



TRANSOCEAN HOLDINGS BHD.
(Incorporated in Malaysia) *(36747 U)*

ADVANCING YOUR BUSINESS

ANNUAL REPORT 2013



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Notice is hereby given that the **36th Annual General Meeting**

of Transocean Holdings Bhd (“the Company”) will be held at Function Room, Level 2, Kuala Lumpur International Hotel, Jalan Raja Muda Abd Aziz, 50738 Kuala Lumpur on Friday, 27 June 2014 at 10.00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors’ fees amounting to Ringgit Malaysia One Hundred and Eight Thousand (RM108,000.00) only for the financial year ended 31 December 2013.
3. To re-elect the following Directors who retire in accordance with Article 105(1) of the Company’s Articles of Association and being eligible, offer themselves for re-election:-
 - (i) Mr. Tan Swee Hock
 - (ii) Mr. Woo Kok Boon
4. To consider and, if thought fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965 as Ordinary Resolution:-

“THAT En. Zainuddin Bin Din, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as Director of the Company and to hold office until the conclusion of next Annual General Meeting of the Company.”
5. To re-appoint Messrs. Morison AnuarulAzizanChew as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.

(Please refer to Note 1)

Resolution 1

Resolution 2
Resolution 3

Resolution 4

Resolution 5

AS SPECIAL BUSINESS:

6. To consider and if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:-
 - (i) **Ordinary Resolution**
Authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965

“THAT subject to Section 132D of the Companies Act, 1965 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the issued and paid-up share capital (excluding treasury shares) of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad;

AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

Resolution 6

(ii) **Ordinary Resolution**

Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature involving Kumpulan Kenderaan Malaysia Berhad, Lengkap Suci Sdn Bhd, Dato' Sri (Dr) Mohd Nadzmi bin Mohd Salleh and persons connected to them ("Proposed Renewal of Shareholders' Mandate")

"THAT approval be and is hereby given to the Company's subsidiaries to enter into and give effect to recurrent related party transactions with certain subsidiaries of Nadi Corporation Sdn Bhd as prescribed in Section 2.4 of the Circular to Shareholders dated 2 June 2014 ("Circular") involving the interests, direct or indirect of Kumpulan Kenderaan Malaysia Berhad, Lengkap Suci Sdn Bhd, Dato' Sri (Dr) Mohd Nadzmi bin Mohd Salleh and persons connected to them, namely Konsortium Transnasional Berhad, Nadicorp Holdings Sdn Bhd, Nadi Corporation Sdn Bhd, Trisilco Equity Sdn Bhd, Ibroni Sdn Bhd, Park May Bhd, Tulus Hebat Sdn Bhd, Maracorp Sdn Bhd ("Related Parties") as specified in Section 2.4 of the Circular (hereinafter referred as "RRPT"), and falling within the ambit of Part E, Paragraph 10.09 of Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which are necessary for the day-to-day operations and undertaken in the ordinary course of business of the Company, on terms not more favourable to Related Parties than those generally available to the public and not detrimental to minority shareholders of the Company ("Proposed Renewal of Shareholders' Mandate").

THAT such approval shall continue to be in force until:

- (a) the conclusion of the Company next Annual General Meeting ("AGM"), at which time it will lapse, unless the authority is renewed by a resolution passed at the general meeting;
- (b) the expiration of the period within which the Company's AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the Company's shareholders in a general meeting,

whichever is earlier.

AND FURTHER THAT the Directors of the Company be and hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate."

Resolution 7

(iii) **Ordinary Resolution**

Mandate for En. Zainuddin bin Din who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company

"THAT subject to the passing of Ordinary Resolution 4, approval be and is hereby given to En. Zainuddin bin Din who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company in compliance with the recommendation of Malaysian Code on Corporate Governance 2012."

Resolution 8

By Order of the Board,

TIFLA HAIRI BIN TAIB (LS 0009488)

THUM SOOK FUN (MIA 24701)

Company Secretaries

Date: 2 June 2014

Kuala Lumpur

Explanatory Note to Special Business:-

i) Resolution 6 – Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution proposed under item 6(i) is primarily to seek for the renewal of a general mandate to give flexibility to the Board of Directors to issue and allot shares up to 10% of the issued share capital (excluding treasury shares) of the Company for the time being, at anytime in their absolute discretion without convening a general meeting (hereinafter referred to as the "General Mandate").

The Company has been granted a general mandate by its shareholders at the last AGM held on 26 June 2013 (hereinafter referred to as the "Previous Mandate") and it will lapse at the conclusion of the 36th AGM.

As at the date of this Notice, the Previous Mandate granted by the shareholders had not been utilized and hence, no proceed was raised therefrom.

The purpose to seek for the renewal of the General Mandate is to enable the Directors to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time-consuming and costly to organize a general meeting. This General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), acquisitions, working capital and/or settlement of banking facilities.



ii) Resolution 7 – Proposed Renewal of Shareholders’ Mandate

The Ordinary Resolution proposed under item 6(ii) is to procure shareholders’ mandate for all the RRPTs involving the interests, direct or indirect of Kumpulan Kenderaan Malaysia Berhad, Lengkap Suci Sdn Bhd, Dato’ Sri (Dr) Mohd Nadzmi bin Mohd Salleh and persons connected to them as disclosed in the Circular to Shareholders dated 2 June 2014.

Further information on the Proposed Renewal of Shareholders’ Mandate is set out in the Circular to Shareholders dated 2 June 2014, which is dispatched together with the Company’s Annual Report 2013.

iii) Resolution 8 – Mandate for En. Zainuddin bin Din who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company

Pursuant to the Policy on the Board Composition and Independent of the Company and in line with Malaysian Code on Corporate Governance 2012, both the Nomination Committee and the Board have assessed the independence of En. Zainuddin bin Din, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, and recommended him to continue to serve as an Independent Non-Executive Director of the Company based on the following justifications:-

- a) He fulfills the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would be able to function as check and balance, provide a broader view and brings an element of objectivity to the Board.
- b) His existing tenure in office (despite of more than 9 years) does not impair his independence.
- c) He remains objective and independent in expressing his view and in participating in deliberation and decision making of the Board and Board Committees.
- d) He continues to demonstrate conduct and behaviour that are essential indicators as independence.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election or re-appointment) at this forthcoming Thirty-sixth (36th) Annual General Meeting.

Notes:

1. The first agenda of this meeting is meant for discussion only, as the provision of Section 169 (1) of the Companies Act, 1965 does not require a formal approval for the audited financial statements from the shareholders. Hence, this Agenda is not put forward to shareholders for voting.
2. In respect of deposited securities, only members whose name appears on the Record of Depositors as at 20 June 2014 shall be entitled to attend, speak and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint one (1) or more proxies to attend and vote in his or her stead. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.
5. The instrument appointing a proxy and the power of attorney or other authority (if any) shall be in writing under the hand of the appointer or of his attorney duly authorized in writing. In the case where a member is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorized.
6. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (“SICDA”) which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
7. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarized certified copy of that power or authority, shall be deposited at the Registered Office of the Company at No. 38, Jalan Chow Kit, 50350 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.
8. The lodging of a form of proxy does not preclude a member from attending and voting in person at the meeting should the member subsequently decide to do so.

Group Organisation Structure

as at 31 December 2013



TRANSOCEAN HOLDINGS BHD.
(Incorporated in Malaysia) (36747 U)

100%

**Usmeta
Manufacturing
Sdn Bhd**
(255932-X)

100%

**TFS Logistics
Pte Ltd**
(200008299-K)

100%

**Transocean
Logistics
Sdn Bhd**
(405221-U)

100%

**Transocean
(M) Sdn Bhd**
(119022-M)

100%

**Transocean
Distribution
Hub Sdn Bhd**
(193356-V)

100%

**Gerak Intensif
Sdn Bhd**
(277011-X)

100%

**Transocean World Transport
Sdn Bhd** (167587-H)

100%

**Transocean
(KL) Sdn Bhd**
(235120-K)

100%

**Speedload
Transport (KL)
Sdn Bhd** (95282-V)

100%

**Speedload
Transport
Sdn Bhd**
(208759-V)

100%

**Transocean
Freight Express
Sdn Bhd**
(487456-P)

65%

**Transocean Haulage Services
Sdn Bhd** (385116-U)

100%

Transocean (JB) Sdn Bhd
(189281-M)

100%

Transocean Biotec (M) Sdn Bhd
(212854-X)

100%

**Transocean Biotec Research
Sdn Bhd** (44271-A)



Corporate Information

Board of Directors

Dato' Sri (Dr) Mohd Nadzmi Bin Mohd Salleh

Executive Chairman/Managing Director

Tan Swee Hock

Executive Director

Zainuddin Bin Din

Senior Independent Non-Executive Director

Muhammad Adib Bin Ariffin

Independent Non-Executive Director

Woo Kok Boon

Independent Non-Executive Director

Share Registrars

Securities Services (Holdings) Sdn Bhd
Suite 18.05, MWE Plaza
No. 8, Lebuhr Farquhar
10200 Penang
Tel: 604 – 263 1966
Fax: 604 – 262 8544

Company Secretaries

Thum Sook Fun (MIA 24701)
Tifla Hairi Bin Taib (LS 0009488)

Registered Office

No. 38, Jalan Chow Kit
50350 Kuala Lumpur
Tel: 603 – 4047 7878
Fax: 603 – 4044 6836

Corporate Office

Lot 2955, 2956 & 2957
Jalan Perusahaan Sungai Lokan 3
Kawasan Perusahaan Sungai Lokan
13400 Butterworth
Tel: 604 – 332 2650
Fax: 604 – 331 9771
Website: www.transocean.com.my

Auditors

Morison Anuarul Azizan Chew (AF 001977)
Chartered Accountants
18 Jalan 1/64
Off Jalan Kolam Air/Jalan Ipoh
51200 Kuala Lumpur

Principal Bankers

CIMB Bank Bhd
Public Bank Berhad
Malayan Banking Berhad
RHB Bank Bhd

Stock Exchange Listing

Main Market of Bursa Malaysia
Securities Berhad
Stock Code: 7218

Dato' Sri (Dr) Mohd Nadzmi Bin Mohd Salleh

Dato' Sri (Dr) Nadzmi, has vast experience, especially in the automobile and public transportation industry. Dato' Sri (Dr) Nadzmi graduated from Ohio University, US in 1978 with a Bachelor of Science degree in Chemistry and Mathematics, and a Bachelor of Arts degree in Economics. After graduating from the University, he pursued his post-graduate study at the Miami University, US and obtained his Masters degree in Economics and Statistics in 1980.

