the Company	(530)	457	(987) >(100%)	(300)	773	(1,033) >(100%)
Non-controlling interest	-	-		-	-	
	(530)	457	(987) > (100%)	(300)	773	(1,033) >(100%)

Earnings per share attributable to owners of the parent :

- Basic (sen)	(1.32)	(0.04)	(1.28) >(100%)	(0.73)	1.09	(1.82) >(100%)
- 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**
For the third Quarter ended September 30, 2017**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Unaudited As At 30/09/17 RM'000	Audited As At 31/12/16 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	34,452	35,893
Prepaid lease payments	1,718	1,757
Deferred tax assets	23	23
Goodwill on consolidation	4,004	4,004
	<u>40,197</u>	<u>41,677</u>
Current Assets		
Inventories	336	469
Trade receivables	6,038	6,479
Other receivables	3,647	2,703
Amount owing by related companies	7,051	9,232
Tax recoverable	1,187	1,216
Cash and bank balances	518	1,111
	<u>18,777</u>	<u>21,210</u>
TOTAL ASSETS	<u>58,974</u>	<u>62,887</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the company		
Share capital	40,999	40,999
Other Reserves	11,853	11,843
Accumulated Losses	(8,674)	(8,300)
Non-controlling interests	29	29
Total equity	<u>44,207</u>	<u>44,571</u>
Non-Current Liabilities		
Borrowings	1,174	1,780
Deferred tax liabilities	354	354
	<u>1,528</u>	<u>2,134</u>

**INTERIM FINANCIAL REPORT**
For the third Quarter ended September 30, 2017**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
(CONT'D)

	Unaudited	Audited
	As At	As At
	30/09/17	31/12/16
	RM'000	RM'000
Current Liabilities		
Borrowings	2,258	3,369
Trade payables	5,491	5,532
Other payables	4,905	3,044
Amount owing to related companies	585	4,179
Tax payables	-	58
	<u>13,239</u>	<u>16,182</u>
Total liabilities	14,767	18,316
TOTAL EQUITY AND LIABILITIES	<u>58,974</u>	<u>62,887</u>
Net assets per share attributable to owners of the company (RM)	<u>1.08</u>	<u>1.09</u>

(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)

**INTERIM FINANCIAL REPORT**
For the Third Quarter ended September 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			
2017						
At January 1, 2017	40,999	11,843	(8,300)	44,541	29	44,571
Total comprehensive income for the financial period	-	10	(374)	(364)	-	(364)
At Sept 30, 2017	40,999	11,854	(8,674)	44,177	29	44,207
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)

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For the Third Quarter ended September 30, 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year-To- Date Ended 30/09/17 RM'000	Preceding Year-To- Date Ended 31/12/16 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	(300)	1,157
Adjustment for :-		
Non-cash items	1,256	1,842
Non-operating items	(12)	(412)
Finance cost	267	545
Operating profit before working capital changes	1,211	3,132
Changes in working capital :-		
Net change in current assets	1,830	(422)
Net change in current liabilities	(1,894)	1,701
Cash generated from operations	1,147	4,411
Interest paid	(267)	(542)
Taxation paid	13	(252)
Net cash used in operating activities	893	3,617
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(1)	(75)
Proceeds from disposal of property, plant and equipment	204	1,195
Net cash generated from investing activities	203	1,120
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(866)	(1,698)
Repayment of bank borrowings	(191)	(2,327)
Net cash used in financing activities	(1,057)	(4,025)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	38	712
Effects of currency translation differences	11	88
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	(871)	(1,671)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	(822)	(871)
Cash and cash equivalents comprise :-		
Cash and bank balances	518	1,111
Bank overdrafts (included within short term borrowings in Note 21)	(1,330)	(1,972)
Fixed deposits pledged for bank borrowings	(10)	(10)
	(822)	(871)

(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)

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For the Third Quarter ended September 30, 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, 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

Annual periods beginning on/after 1 January 2019

- 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 Third Quarter ended September 30, 2017

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 9 months period ended 30 September 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	5,497	4,053	9,121	18,671
Profit/(Loss) before taxation	351	638	(1,289)	(300)
Assets	14,498	4,795	39,681	58,974
Liabilities	5,416	437	8,914	14,767

b. Geographical segments

The results are for the 9 months period ended 30 September 2017 for geographical segments.

	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Total RM'000
Revenue				
External	16,148	2,523	-	18,671
Inter-segment	1,078	1,530	(2,608)	-
Total revenue	17,226	4,053	(2,608)	18,671
Profit from operations	(683)	650	-	(33)
Finance costs	(255)	(12)	-	(267)
Profit before taxation	(938)	638	-	(300)
Other Information				
Segment assets	54,179	4,795	-	58,974

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

	As at 30/09/17 RM'000	As at 31/12/16 RM'000
Guarantees in favour of financial institutions for securing borrowings granted to subsidiaries		
- secured	2,820	5,228
- unsecured	580	1,690
	3,400	6,918

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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 RM6.667 million and net profit after taxation of RM0.154 million for the reporting quarter as compared with revenue of RM6.515 million and net loss after taxation of RM0.017 million for the previous year quarter. Revenues and net operating profit increased by 2% and more than 100% respectively as compared to the previous year quarter.