Dato' Sri (Dr) Nadzmi was thrust into the corporate world at an early stage in his career. At the age of 36, he was appointed as Chief Executive Officer of Edaran Otomobil Nasional Berhad ("EON"), the company responsible for the distribution of the Malaysian national car. Prior to his appointment, he had gained recognition for being instrumental in ensuring the successful launch of the Malaysian national car. As a result, he was conferred the title "Man of the Year" from the Malaysian Business Magazine in 1986. During his three (3) years tenure at EON, he managed to diversify the company's business activities to include finance, property and banking. In 1990, he led the company to its successful listing on the Main Board of the KLSE.

His achievements at EON subsequently led to his appointment by the Malaysian Government as the Chief Executive Officer of Perusahaan Otomobil Nasional Berhad ("PROTON"), the company which manufactures the Malaysian national car, at the age of 39. The said appointment earned him the "Outstanding Young Malaysian" award in 1993 from the Malaysian Junior Chamber of Commerce. The following year, he was elected to join the prestigious and exclusive membership of "Global Leaders for Tomorrow" by the World Economic Forum in Davos, Switzerland.

In 1996, Dato' Sri (Dr) Nadzmi made the successful transition from a professional manager to an entrepreneur when he left his position as Chief Executive Officer at PROTON and took over the ownership and management of a loss-making company, Mara Holding Sdn Bhd ("Mara Holding"). Dato' Sri (Dr) Nadzmi successfully turnaround the company in a span of one and half years, making it a successful venture with five (5) core activities, namely public bus transportation, manufacturing, property, plantation and defence.

Due to his achievement in turning around Mara Holding, he was propelled into the limelight as a turnaround specialist. His services were called upon once again by the Malaysian Government to spearhead a national project involving the provision of high speed train services between the Kuala Lumpur International Airport and the Kuala Lumpur city centre via a company known as Express Rail Link Sdn Bhd ("ERL"). The project has now been successfully implemented and Dato' Sri (Dr) Nadzmi is presently the Executive Chairman of ERL as well as Nadicorp Holdings Sdn Bhd and Trisilco Folec Sdn Bhd.



Dato' Sri (Dr) Mohd Nadzmi Bin Mohd Salleh

Aged 60, Malaysian
Executive Chairman/Managing Director



His achievements have earned him many accolades to-date. In 2004, he was named as Malaysia's Ernst & Young Entrepreneur Of The Year (2003) and was the recipient of the Master Entrepreneur of the Year (2003) award. He was also awarded Entrepreneur of the Year 2009 by Enterprise Asia. In 2012, he was conferred the Honorary Doctorate in Entrepreneurship by the Universiti Teknikal Malaysia Melaka ("UTEM") and in 2013, he was awarded the Brandlaureate Great Entrepreneur Brand Icon Leadership Award.

He was appointed as a Director of the Company on 29 November 2007 and does not serve on any board committee. He is also the Chairman and Managing Director of Konsortium Transnasional Berhad and Director of VS Industry Berhad, Kumpulan Kenderaan Malaysia Berhad and Chairman of J.T International Berhad. He also chairs and is a board member of several private companies. He has no family relationship with any director. He is deemed to have interest as a substantial shareholder of the company by virtue of his interest held through Kumpulan Kenderaan Malaysia Berhad. He has no conflict of interest with Transocean Group of Companies and has never been charged for any offence other than traffic offences, if any.

Tan Swee Hock

Mr. Tan Swee Hock is a member of the Malaysian Institute of Accountants and is a Fellow of the Association of Chartered Certified Accountants, United Kingdom. He has vast experience, especially in the manufacturing and public transportation industry. His first attachment was with Hanafiah, Raslan & Mohd from 1976 until 1979 as an Audit Assistant. After 1979, he joined Kumpulan Kenderaan Malaysia Berhad as an Accountant from 1980 until 1985. In the year 1985, he joined Nadicorp Holdings Sdn Bhd as the Group Chief Financial Officer until now. During his tenure as the Chief Financial Officer at the abovementioned companies, he had amassed a wealth of entrepreneurial skills and management wisdom, adopting the best practices that each style of management has to offer.

He was appointed as Director of the Company on 29 April 2008 and as a member of Remuneration Committee since 5 November 2009. He does not hold any directorships in other public listed companies. He is also a Director of Kumpulan Kenderaan Malaysia Berhad. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with Transocean Group of Companies and has never been charged for any offence other than traffic offences, if any.



Tan Swee Hock

Aged 61, Malaysian
Executive Director

Zainuddin Bin Din

Aged 73, Malaysian
Senior Independent Non-Executive Director



Muhammad Adib Bin Ariffin

Aged 51, Malaysian
Independent Non-Executive Director



Woo Kok Boon

Age 36, Malaysian
Independent Non-Executive Director





Zainuddin Bin Din

En. Zainuddin bin Din graduated with a Bachelor of Economics (Honours) degree from the University of Western Australia and a Masters degree in Business Administration from the University of California, Los Angeles.

He served in the Malaysian Government service until 1976 with his last held position being the Director, Industries Division, Ministry of International Trade and Industry. During his tenure in the civil service, he was involved in formulating and enforcing various government policies, particularly those affecting trade and industry. From 1976 to 1991, he was the Chief Executive Officer of Pertanian Baring Sanwa Merchant Bankers Bhd (now known as Commerce International Merchant Bankers Bhd). After one year with AIA Capital, Hong Kong, he joined Malacca Securities Sdn Bhd as Executive Director for eight years until his resignation from that position in February 2001.

He was appointed as Director of the Company on 8 August 1994 and sits in Audit Committee, Nomination Committee and Remuneration Committee, prior to his appointment as Chairman of all the said three board committees on 1 July 2010. He does not hold any directorships in other public listed companies and has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with Transocean Group of Companies and has never been charged for any offence other than traffic offences, if any.

Muhammad Adib Bin Ariffin

En. Muhammad Adib bin Ariffin holds a Bachelor in Economics (Major in Accounting and Finance) from Monash University, Victoria, Australia. He is a member of Malaysian Institute of Accountants and a Fellow of CPA Australia. He has served over twenty years in several corporations and has held various positions in finance, operations, investments and corporate development. His industry involvement includes financial services, construction, manufacturing, property and agriculture. He is currently the Executive Director of Pelita Diwangsa Sdn Bhd.

He was appointed as a Director of the Company on 29 November 2007 and serves as a member of the Audit Committee, Nomination Committee and Remuneration Committee. He does not hold any directorships in other public listed companies except for Konsortium Transnasional Berhad. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with Transocean Group of Companies and has never been charged for any offence other than traffic offences, if any.

Woo Kok Boon

Mr Woo Kok Boon, holds a Bachelor of Arts (Major in Economics) from York University, Toronto, Canada. He is a Fellow of The Institute of Motor Industry (IMI), United Kingdom. He started his banking career with Multi-Purpose Bank Berhad. After the banking merger, he held the position of Manager of Sales and Marketing with Alliance Bank Malaysia Berhad. He then moved to Bumiputra-Commerce Finance Berhad and served as the Head of Risk Management Division and Head of Strategic Planning Division during his tenure.

He is currently the Executive Director and Chief Executive Officer of Vita Nova Malaysia Sdn Bhd, a distributor for cancer treatment drugs for the Asean region and the Executive Director of Vita Nova Holdings Sdn Bhd, specializing in Gene Therapy for cancer treatment research with Canadian researchers. He is also involved in several projects in the Green Technology sector.

He was appointed as Director of the Company on 17 October 2011 and serves as a member of the Audit Committee, Nomination Committee and Remuneration Committee. He is also a Director of Konsortium Transnational Berhad and Eti Tech Corporation Berhad. He has no family relationship with any other Director and/or major shareholder of the Company. He has no conflict of interest with Transocean Group of Companies and has never been charged for any offence other than traffic offences, if any.

Other Information Required

By the Listing Requirements of Bursa Malaysia Securities Berhad
("Bursa Securities")

Utilisation of Proceeds

There were no proceeds raised by the Company from any corporate proposal during the financial year ended 31 December 2013.

Share Buy-Back

The Company does not have a share buy-back programme in place.

Options, Warrants or Convertible Securities

No options, warrants or convertible securities were issued by the Company during the financial year under review.

Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programme in the financial year ended 31 December 2013.

Imposition of Sanctions and Penalties

There were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

Non-Audit Fees

There were no non-audit fees paid to the external auditors by the Group and by the Company for the financial year ended 31 December 2013.

Variation of Actual Profit from the Unaudited Results

There were no material variations between the audited results and the unaudited results for the financial year ended 31 December 2013 of the Group as previously announced.

Profit Guarantee

During the financial year, there was no profit guarantee given by the Company.

Material Contracts involving Directors' and Major Shareholders' Interests

There were no material contracts subsisting at the end of the financial year or entered into since the end of the previous financial year, by the Company or its subsidiaries, which involve the interests of the Directors and major shareholders, other than those related party transactions disclosed in Note 32 to the financial statements.

KTB	– Konsortium Transnasional Berhad
KKMB	– Kumpulan Kendaraan Malaysia Berhad
Nadicorp	– Nadicorp Holdings Sdn Bhd
NCSB	– Nadi Corporation Sdn Bhd
Trisilco	– Trisilco Equity Sdn Bhd
Ibroni	– Ibroni Sdn Bhd
Usmeta	– Usmeta Manufacturing Sdn Bhd
Dato'	– Dato' Sri (Dr) Mohd Nadzmi Bin Mohd Salleh
LSSB	– Lengkap Suci Sdn Bhd
Park May	– Park May Berhad
Tulus Hebat	– Tulus Hebat Sdn Bhd
Maracorp	– Maracorp Sdn Bhd
TLSB	– Transocean Logistics Sdn Bhd



Recurrent Related Party Transactions of a Revenue or a Trading Nature

The summary of the recurrent related party transactions of a revenue or a trading nature which have been entered by the Group pursuant to the shareholders' mandate obtained at the 35th Annual General Meeting of the Company held on 26 June 2013 are as follows:-

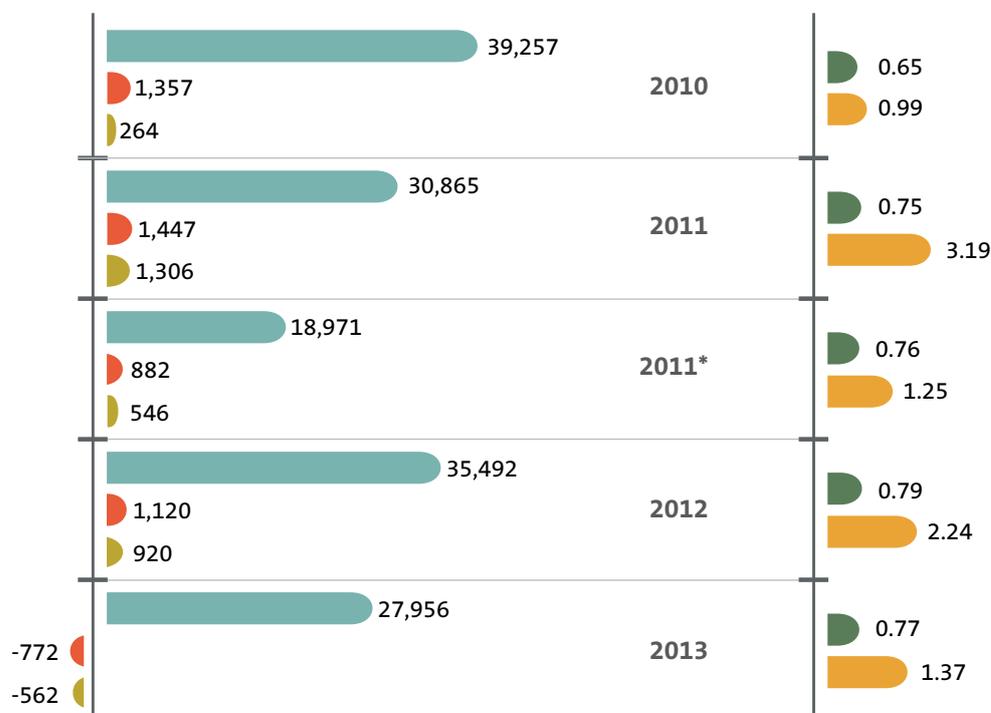
Nature of Transaction	Interested Related Parties											Transacted Value During The Financial Year Ended 31 December 2013 (RM)
	KTB	KKMB	Nadicorp	NCSB	Trisilco	Ibroni	Dato'	LSSB	Park May	Tulus Hebat	Maracorp	
Sales of Tyres by Usmeta to												
Kenderaan Klang Banting Berhad	✓	✓	✓	✓	✓	✓	✓	✓				460,267
Syarikat Kenderaan Rembau Tampin Sdn Bhd	✓	✓	✓	✓	✓	✓	✓	✓				490,446
Kenderaan Langkasuka Sdn Bhd	✓	✓	✓	✓	✓	✓	✓	✓				548,927
Syarikat Tanjung Keramat Temerloh Utara Omnibus Berhad	✓	✓	✓	✓	✓	✓	✓	✓				89,946
Syarikat Kenderaan Melayu Kelantan Berhad	✓	✓	✓	✓	✓	✓	✓	✓				600,212
Transnasional Express Sdn Bhd	✓	✓	✓	✓	✓	✓	✓	✓				3,458,320
Plusliner Sdn Bhd	✓	✓	✓	✓	✓	✓	✓	✓	✓			818,567
Cityliner Sdn Bhd	✓	✓	✓	✓	✓	✓	✓	✓		✓		–
Badanbas Sdn Bhd		✓	✓	✓	✓	✓	✓					689,925
Carefree Premium Sdn Bhd		✓	✓	✓	✓	✓	✓					–
Provision of Freight Forwarding and Trucking Related Services by Transocean Logistics Sdn Bhd to												
Badanbas Sdn Bhd		✓	✓	✓	✓	✓	✓					24,124
Nadi Green Meadow Sdn Bhd		✓	✓	✓	✓	✓	✓					5,120
PNP Parachute Industries (M) Sdn Bhd		✓	✓	✓	✓	✓	✓				✓	–
Puspamara Sdn Bhd		✓	✓	✓	✓	✓	✓				✓	–
Carefree Premium Sdn Bhd		✓	✓	✓	✓	✓	✓					–

Financial Highlights

Group Financial Summary

	Year Ended 31 May		Year Ended 31 December		
	2010 RM '000	2011 RM '000	2011* RM '000	2012 RM '000	2013 RM '000
Operating Result					
Operating Revenue	39,257	30,865	18,971	35,492	27,956
Profit/(Loss) before Taxation	1,357	1,447	882	1,120	-772
Profit/(Loss) after Taxation	264	1,306	546	920	-562
Key Financial Data					
Paid up Capital	40,999	40,999	40,999	40,999	40,999
Revaluation Reserve	5,651	8,534	7,733	0	0
Reserves/(Accu, Losses)	-20,114	-18,807	-17,500	-8,843	-9,365
Shareholders fund	26,536	30,725	31,232	32,155	31,633
Minority interest	752	0	34	31	29
	27,288	30,725	31,266	32,186	31,662
Non current assets	38,096	37,569	36,197	39,184	30,142
Current assets	16,411	17,774	21,388	20,567	25,689
Total Assets	54,507	55,343	57,585	59,751	55,831
Bank Borrowings	15,852	11,844	12,322	14,541	11,064
Other Liabilities	8,766	12,774	13,997	13,024	13,105
Total Liabilities	24,618	24,618	26,320	27,565	24,169
NTA cents/share	67	75	76	79	77

* 7 months period only due to change of financial closing from 31 May to 31 December 2011.



Financial Results

- Group Revenue (RM'000)
- Profit/(Loss) before Taxation (RM'000)
- Profit/(Loss) Attributable to Shareholders (RM'000)

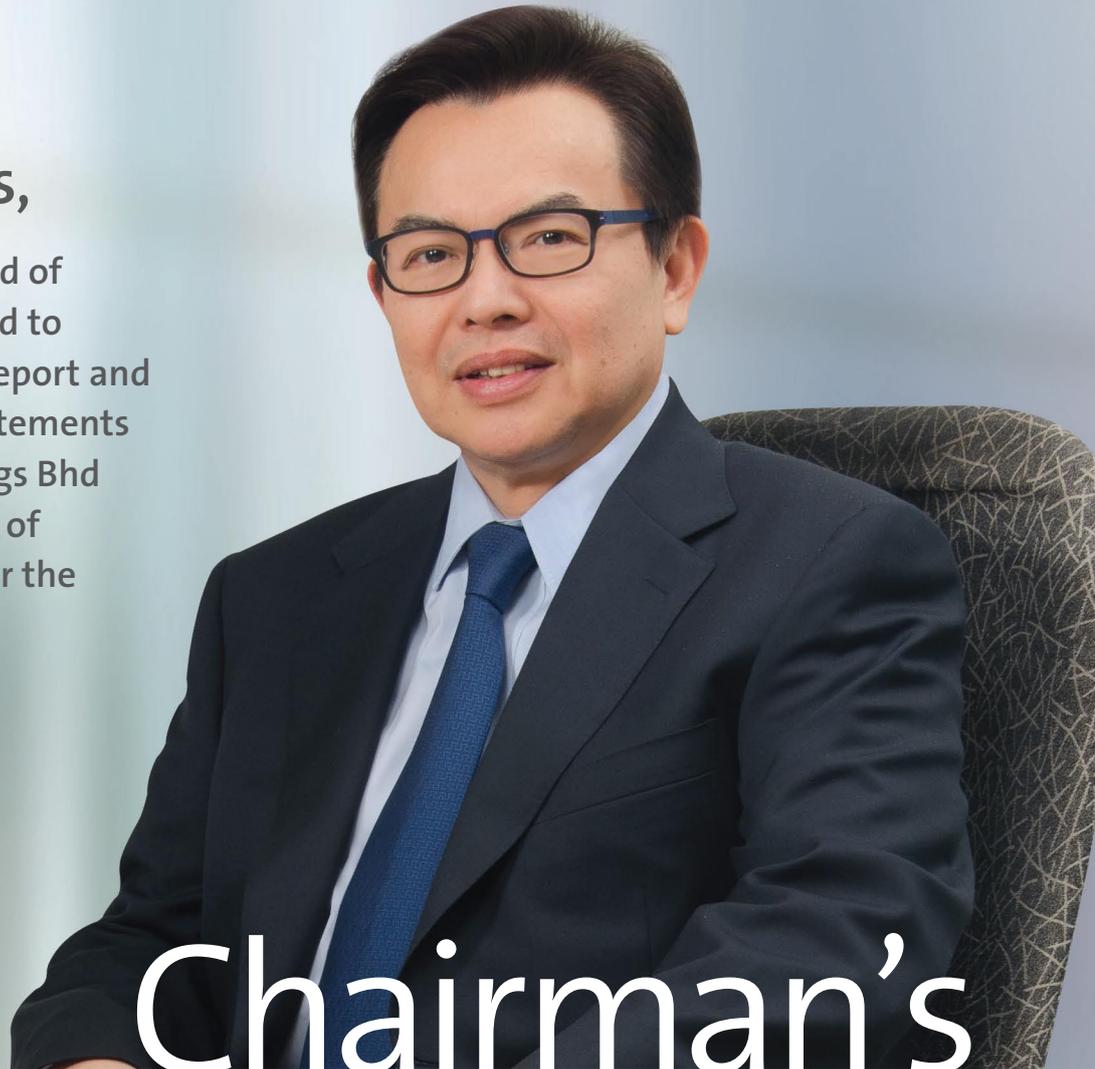
Group Basic Loss Per Share and Net Asset Per Share

- Net Asset Per Share (RM)
- Earning/(Loss) Per Share (sen)



Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Transocean Holdings Bhd (“THB”) and its group of companies (Group) for the financial year ended 31 December 2013.



Chairman's Statement

OVERVIEW

The global economy's jagged recovery inched forward in 2013, with fast-growing emerging markets apparently losing pace while developed nations gained strength.

After years of notching far slower growth than many emerging-market counterparts, some major economies are at last showing strength. The global snapshot also reveals the far-reaching effects of monetary policy, as decisions by central bankers in developed nations reverberated through emerging markets.

In 2013, central banks in the U.S., Japan and Europe showered money on their economies, held interest rates low and promised to continue to do so in a bid to animate a recovery that remained tepid almost five years after a severe recession. In emerging markets such as Brazil and India, domestic demand softened and exports sagged as rates were boosted to stem inflation.

Despite the contrasting fortunes, the overall global economy appeared to be on a more confident footing as the year ended. The International Monetary Fund forecasts that world output will grow 3.6% in 2014, compared with a 2.9% estimate for 2013.

With fast-growing economies slowing slightly while the developed world beginning to accelerate, the year 2014 would see emerging markets and mature economies supporting each other's growth.

As the year unfolded, the euro zone limped out of recession. In Japan and the U.S., consumers repaired their personal balance sheets and resumed spending, although businesses remained wary about committing to expansion and new investments.

Japan, several years late to the stimulus party, in April launched a bond-buying campaign that surpassed the scale of the Federal Reserve's \$85 billion-a-month program as a share of gross domestic product. The European Central Bank cut its main interest rate to record territory, lowering it to 0.25% in November.

The U.S. economy picked up momentum in 2013 as the drag from changes in government spending and taxation faded. Although cuts in government spending are expected to slightly diminish 2014's growth, they are likely to be a far less powerful brake than the payroll-tax increase, earlier spending cuts and fiscal brinkmanship that affected businesses and consumers in 2013. The two-year budget deal reached by Congress at year's end has defused some economic uncertainty as well.

China's economy expanded at the slowest rate in 20 years, crimping growth across the region. But the second half of the year brought reassurance that the world's second-largest economy had avoided a hard landing. Closer

to home ground, continuing political unrest in Thailand, have certainly adverse impact on the economy with evidence showing tourism slowing down, consumer sentiments falling and domestic growth is declining.