Logistics division recorded revenues of RM4.754 million, an increase of 10% as compared with RM4.339 million of the previous year.

Tire division recorded revenues of RM1.913 million as compared with RM2.176 million of the previous year quarter. Revenues dropped by 12% for the current quarter due to credit squeezed by tire manufacturers.

Logistic division achieved profit before taxation of RM0.045 million (11%) while tire division achieved profit before taxation of RM0.341 million (86%).

During the third quarter the Company had recorded a losses before tax RM0.300 million as compared to previous year quarter profit of RM0.037 million a drastic drop of more than 100% due to corporate exercise expenses.

The company had entered in share sales & purchase agreement on 14 March 2017 with Taipancho which offered to inject Rm140m assets into Transocean. Accordingly the company appointed various advisors and consultants to prepare the necessary due diligence and reports for submission to the relevant Authorities. It was verbally agreed that Taipancho will advance fund to pay for the consultant's cost during the initial period.

After six months of preparation, the advisors and consultants submitted their draft reports in August 2017 for the consideration of the Board of Directors. The Board met on 24th August 2017 and decided to terminate the S&P agreement with Taipancho based on the financial and legal due diligence reports. Accordingly Notice of Termination was sent to Taipancho on 29 September 2017.

For information of all parties concerned, the status of Advisor and consultant fees committed, progress invoices by consultants and progress payments by Taipancho to date are shown below:

	Committed	Billed	Paid	Bal.Unpaid	Yet-to-billed
RM'000	1,376	737	444	293	639

In accordance to the acceptable accounting practice, the Company had decided to book in Rm737,000 being consultant's billing to date for work done as expenses. In

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any case, the Company is still negotiating with the various consultants for fee reduction in view of premature termination of the contracts.

15. Comment on material change in profit before taxation

	Current Quarter 30/09/17 RM'000	Immediate Preceding Quarter 30/06/17 RM'000	Changes (Amount/%) RM'000
Gross revenue	6,667	6,076	591 9.7%
Operating profit before depreciation and finance cost	663	654	9 1.4%
Loss before taxation	(506)	156	(662) >(100%)
Net loss attributable to owners of the parent	(542)	118	(660) >(100%)

Losses for the current quarter were derived from expenses incurred for corporate exercise.

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 3rd quarter.

In the meantime, the group hopes to improve the performance during the 4th quarter through passing on the extra fuel cost to customers.

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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 30/09/2017 RM'000	Current Year-to-date 30/09/2017 RM'000
Interest expenses	86	267
Depreciation and amortization	388	1,214

19. Income tax expense

	Current Quarter 30/09/2017 RM'000	Current Year-to-date 30/09/2017 RM'000
Current year provision	36	74

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.

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21. Borrowings

Total Group borrowings as at second quarter ended September 30, 2017 were as follows:-

	As at 3 rd quarter ended 30/09/2017		
	Long Term RM'000	Short Term RM'000	Total borrowing RM'000
Secured			
Overdrafts	-	1,520	1,520
Term loan	95	156	251
Hire-purchase and lease payables	1,078	771	1,849
Unsecured			
Overdrafts	-	745	745
Term loan	-	-	-
Hire-purchase and lease payables	-	-	-
	As at 3 rd quarter ended 30/09/2016		
	Long Term RM'000	Short Term RM'000	Total borrowing RM'000
Secured			
Overdrafts	-	1,179	1,179
Term Loan	355	766	1,121
Bank Acceptance (BA)	-	610	610
Hire-purchase and lease payable	1,761	1,321	3,082
Unsecured			
Overdrafts	-	967	967
Term Loan	-	-	-
Hire-purchase and lease payables	-	-	-

As at Sept 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 September 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.

	Current Year Quarter Ended 30/09/17	Preceding Year Quarter Ended 30/09/16	Current Year-To-Date Ended 30/09/17	Preceding Year To-Date Ended 30/09/16
Profit attributable to owners of the parent (RM'000)	(542)	(17)	(374)	449
No of ordinary shares in issue ('000)	40,999	40,999	40,999	40,999
Basic earnings per share (sen)	(1.32)	(0.04)	(0.73)	1.09

26. Disclosure of Realised and Unrealised Losses

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

	Current Quarter 30/09/17 RM'000	Immediate Preceding Quarter 31/06/17 RM'000
Total accumulated losses of the Group:-		
- Realised	(8,344)	(7,824)
- Unrealised	(330)	(330)
Total accumulated losses	<u>(8,674)</u>	<u>(8,154)</u>

27. Authorisation for issue

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

By order of the Board
Dated 28th November 2017