Malaysia had its peaceful but hard fought general election on 5 May 2013 with Barisan National received another 5 years mandate. Since then, the government has taken painful but necessary measures to implement a series of changes in our economic and property scene such as the reduction of subsidies, increase in electricity tariff, the impending introduction of the Goods and Services Tax (GST) in 2015. These moves aim to reduce the huge subsidy bills and high Government's debts to GDP ratio.

The Government has been operating on fiscal deficits for 16 consecutive years now. Accumulated debt is also high at 54.8% of the country's domestic product (GDP), which is only slightly below the self-imposed limit of 55% of GDP. According to the recently tabled budget 2014, the Government aims to gradually scale back subsidies to a total of RM39.4 billion next year from an estimated RM47 billion in 2013.

More rounds of subsidy rationalization are only to be expected in the months ahead as the Government consolidates its expenditure.

GROUP'S OPERATION REVIEW

The Group recorded sales revenue of RM27.956 million for the year ended 31 December 2013 as compared with RM35.492 million for the previous year. 59% of the revenue was contributed by the Logistics Division while 41% was from the Tires Division.

The Group recorded a net loss of RM0.562 million for the financial year, compared to net profit of RM0.890 million recorded in the previous financial year. This was due mainly to the RM1.120 million losses arising from the sale of a property. The Group had sold Wisma Transocean Penang located near Penang Ferry Jetty, for RM9.1 million during the month of December 2013 to reduce bank borrowings and to provide working capital to the Group. This move will strengthen the cash position of the Group and minimize the financial costs.

Logistic division's main source of income is derived from the trucking of computer parts between Malaysia Singapore. Shipments of computer parts worldwide had slowed down as demand for PC deliveries had declined by over 10% in





2013. Market trends had changed from desk tops and personal computers to tablets and smart phones. Changes of Singapore foreign worker's policy had forced logistic operators to move out the "break bulk" activities at air and sea ports of Singapore causing decrease in movements of goods by trucks between Singapore to other countries. Trucking of auto parts and consumer products between Mal/Thai/Mal started smoothly during the first half of the year but was adversely affected by the political turmoil of Thailand during the 2nd half of 2013. The Tires Division continued to be the main profit contributor for the Group. However, termination of contract by a major customer in June 2013 had caused the reduction of revenues and profits by 40% for the 2nd half of the year.

FUTURE PROSPECT

IMF managing director Christine Lagarde had signaled that "Optimism is in the air" in a speech on Jan 15. She claimed that the global growth momentum will be strengthened further in 2014. US economy is in recovery mode as evidenced by improved employment numbers, helped by housing recovery and private demand. Although recovery in Europe is weak, the worst is over with 1% growth projected for Eurozone for 2014. China is likely to maintain growth of around 7% for the year 2014.

The US Federal Reserve has finally taken the plunge to set a target for the tapering of its bond buying programme by trimming its asset purchase by US\$10 billion for January and US\$20 billion for February 2014. This would eventually lead to higher interest rates which would be positive for banks but negative for property sector as it could trigger a readjustment of overheated prices.

Japan is riding high with the Prime Minister proclaiming "Japan is back" and claiming that "these reforms would enable Japan to change its economic landscape dramatically."

It remains to be seen if Abenomics brand of Quantitative Easing prescription of big government spending and monetary stimulus will be able to reverse Japan's two decades of lackluster growth and debilitating deflation.

East Asia – China, Japan, South Korea and Asean – is de facto the world's factory or core of the global production chain. Its growth momentum will play a key factor in global growth up to 2020. This means that regional cooperation, peace and stability will be crucial to the success of the regional reform effort. Regional disputes or political events particularly on the territorial disputes will be of great concern to the peace and stability of this region.

Malaysia kick started the year 2014 with the grand opening of Visit Malaysia Year expecting to attract 28 million tourists globally. However, the year 2014 will be a crucial year for Malaysia, as it strives to break out of the middle income rank to become what the World Bank has categorised as a "high income nation". Indeed with a gross national income (GNI) per capita of US\$9,8230 (RM32,235) in 2012, Malaysia is not far off from high income economy of US\$12,615 according to the World Bank's definition.

Nevertheless, the year 2014 is a tough one with price hikes causing the cost of living to rise substantially. From the removal of sugar subsidies, the rationalization of oil subsidies to an increase in electricity tariff, the budget constraints for households will be tighter. Yet this is not an end of it because oil subsidies are expected to be rationalized further. Everyone's spending power gets squeezed by the increase in prices of some basic items, the effect of implementation of minimum wage and a weakening currency. Meanwhile, to widen the country's tax base and provide an alternative source of revenue to the government, 6% GST will be implemented in April 2015 to replace the existing 10% sales tax and 6% services tax.

BUSINESS PLAN FOR 2014

The sale of Wisma Transocean Penang has strengthened the cash position of the Group. The Board of Directors and the Management are taking measures to increase revenues and to reduce operating cost in order to improve performance in 2014. These include fleet renewal and establishing a KL logistic hub to enable operation of new routes Sin/KL and KL/Pen. Our marketing team will also be expanded.

In addition to organic growth, the Group will also consider acquisition opportunities that will enhance its market position and future performance.

DIVIDEND

The Board does not recommend any dividend for the year ended 31 December 2013.

APPRECIATION

The Board of Directors would like to express our gratitude to all our stakeholders for their unwavering support and continuous faith in the Group. To our shareholders, clients and business partners, we look forward to your continued support. My appreciation also goes to my fellow Board members for their invaluable counsel and support in the past years.

Finally, may I accord a special "thank you" to the management team and the hardworking employees for their efforts and commitment during the year under review.

Dato' Sri (Dr) Mohd Nadzmi Bin Mohd Salleh

Executive Chairman/Managing Director

Date: 23 April 2014

Statement of Corporate Governance

INTRODUCTION

The Company and its Board of Directors (“Board”) recognizes the importance of corporate governance which contributes to the intrinsic value of an organisation. The Board firmly believes that the integrity and commitment of its Board and employees, supported by a comprehensive framework of policies and internal controls, will serve to strengthen the Company’s sustainability, organizational effectiveness and drive a high-performance culture within the organisation.

The Group continues to endeavor to comply with all the key Principles and Recommendations of the Malaysian Code on Corporate Governance 2012 (“MCCG 2012” or “Code”) in its effort to observe high standards of transparency, accountability and integrity. The Group believes that good governance will help to realize long-term shareholders value, whilst taking into account the interests of the other stakeholders.

In preparing this Statement, the Board has considered the manner in which the Company has applied the Principles of the Code and the extent to which it has complied with the Recommendations of the Code. The Board is of the opinion that, save as set out below, the Group has generally applied the Principles and complied with the Recommendations set out in MCCG 2012 throughout the financial year ended 31 December 2013.

- a. YBhg Dato’ Sri (Dr) Mohd Nadzmi Bin Mohd Salleh, Executive Chairman/Managing Director of the Company had been holding both the position since 2007 in the absence of the Chief Executive Officer. The Board has assessed the situation and taken action to ensure that the Recommendation 3.3 of MCCG 2012 will be complied. Accordingly, YBhg Dato’ Sri (Dr) Nadzmi will relinquish the position of the Managing Director when the Chief Executive Office has been duly identified and appointed; and
- b. Encik Zainuddin Bin Din, Senior Independent Non-executive Director since 1994 had been exceeding a cumulative term of nine years as independent director. The shareholders had during the last Annual General Meeting (“AGM”) held on 26 June 2013 approved the motion to retain En. Zainuddin as Independent Director in compliance with Recommendations of MCCG 2012.

Pursuant to the Policy on the Board Composition and Independence of the Company and in line with the Recommendation 3.2 of MCCG 2012 where the tenure of an independent director should not exceed accumulative term of nine years, the Nomination Committee has assessed the independence of En. Zainuddin and recommended him to continue to act as Independent Non-Executive Director of the Company. In this respect, the Company will be seeking the shareholders’ approval at the coming Annual General Meeting to retain Encik Zainuddin to continue to act as an independent director of the Company.

This Statement outlines the Group’s main corporate governance practices and policies in alignment with the principles of MCCG 2012 as below:

- Clear roles and responsibilities
- Strengthen composition of the Board
- Reinforce independence
- Foster commitment
- Uphold integrity in financial reporting
- Recognise and manage risks
- Timely and high quality disclosure
- Strengthen relationship with shareholders

1.0 CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear Functions of the Board and Management

The Board’s role is to lead and control the affairs on behalf of shareholders. The Board takes into account the interests of all stakeholders when making decisions so as to ensure the twin objectives of enhancing prosperity and creating long term shareholders’ value are met. In addition, the Board monitors the performance of the Group’s various areas of operations.



There is a clear division of responsibilities between the Executive Directors of the Board who are responsible for the day to day management of the Group and the Independent Non-Executive Directors whom play a significant role in bringing objectivity and scrutiny to the Board's deliberations and decision making. Any material and important proposals that will significantly affect the policies, strategies, directions and assets of the Group will be subject to approval by the Board. None of the members of the Board has unfettered powers of decision.

The Group is led by a strong and experienced Board under the Chairman who also assumes the responsibilities of the Managing Director. The roles of Chairman and Managing Director were assumed by YBhg Dato' Sri (Dr) Mohd Nadzmi Bin Mohd Salleh in recognition of his entrepreneurial leadership and he had turnaround the Group since 2010. YBhg Dato' Sri (Dr) Mohd Nadzmi Bin Mohd Salleh is assisted by an Executive Director and 3 Independent Non-Executive Directors.

The Board placed great importance on the balance of its independent Directors where they serve as an essential source of impartial and professional guidance to protect the interest of the shareholders. The Independent Non-Executive Directors are professionals of high caliber and credibility who play a pivotal role in corporate accountability by contributing their knowledge, advice and experience towards making independent judgment on issues of strategies, performance, resources and standards of conducts.

1.2 Duties and Responsibilities

The role and responsibilities of the Board broadly cover the reviewing and adopting of strategic plans for the Group; overseeing the conduct of the Group's business; identifying principal risks and ensuring that appropriate systems to manage these risks are implemented; reviewing the adequacy and integrity of the Group's internal control systems; and reviewing and approving key matters such as financial results, acquisitions and disposals, investments and divestments and major capital expenditure.

Although all the Directors have equal responsibility for the Group's operations, the role of the Independent Directors are crucial in providing the necessary checks and balances to ensure that the interest of minority shareholders and the general public are given due consideration in the decision-making process.

The Board retains full and effective control of the Group and has developed corporate objectives and position descriptions including the limits to Management's responsibilities, which the Executive Director is aware and is responsible for meeting. The Board has an understanding of matters reserved to itself for decision, which includes investment policy, approval for major capital expenditures, strategic planning, overseeing financial and operational performance, monitoring risk management processes, merger and acquisition activities and reviewing the adequacy of internal control systems.

The Board is alert to the possibility of potential conflicts of interest involving the Directors and the Company and affirms its commitments to ensuring that such situations of conflicts are avoid.

• Board of Directors' Composition

The Group takes serious effort to ensure the Board comprises members with suitable academic and professional qualifications, skills, expertise and wide exposure.

The Board comprises 5 members of whom 3 members are Independent Non-Executive Directors. The Board has more than 1/3 Independent Directors as its members. A brief profile of each Director is presented in the Profile of Directors section of this Annual Report.

The composition of the members of the Board reflects a good mix of experience, backgrounds, skills and qualifications which are vital to the sustainability and growth of the business.

• Board Gender Diversity

The Code recommended the Board to establish a policy formalizing its approach to boardroom diversity. The Board will review the suitability and credibility of women candidates for the Board to reach adequate women participation in the Board.

- **Board Committees**

Formal board committees were established by the Board to assist the Board in the discharge of its duties effectively includes the Audit Committee, Nomination Committee and Remuneration Committee. Each committee operates within its clearly defined terms of reference.

The Chairman of each committee reports to the Board on the outcome of the committee meetings and such reports are incorporated in the Board papers for the Board's noting and if required, for the Board's approvals.

- ❖ **Audit Committee**

The Audit Committee comprises of:

CHAIRMAN

Zainuddin Bin Din (*Senior Independent Non-Executive Director*)

COMMITTEE MEMBERS

Muhammad Adib Bin Ariffin (*Independent Non-Executive Director*)

Woo Kok Boon (*Independent Non-Executive Director*)

Attendance of Members of the Audit Committee at meetings held during the year 2013 is as follows:

COMMITTEE MEMBERS	ATTENDANCE AT AC MEETINGS
Zainuddin Bin Din	5 of 5
Muhammad Adib Bin Ariffin	5 of 5
Woo Kok Boon	5 of 5

The Audit Committee's terms of reference include the review of and deliberation on the Group's financial statements, the audit findings of the external auditors arising from their audit of the Group's financial statements and the audit findings and issues raised by internal auditors together with the Management's responses thereon.

External auditors, internal auditors, executive directors and members of senior management attend the meetings at the invitation of the Audit Committee.

For details on the functions, composition, membership and summary of activities of the Audit Committee in year 2013, please refer to the Report on Audit Committee of this Annual Report.

- ❖ **Nomination Committee**

The Nomination Committee currently comprises entirely Independent Non-Executive Directors as follows:

CHAIRMAN

Zainuddin Bin Din (*Senior Independent Non-Executive Director*)

COMMITTEE MEMBERS

Muhammad Adib Bin Ariffin (*Independent Non-Executive Director*)

Woo Kok Boon (*Independent Non-Executive Director*)

There was one Nomination Committee meeting held during the year 2013. All members of the Nomination Committee were present during that meeting.

The Nomination Committee is empowered to bring to the Board, recommendations as to the appointment of any new Executive or Non-Executive Director, provided that the Chairman of the Nomination Committee, in developing such recommendations, consults all directors and reflects that consultation in any recommendation of the Nomination Committee brought forward to the Board. In making its recommendation, the Nomination Committee will consider the required mix of skills, knowledge, expertise, experience and other qualities, including core competencies which Directors of the Company should bring to the Board.



The Nomination Committee also ensures that the Board has an appropriate balance of expertise and ability. For this purpose, the Committee regularly reviews the profile of the required skills and attributes. This profile is used to assess the suitability as executive or non-executive Directors of candidates put forward by the directors and outside consultants. In addition, the Committee also regularly assesses the effectiveness of the Board as a whole and the contribution of each individual director including Independent Non-Executive Director. All assessments and evaluations carried out by the Nomination Committee in discharging its functions have been well documented.

During the financial year 2013, the Nomination Committee conducted an annual assessment of the Directors who are subject to retirement at the forthcoming AGM in accordance with the provisions of Articles of Association of the Company and Companies Act, 1965.

❖ **Remuneration Committee**

The Remuneration Committee comprises of the following Board members:

CHAIRMAN

Zainuddin Bin Din (*Senior Independent Non-Executive Director*)

COMMITTEE MEMBERS

Muhammad Adib Bin Ariffin (*Independent Non-Executive Director*)

Woo Kok Boon (*Independent Non-Executive Director*)

Tan Swee Hock (*Executive Director*)

There was one Remuneration Committee meeting held during the year 2013. All members of the Remuneration Committee were present during that meeting.

The Remuneration Committee had performed its duty to assess annually the remuneration package of its Executive Directors.

The proposed remuneration of Non-Executive Directors comprises the following:

Directors' Fees	These fees are payable to the Non-Executive Directors and are recommended by the Board for the approval of the shareholders at each annual general meeting.
Meeting Allowances	These allowances are payable to the Non-Executive Directors for attendance of the Board and Committee meetings. The meeting allowance is determined by the Board.

1.3 Ethical Standards and Code of Conduct

The Directors of the Group is guided by the Code of Ethics established by the Companies Commission of Malaysia for Company Directors. The Code of Ethics sets out the principles in relation to sincerity, integrity, responsibility and corporate social responsibility.

To further enhance corporate governance practices across the Group, a whistle-blowing policy was adopted which provides directors, officers, employees and stakeholders of the Group with an avenue to report suspected improprieties such as illegal or unlawful conduct, contravention of the Group's policies and procedures, acts endangering the health or safety of any individual, public or employee, and any act of concealment of improprieties. The aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that the person filing the report, to the extent possible, be protected from reprisal, victimization, harassment or subsequent discrimination.

Any person who wishes to report a suspected impropriety may submit his/her report to the Chairman of Audit Committee.

1.4 Strategies Promoting Sustainability

The Board is committed to implementing responsible and sustainable corporate strategies and practices. The Group has embraced good corporate responsibility practices in the areas of workplace, community, environment and stakeholders' engagement.

1.5 Supply of Information

The Board meeting is held at least quarterly and more frequently as and when business or operational needs arise. All Board members are supplied with information on timely manner. Board papers are circulated at least 5 working days prior to Board meetings and the reports provide, amongst others, financial and corporate information, significant financial and corporate issues, the Group's and the Company's performance and any management proposals which required the approval of the Board.

All Directors have access to the advice and services of the Company Secretaries in furtherance of their duties. Where appropriate, the Directors may obtain independent professional advice at the Company's expense on specific issues to enable the Board to make well informed decisions in discharging their duties on matters being deliberated.

1.6 Access to Independent and Professional Advice

All Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Company Secretaries are responsible for providing support and appropriate guidance to the Board on policies and procedures, rules and regulations and relevant laws in regard to the Company as well as the best practices on governance.

1.7 Board Charter

The primary objective of the Group's Board Charter is to set out the authority, responsibilities, membership and operation of Board of the Director, adopting principles of good corporate governance and practice, in accordance with applicable laws in Malaysia. The Board is guided by the Board Charter which provides reference for directors in relation to the Board's role, powers, duties and functions. The Board will regularly review the Board Charter to ensure it remains consistent with the Board's objectives and responsibilities, and all the relevant standards of corporate governance.

The Board Charter is available on the Company's website.

2.0 STRENGTHEN COMPOSITION OF THE BOARD

2.1 Nomination Committee

The Group takes serious effort to ensure the Board comprises members with suitable academic and professional qualifications, skills, expertise and wide exposure.

The Nomination Committee is headed by Encik Zainuddin Bin Din, Senior Independent Non-Executive Director. All the members are Independent Non-Executive Directors.

2.2 Recruitment Process and Annual Assessment of Directors

The Nomination Committee is empowered to identify and recommend new appointments to the Board. In discharging this duty, the Nomination Committee will assess the suitability of an individual to be appointed to the Board by taking into account the individual's skills, knowledge, expertise and experience, professionalism and integrity. The Nomination Committee also ensure that the procedures for appointing new Director are transparent and that appointments are made on the merit and against objective criteria for the purpose.

The Directors of the Company are regularly re-appointed at regular intervals in accordance with the Company's Articles and good corporate governance practice. Independent Directors who have been on the Board for a cumulative period of more than nine years will be recommended by the Board for re-election annually at the AGM after evaluating the performance of the individual independent director and also based on the recommendation of the Nomination Committee.

In accordance with the Articles of Association of the Company, all Directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. The Articles also provide that the Directors shall retire from office once at least in each three years but shall be eligible for re-election at each Annual General Meeting.

A Director who is over seventy (70) years old is required to submit himself for re-appointment annually in accordance with Section 129 (6) of the Companies Act, 1965.



The performance and effectiveness of the Director and the Board were assessed individually and collectively in 2013 using evaluation survey questionnaires to evaluate the overall Board’s performance against criteria that the Board determines are important to its success.

The performance of each Director of the Company was appraised by other Directors based on the characteristic of integrity, governance, participation, decision, independence and strategic perspective. Thereafter, the evaluation survey questionnaires are compiled into a summary report. The report is presented to the Nomination Committee and then to the Board. For year 2013, all the Directors have met the expectations of the criteria sets in discharging their duties and responsibilities.

Whereas the effectiveness of the Board was appraised by all the members of the Board collectively based on the key areas of board structure, conduct of meetings, corporate strategy and planning, risk management and internal control, measuring and monitoring performance, compensation, financial reporting and communication with shareholders. The Board’s performance and effectiveness evaluation in year 2013 reported that the Board continues to operate effectively.

2.3 Directors’ Remuneration

The Remuneration Committee is headed by Encik Zainuddin Bin Din, Senior Independent Non-Executive Director. All the members are Independent Non-Executive Directors.

The Remuneration Committee reviews the remuneration policy each year with a view to ensure that the policy is fair and able to attract and maintain talent. The Non-Executive Directors’ fees are tabled at the Group’s AGM.

The objectives of the Group’s policy on Directors’ remuneration are to attract and retain Directors of the caliber needed to manage the Group successfully. In the case of Executive Directors, the component parts of their remuneration are structured to link rewards to corporate and individual performances. For Non-Executive Directors, their level of remuneration reflects the experience, expertise and level of responsibilities under taken by the particular Non-Executive Director concerned.

The amounts of remuneration paid to Directors are disclosed in the Notes to the Audited Financial Statements. The details of the nature and amount of each major element of the remuneration of each Directors of the Company for the financial year ended 31 December 2013 are as follows:-

	SALARIES RM	ALLOWANCES RM	FEE RM	OTHERS RM	TOTAL RM
Executive Directors	296,566	3,500	–	–	300,066
Non- Executive Directors	–	6,000	108,000	–	114,000

The numbers of Directors in each remuneration band for the financial year 2013 are as follows:

RANGE	EXECUTIVE	NON-EXECUTIVE
Below RM50,000	–	3
RM50,000-RM100,000	–	–
RM100,001-RM150,000	2	–
RM150,001-RM200,000	–	–
RM200,001-RM250,000	–	–

Although the Code requires that each Director’s remuneration be disclosed in details, the Board is of the opinion that transparency and accountability aspect of this requirement are still appropriately served. The band disclosure made above is in compliance with the Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”).

3.0 REINFORCE INDEPENDENCE

3.1 Assessment of Independent Directors

The Independent Non-Executive Directors are pivotal in bringing impartiality and scrutiny to the Board's deliberation and decision making process. They do not participate in the daily operations and management of the Group.

The three (3) Independent Non-Executive Directors of the Group fulfilled the criteria of independence as defined in the Listing Requirements. The Company meets the minimum requirement prescribed by the Listing Requirements to have at least one-third of the Board comprised of Independent Non-Executive Directors.

The Nomination Committee and the Board undertake an assessment of Company's independent directors annually. Returns on the assessment of the Directors' Independence have been circulated to the Independent Directors for their confirmation. Based on the assessment in year 2013, it concluded that all the Independent Directors remain independent of management and are able to exercise their independent judgement or the ability to act in the best interest of the Company.

3.2 Tenure of Independent Directors

The Company is aware of the Recommendations of the MCGG 2012 for tenure of Independent Directors not to exceed nine years. Encik Zainuddin Bin Din, as the Senior Independent Non-Executive Director since 1994 had exceeded a cumulative term of nine years as an Independent Director. However, the Board does evaluate the contribution and tenure of Independent Directors and is of the view that valuable contributions can be obtained from Directors who have, through their period of association with the Group, understand the intricacies of the Group's business.

3.3 Re-appointment of Independent Director who served more than nine years

During the last AGM of the Company held on 21 June 2013, the shareholders had approved the motion and retained En. Zainuddin's position as Independent Director of the Company despite of his tenure in office was more than nine years in the Company.

Pursuant to the Policy on the Board Composition and Independence duly adopted by the Company and in line with the Recommendation 3.2 of MCGG 2012, the Nomination Committee has assessed the independence of En. Zainuddin and recommended him to continue to act as Independent Non-Executive Director of the Company.

The Company would like to continue to retain En. Zainuddin who has served as an Independent Director of the Company for more than nine years on its Board as a Senior Independent Non-Executive Director and to hold office until the conclusion of the next AGM. In this respect, the Company will be seeking the shareholders' approval at the coming AGM to retain Encik Zainuddin to continue to act as an independent director of the Company.

4.0 FOSTER COMMITMENT

4.1 Time Commitment

The Board meets at least, quarterly, to consider all matters relating to the overall control, business performance and strategy of the Company. Additional meeting will be called when and if necessary. The relevant reports and Board Papers are distributed to all Directors in advance of the Board Meeting to allow the Directors sufficient time to peruse for effective discussion and decision making during the meetings. All pertinent issues discussed at the meetings in arriving at decisions and conclusions are properly recorded in the discharge of the Board's duties and responsibilities.

The Board recognises the importance of time commitment of its members. The meeting dates for the calendar year are set and the Board usually confirmed their attendance for each meeting. The attendance record of the Directors for the financial year ended 31 December 2013 was satisfactory with at least 83% attendance and a majority of them having full attendance. Save for YBhg Dato' Sri (Dr) Mohd Nadzmi Bin Mohd Salleh, Encik Muhammad Adib Bin Ariffin and Mr. Woo Kok Boon who are members of other listed companies, the rest of the Directors do not have directorships in the other listed companies.



During the financial year ended 31 December 2013, the Board held a total of 5 meetings and details of the attendance record of the Board for the financial year ended 31 December 2013 is set out below:-

NAME	ATTENDANCE
Executive Directors	
Dato' Sri (Dr) Mohd Nadzmi Bin Mohd Salleh	4 out of 5
Tan Swee Hock	5 out of 5
Non-Executive Directors	
Zainuddin Bin Din	5 out of 5
Muhammad Adib Bin Ariffin	5 out of 5
Woo Kok Boon	5 out of 5

All the Directors have complied with the minimum 50% attendance requirement in respect of Board Meeting as stipulated in the Listing Requirements. In the intervals between Board Meetings, for any matters requiring Board's decision, the Board's approvals are obtained through circular resolutions. The resolutions passed by way of such circular resolutions are then noted at the next Board Meeting.

4.2 Directors' Continuous Professional Development

As an integral element of the process of appointing new directors, the Nomination Committee ensures that there is an orientation and education programme for new Board members. Directors also receive further training from time to time, particularly on relevant new laws and regulations and changing commercial risks. All existing Directors of the Company have successfully completed the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad ("Bursa Securities") on all directors of listed companies.

The Directors will continue to undergo other relevant training programmes to keep themselves abreast with the relevant changes in laws, regulations and the business development.

The Board of Directors also continually assesses the training needs of the Directors. During the financial year 2013, the Directors attended the following training programmes in areas of corporate, business and investment strategies as well as Audit Committee function:-

NAME OF DIRECTORS	TITLE OF SEMINAR/COURSE	ORGANIZER
Dato' Sri (Dr) Mohd Nadzmi Bin Mohd Salleh	Effective Corporate Merger & Acquisition	Bursatra Sdn Bhd
Tan Swee Hock	Effective Corporate Merger & Acquisition	Bursatra Sdn Bhd
Zainuddin Bin Din	Sharpening the Audit Committee Governance Challenges	Bursatra Sdn Bhd
Muhammad Adib Bin Ariffin	Effective Corporate Merger & Acquisition	Bursatra Sdn Bhd
	Evaluating & implementing Overseas Investment Strategies	Bursatra Sdn Bhd
Woo Kok Boon	Effective Corporate Merger & Acquisition	Bursatra Sdn Bhd
	Evaluating & implementing Overseas Investment Strategies	Bursatra Sdn Bhd

5.0 UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Financial Reporting

The Board has always endeavour to provide true, fair and comprehensive financial reporting of the Group's performance in the audited financial statements and quarterly financial reports together with material disclosures in the notes to accounts, in accordance with the Malaysian Financial Reporting Standards ("MFRS") and Listing Requirements. Thus, a balanced and meaningful assessment of the Group's financial performance and prospects are presented primarily through the financial statements and the Chairman's Statement in this Annual Report.

In presenting the annual audited financial statements and quarterly announcement of results to shareholders, the Board aims to present a balance and fair assessment of the Group's financial position and prospects. The Audit Committee reviews the Group's quarterly financial results and annual audited financial statements to ensure accuracy, adequacy and completeness prior to presentation to the Board for its approval.

5.2 Suitability and Independence of External Auditors

The Group's independent external auditors fill an essential role for the shareholders by enhancing the reliability of the Group's financial statements and giving assurance of the reliability to users of these financial statements. Where deemed appropriate, the Audit Committee and/or the Board may discuss audit findings in the absence of the Management.

The external auditors will report on any weaknesses in the internal control systems and any non-compliance of accounting standards that come to their attention during the course of their audit work to the Management and Audit Committee.

On an annual basis, the Audit Committee reviews and monitors the suitability and independence of the external auditors as well as the non-audit services provided by the external auditors, if any. No non-audit fees were paid to the Group's external auditors in year 2013.

The Audit Committee had obtained an assurance from the external auditors confirming that they were, and had been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Audit Committee is satisfied with the competence and independence of the external auditors and had recommended the re-appointment of the external auditors for shareholders' consideration at the AGM.

6.0 RECOGNISE AND MANAGE RISK

6.1 Risk Management Framework

The Group has an embedded process for the identification, evaluation, reporting, treatment, monitoring and review of the major strategic, business and operation risks within the Group. Risk management principles, policies, procedures and practices are updated regularly to ensure relevance and compliance with current/applicable laws and regulations.

The internal audit function of the Group is outsourced to a professional accounting and consulting firm to provide the Audit Committee and the Board with the assurance they require pertaining to the adequacy and effectiveness of internal control system of the Group. The Head of the internal audit team attended the meetings and reported to the Audit Committee on the annual internal audit plan and internal audit reports on the audit conducted in accordance with the annual audit plan.

The details of the internal control system are set out in the Statement on Risk Management and Internal Controls in this Annual Report.



6.2 Internal Audit

The Board affirms the importance of maintaining a sound system of internal controls and risk management practices to good corporate governance. It acknowledges its overall responsibility in this area and also the need to review its effectiveness regularly.

The Group's Internal Audit function provides independent and objective assurance of the adequacy and integrity of the system of internal control. Details of the internal audit function and a summary of its activities, together with the state of the Group's internal control, are given in the Statement on Risk Management and Internal Control as set out in pages 27 to 29 of the Annual Report.

7.0 TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Board has set up appropriate corporate disclosure policies and exercises close monitoring of all price sensitive information required to be released to Bursa Securities and makes material announcements to Bursa Securities in a timely manner.

7.2 Dissemination of Information

The Group exercises close monitoring of all price sensitive information required to be released to Bursa Securities and makes material announcements to Bursa Securities in a timely manner. In accordance with best practices, the Board would strive to disclose price sensitive information to the public as soon as practicable through Bursa Securities, the media and the Group's website. Price sensitive information refers to any information that, on becoming generally available, would tend to have a material effect on the market price of the Company's listed shares.

Members of the Board and Senior Management with privy to price sensitive information are prohibited from dealing in the shares of the Company until such information is publicly available. This is in addition to the provisions relating to the "closed period" for dealing in the Company's shares.

In addition, the Company's website incorporated an Investor Relations section where the annual report and interim financial results would be captured. Directors' Report and Audited Financial Statements, the Annual Reports, Interim Financial Statements together with the Company's announcements and other information about the Group are available on our website (<http://www.transocean.com.my>).

8.0 STRENGTHEN RELATIONSHIP WITH SHAREHOLDERS

8.1 Shareholders Participation at General Meeting

The Group welcomes dialogues with shareholders and investors to discuss issues and obtain feedback. The Executive Chairman, Executive Director and Senior Management personnel participate in discussions with shareholders to ensure they are given as accurate and fair representation of the Group's performance and position.

At each AGM, the Directors of the Company would be present at the meetings to answer any questions that the shareholders may ask. The Chairman of the meeting provided time for the shareholders to ask questions for each agenda in the notice of the AGM. The external auditors were also present at the AGM to answer any questions that the shareholders may ask. The shareholders were also able to meet with the Directors after the meeting while they mingled with the shareholders, proxies and corporate representatives.

Dialogues and discussions with investors and analysts are conducted within the framework of the relevant Corporate Disclosure Guidelines under the Listing Requirements and comply with the Best Practices in Corporate Disclosure published by the Malaysian Institute of Chartered Secretaries and Administrators.

8.2 Communication and Engagement with Shareholders

The Company communicates with its shareholders through the timely release of financial results on a quarterly basis, annual report, press releases and announcements to Bursa Securities. Financial results and press releases are also placed on the corporate website to keep shareholders and investors informed of the Group's performance.

Shareholders, investors and members of the public who wish to contact the Group on any enquiry, comment or proposal can channel them through e-mail the following persons:-

NAME	POSITION	E-MAIL ADDRESS
Tan Swee Hock	Executive Director	shtan@nadi.com.my
Ho Wah Lok (Michael)	Chief Financial Officer	michael.ho@transocean.com.my

Shareholders and investors can obtain the Group's latest announcements such as quarterly financial results at Bursa Securities website (www.bursamalaysia.com) and the Group's website (www.transocean.com.my).

Statement of Compliance with the Recommendations of the Code

The Company is committed to achieving high standards of corporate governance throughout the Group and to the highest level of integrity and ethical standards in all its business dealings.

The Board is of the opinion that for the financial year ended 31 December 2013, the Company has generally adhered to the Principles and Recommendations as set out in MCG 2012 saved as disclosed otherwise.

This Statement is made in accordance with the resolution of the Board of Directors on 23 April 2014.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Group understands the need to contribute and work together with society and the community in conjunction with our business needs and interests.

- **Go Green Environment**

The Group has a large fleet of trucks and prime movers to carry out its business activities. Maintenance of these trucks and prime movers is well scheduled to ensure that these vehicles are in good conditions and road worthy. Smoke emissions from the trucks are strictly controlled within the permissible level set by the Department of Environment regulations for emissions. A new Open Bravo Computer system has been implemented to ease the employees' work flow and to reduce paper consumption which can save cost to the Group.

- **Human Resource Engagement**

The Group recognizes and appreciates the contribution of its employees to the Group's operations and performance. The Group believes in continual upgrading of skills and knowledge for its employees. The Group takes responsibilities in ensuring road safety by regularly sending drivers to attend good driving and safety courses. Drivers are also subjected to routine medical checks on their health conditions.

The Group also collaborated with Institute of higher learning to provide practical training opportunities to the undergraduates from the field of Logistic, Accounting and Marketing.

- **International Organization for Standardisation**

The Group believes in upgrading and streamlining its standard of operations. To achieve this, the Group has established the Quality System on the Standard Operating Procedures for employees. The Quality System Manual meets the requirements of the MSISO 9001:2008 Standards (Quality Management Systems-Requirements).



Statement on Risk Management and Internal Control

INTRODUCTION

The Malaysian Code on Corporate Governance 2012 (“MCCG 2012”) requires public listed companies to maintain a sound system of risk management and internal control to safeguard shareholders’ investments and company’s assets. Under the provision Paragraph 15.16(b) of the Bursa Malaysia Securities Berhad’s Main Market Listing Requirements (“Listing Requirements”), Directors of public listed companies are required to produce a statement on the state of the Company’s internal control in their Annual Report.

The Board of Directors (Board) continues with its commitment to maintain sound systems of risk management and internal control throughout Transocean Holdings Berhad and its subsidiaries (Group) and in compliance with the Listing Requirements and the Statement on Risk Management and Internal Control (Guidelines for Directors of Listed Issuers) (Internal Control Guidelines), the Board is pleased to provide the following statement which outlines the nature and scope of risk management and internal control of the Group during the financial year in review.

BOARD RESPONSIBILITY

The Board acknowledges the importance of sound risk management and internal control being embedded into the culture, processes and structures of the Group. The systems of internal control cover risk management and financial, organizational, operational, project and compliance controls. The Board affirms its overall responsibility for the Group’s systems of internal control and for reviewing the effectiveness and efficiency of those systems to ensure its viability and robustness. It should be noted, however, that such systems are designed to manage, rather than eliminate, risks of failure to achieve corporate objectives. Inherently, it can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

The Group takes cognizance of the importance of a sound risk management framework to be in place as a principal safeguard towards controlling risks. Accordingly, the Group has an embedded process for the identification, evaluation, reporting, treatment, monitoring and review of the major strategic, business and operation risks within the Group.

The Board and Management practice proactive identification of significant risks on a quarterly basis or earlier as appropriate, particularly if there are any major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment which may entail different risks. Accordingly, the Board would put in place the appropriate risk response strategies and controls until those risks are managed to, and maintained at, a level acceptable to the Board. This is further supported by the Internal Audit function and the operation staff from the various divisions to effectively inculcate risk management practices and controls into the corporate culture, processes and structures within the Group.

Risk management principles, policies, procedures and practices are updated regularly to ensure relevance and compliance with current/applicable laws and regulations, and are made available to all employees. The Group also adopted a whistle blowing policy, providing an avenue for employees to report actual or suspected malpractice, misconduct or violations of the Group’s policies and regulations in a safe and confidential manner.

The risk management process is affected through the following mechanisms and measures, by which the Board obtains timely and accurate information of all major control issues in relation to internal controls, regulatory compliance and risk-taking:-

- **Internal Audit Function**

The Board acknowledges the importance of Internal Audit function and has engaged the services of an independent professional accounting and consulting firm to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group’s systems of internal control.

The Internal Audit function adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. Scheduled internal audits are carried out by the independent auditors based on the audit plan presented to, and approved by, the Audit Committee. The audit focuses on areas with high risk and inadequate controls to ensure that an adequate action plan has been put in place to improve the controls. For those areas with high risk and adequate controls, the audit ascertains that the risks are effectively mitigated by the controls. On a half yearly basis or earlier as appropriate, the Internal Auditors report to the Audit Committee on areas for improvement and will subsequently follow up to determine the extent of their recommendations that have been implemented.

- **Financial Performance Planning, Review and Tracking**

The Executive Chairman and Directors together with the Management will formulate the yearly business plan and annual budgets for the consideration of the Board. Business plan will set out the business objectives, strategies and targets while budgeted data are used to monitor the performance on an ongoing basis. Key business risks are identified during the business planning process and are reviewed regularly during the year.

The Group has put in place a comprehensive business planning and detailed budgeting process where operating units prepare budgets for the coming year which are approved both at operating unit level and by the Board. There are monthly monitoring of results against budget, with major variances being followed up and Management action taken, where necessary.

Regular periodic meetings of the Board, Board Committees and Senior Management represent the main platform through which the Group's performance and conduct is assessed and monitored. The daily operations of the business are entrusted to the Management team.

- **Operational Monitoring and Controls**

The Group ensures that regular and comprehensive information is provided to Management, covering financial and operational performance and key business indicators, for effective monitoring and decision making. This is supplemented by regular visits to operating units by members of the Senior Management.

The Board also ensures that all recurrent related party transactions are dealt in accordance with the Listing Requirements. These recurrent related party transactions are subject to review by the Audit Committee and the Board at their respective meetings.

The Group, being involved in the logistic industry, primarily uses a large fleet of trucks and prime movers to carry out its business activities. The trucks and prime movers have schedule maintenance works to ensure that they are roadworthy and comply with the Department of Environment Regulations for emissions and Puspakom.

- **Control Environment**

The Board is committed towards maintaining a strong control structure and environment for the proper conduct of the Group's business operations and towards achieving a sound system of internal control. The control processes in place are as follows:

- * The Group has the Human Resource Policy which defines the rules, regulations, salary structure and employment procedure applicable to all the employees within the Group. Job functions for the Management and employees in the Group are clearly defined to provide well defined roles and responsibilities for the enhancement of the Group's performance.
- * Investments and projects are subject to formal review and authorization procedures where the Executive Chairman and Executive Director will review significant projects before making recommendations to the Board for consideration and approval.
- * All employees are encouraged to improve themselves through adequate training and continuous education. Drivers are subject to yearly medical checks, attending driving courses conducted by National Institute of Occupational safety and Health (NIOSH) and in-house training on truck maintenance and good driving practice. The Group collaborated with the Institute of Higher Learning to provide practical training opportunities to the undergraduates for the field of logistic, accounting and marketing.



INTERNAL CONTROL STRUCTURE

The Board has established appropriate control structure and process for identifying, evaluating, monitoring, and managing significant risks that may affect the achievement of business objectives. The control structure and process which have been instituted throughout the Group are updated and reviewed from time to time to suit the changes in the business environment, and this on-going process has been in place for the whole financial year under review and up to the date of approval of this statement for inclusion in the Annual Report. The adequacy and effectiveness of this process have been continually reviewed by the Board and are in accordance with the Internal Control Guidance.

The Board maintains ultimate responsibility over the Group's systems of internal controls which has been delegated to the management for effective implementation. The role of Internal Audit is to provide reasonable assurance that the designed controls are in place and are operating as intended.

The Group has put in place the following to support the control structure and process:-

- **Organisation Structure**

The organisation structure is well-defined with scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority. There is a process of hierarchical reporting which provides for a documented and auditable trail of accountability.

- **Group Policies and Procedures**

The Group has in place procedures and controls to ensure regular and comprehensive information is provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making. Delegation of authorities including authorization limits are clearly defined to ensure accountability and responsibility.

The Group has established the Quality System on the Standard Operating Procedures for employees. The Quality System Manual meets the requirements of the MS ISO 9001:2008 Standards (Quality Management Systems – Requirements).

These policies and procedures are reviewed on a regular basis in tandem with new developments for relevance.

Based on the Internal Auditors' report for the year ended 31 December 2013, there is a reasonable assurance that the Group's systems of internal control are generally adequate and appear to be working satisfactorily. A number of minor internal control weaknesses were identified during the financial year, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

The Board had received assurance from the Chief Financial Officer that the Company's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Company.

The Board continues to review and implement measures to strengthen the internal control environment of the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement on Internal Control for inclusion in the Annual Report of the Group for the year ended 31 December 2013 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system.

CONCLUSION

The Board is of the view that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

This Statement is made in accordance with a resolution of the Board dated 23 April 2014.

Report on Audit Committee

The Audit Committee (“Committee”) comprises the following three members:-

Chairman

Zainuddin Bin Din (*Senior Independent Non-Executive Director*)

Members

Muhammad Adib Bin Ariffin (*Independent Non-Executive Director*)

Woo Kok Boon (*Independent Non-Executive Director*)

All members of the Committee have a working familiarity with basic finance and accounting practices. Encik Muhammad Adib Bin Ariffin is a member of the Malaysian Institute of Accountants.

SUMMARY TERMS OF REFERENCE

In discharging its duties and responsibilities, the Committee is guided by the following Terms of Reference:-

1 Composition

The Committee members shall be appointed by the Board from amongst their members and shall consist of not less than three (3) non-executive directors. All the Committee must be Non-Executive Directors, with a majority of them being independent directors. All members of the Committee shall be financially literate.

2. Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain external, legal or other independent professional advice on any matter within the terms of reference and to secure the attendance of such external advisors with relevant experience and expertise if it considers necessary.

The Committee is authorised to convene meetings with the external auditors, the internal auditors or both, without the presence of other directors and employees, whenever deemed necessary.

The Committee is authorised to have direct communication channels with the external auditors and persons carrying out the internal audit function or activity.

Where the Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Committee shall promptly report such matter to Bursa Malaysia Securities Berhad.

3. Duties and responsibilities

(a) To review the following and report the same to the Board of Directors of the Company:-

- i) with the external auditors, the audit plan;
- ii) with the external auditors, the evaluation of the system of internal controls;
- iii) with the external auditors, the audit report;
- iv) the assistance given by the officers of the Company to the external auditors;
- v) the external auditors’ management letter and management response;



- vi) to do the following, in relation to the internal audit function:-
 - review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit process, and where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of senior staff members of the internal audit function; and
 - take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- vii) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particulars on:
 - changes in or implementation of major accounting policy changes;
 - significant adjustments arising from the audit;
 - the going concern assumption;
 - significant and unusual event;
 - compliance with accounting standards and other legal requirements; and
- viii) any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (b) To review the cost effectiveness, independence and objectivity of the external auditors and recommend for the appointment/re-appointment of the external auditors, the audit fee and any questions of resignation or dismissal of external auditors.
- (c) To establish policies governing the circumstances under which the contract in relation to the provision of non-audit services can be entered into by the Group with its external auditors and procedures that need to be adhered.
- (d) To review the adequacy and effectiveness of risk management and internal control systems instituted within the Group.
- (e) To consider and examine such other matters as the Board and/or the Committee considers appropriate.

4. Meetings

The Chairman of the Committee shall engage on a continuous basis with the Senior Management such as the Executive Officers, the Chief Financial Officer, the Head of Internal Audit and the external auditors in order to be kept informed of matters affecting the Company.

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. In order to form a quorum, the majority of members present must be independent directors.

As part of its duty to foster open communication, the Chief Financial Officer, internal auditors and external auditors (if required) will normally attend the meetings. Other Board members and the Group General Manager may attend the meetings upon invitation of the Committee. However, the Committee shall meet with the external auditors without Executive Board members present, at least twice a year and whenever necessary.

Resolutions arising at any meetings of the Committee shall be decided by a majority of votes of the members present and in the case of equality of votes, the Chairman of the Committee shall have a second or casting vote.

The Company Secretaries shall be the secretaries of the Committee and as a reporting procedure, the Minutes shall be circulated to all members of the Board.

During the financial year ended 31 December 2013, five (5) Committee meetings were held and details of the attendance of the Committee members are as follows:-

MEMBERS	MEETING ATTENDANCE
Zainuddin Bin Din	5 of 5
Muhammad Adib Bin Ariffin	5 of 5
Woo Kok Boon	5 of 5

During the financial year, the Committee had twice dialogue session with the External Auditors on 24 April 2013 and 27 November 2013 without the presence of any executive member of the Board of Directors and Management, in compliance with the recommendations of the Malaysian Code of Corporate Governance 2012.

The Chairman of the Committee had engaged on a continuous basis with the Senior Management such as the Chairman, the Chief Financial Officer, the Head of Internal audit and the external auditors in order to be kept informed of matters affecting the Company.

The Chairman of the Committee reports to the Board on matters deliberated at the Audit Committee meetings. Minutes of the Committee were also circulated to all members of the Board.

SUMMARY OF ACTIVITIES

The Committee met 5 times during the year ended 31 December 2013 for the following purposes:-

- i) To review the quarterly and year-end financial statements before submission to the Board of Directors, focusing particularly on:
 - public announcement of results;
 - any changes in accounting policies and practice;
 - significant adjustments resulting from the audit;
 - the going concern assumption;
 - compliance with accounting standards;
 - compliance with stock exchange and legal requirements; and
 - quarterly announcement to Bursa Securities.
- ii) To discuss and review with the external auditors before audit commences, the nature and scope of the audit plan for the year as well as the audit procedures to be utilized;
- iii) To review the external auditors' management letter and management responses
- iv) To review the adequacy of the internal audit programme and reports prepared by them on the state of internal control of the Group;
- v) To review and report to the Board any related party transactions that may arise within the Company or Group;
- vi) To review the re-appointment of the external auditors for the ensuing year; and
- vii) To discuss and review with the internal auditors:-
 - the Group's internal audit procedures and the adequacy of actions taken by the Management based on the Internal Audit Reports. Where appropriate, the AC has directed the Management to rectify and improve controls and operational workflow based on the internal audit's recommendations for improvements;
 - the Internal Audit Reports, including the follow-up reviews; and
 - the Internal Audit Plan for the Group.



INTERNAL AUDIT FUNCTION

The Group has engaged the services of an independent professional accounting and consulting firm, Messrs UHY to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control. Messrs UHY reports directly to the Committee on its activities based on the approved annual Internal Audit plans. Its principal role is to provide independent assurance on the adequacy and effectiveness of governance, risk management and internal control processes.

During the financial year under review, internal auditors have conducted assurance review on adequacy and effectiveness of internal control system on certain operating units and presented its findings together with recommendations and management action plan to Committee for review. The cost incurred for the Group's internal audit function during the financial year ended 31 December 2013 was amounted to RM23,010 only.

This Statement is made in accordance with the resolution passed in the Board of Directors' meeting held on 23 April 2014.

Statement of Directors' Responsibility

In Relation to Audited Financial Statements for the Financial Year Ended 31 December 2013

This Statement is prepared pursuant to paragraph 15.26(a) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of each financial year and of their results and their cash flows for that year then ended.

In preparing the financial statements, the Directors took into consideration the following:-

- the Group and the Company have applied the appropriate and relevant accounting policies on a consistent basis;
- reasonable and prudent judgment and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

This Statement is made in accordance with the resolution of the Board of Directors on 23 April 2014.

Financial Statements

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Directors' Report

The Directors hereby present their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, provision of management services and letting of properties.

The principal activities of the subsidiary companies is stated in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Loss attributable to:-		
Owners of the Company	(559,768)	(7,317,228)
Non-controlling interests	(2,128)	-
	<u>(561,896)</u>	<u>(7,317,228)</u>

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year under review.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year under review other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

There were no issues of shares or debentures during the financial year under review.

DIRECTORS

The Directors who served since the date of the last report are as follows:-

Dato' Sri Mohd Nadzmi Bin Mohd Salleh
Zainuddin Bin Din
Tan Swee Hock
Muhammad Adib Bin Ariffin
Woo Kok Boon



DIRECTORS' INTERESTS

Details of holdings and deemed interests in the share capital and options over the shares of the Company or its related corporations by the Directors holding office at the end of the financial year, according to the register required to be kept under Section 134 of the Companies Act, 1965, were as follows:-

	Number of ordinary shares of RM1.00 each			
	At 1.1.2013	Acquired	Disposed	At 31.12.2013
The Company				
Direct interest:-				
Zainuddin Bin Din	959,450	—	—	959,450
Indirect interest of Director:-				
Dato' Sri Mohd Nadzmi Bin Mohd Salleh	26,716,360	—	—	26,716,360

Dato' Sri Mohd Nadzmi Bin Mohd Salleh by virtue of his interest in shares in the Company is also deemed interested in shares in all the Company's subsidiaries to the extent the Company has an interest.

None of the other Directors holding office at the end of the financial year had any interest in the ordinary shares of the Company or its related corporations during the financial year under review.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Group and of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 32 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:-
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:-
- (i) that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
 - (iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

OTHER STATUTORY INFORMATION (cont'd)

- (c) No contingent or other liabilities of the Group and of the Company have become enforceable, or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or the Company to meet their obligations as and when they fall due.
- (d) At the date of this report, there does not exist:-
 - (i) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
 - (ii) any contingent liability in respect of the Group or the Company which has arisen since the end of the financial year.
- (e) In the opinion of the Directors:-
 - (i) the results of the operations of the Group and of the Company for the financial year ended 31 December 2013 have not been substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Morison Anuarul Azizan Chew, have expressed their willingness to accept reappointment.

Signed in accordance with a resolution of the Directors.

Zainuddin Bin Din

Kuala Lumpur

Tan Swee Hock



Statement By Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, ZAINUDDIN BIN DIN and TAN SWEE HOCK, being two of the Directors of TRANSOCEAN HOLDINGS BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 43 to 89 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the financial year then ended.

The information set out in Note 39 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed in accordance with a resolution of the Directors.

Zainuddin Bin Din

Kuala Lumpur
23 April 2014

Tan Swee Hock

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, TAN SWEE HOCK, being the Director primarily responsible for the financial management of TRANSOCEAN HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 43 to 89 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed TAN SWEE HOCK at
Kuala Lumpur in the Federal Territory this
23 April 2014

Tan Swee Hock

Before me,

Samsiah Binti Ali (W589)
Commissioner For Oath

COMMISSIONER FOR OATHS



Independent Auditors' Report

To The Members of Transocean Holdings Berhad
(Company No: 36747-U) (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Transocean Holdings Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equities and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 43 to 89.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are responsible for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also involves evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report on the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the independent auditors' report of the subsidiary company of which we have not acted as auditors, which are indicated in Note 6(b) to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The independent auditors' reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Independent Auditors' Report (Cont'd)

To The Members of Transocean Holdings Berhad
(Company No: 36747-U) (Incorporated in Malaysia)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 39 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the Directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the Directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Morison AnuarulAzizanChew

Firm Number: AF 001977

Chartered Accountants

Kuala Lumpur

23 April 2014

Sathiea Seelean A/L Manickam

Approved Number: 1729/05/12 (J/PH)

Partner of Firm



Statements of Financial Position

as at 31 December 2013

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Non-Current Assets					
Property, plant and equipment	5	25,921,327	24,766,295	18,288,084	18,468,829
Investment in subsidiary companies	6	–	–	10,455,395	16,214,536
Goodwill on consolidation	7	4,003,851	4,003,851	–	–
Deferred tax assets	8	217,113	194,230	–	–
		30,142,291	28,964,376	28,743,479	34,683,365
Current Assets					
Prepaid lease payments	9	1,914,595	1,966,976	–	–
Inventories	10	284,013	360,199	–	–
Asset held for sale	11	–	10,219,591	–	10,219,591
Trade receivables	12	5,138,289	5,060,312	–	–
Other receivables	13	5,781,499	1,589,908	4,945,142	891,958
Amount owing by related companies	14	11,590,181	10,621,396	–	–
Amount owing by subsidiary companies	15	–	–	600,811	547,214
Tax recoverable		247,285	314,159	125,916	186,971
Fixed deposits with licensed banks	16	52,141	51,944	44,000	44,000
Cash and bank balances		680,762	602,505	207,286	3,578
		25,688,765	30,786,990	5,923,155	11,893,312
Current Liabilities					
Trade payables	17	3,359,853	4,309,613	–	–
Other payables	18	4,345,834	3,646,871	1,337,641	1,067,970
Amount owing to related companies	14	4,903,584	3,592,267	903,508	–
Amount owing to subsidiary companies	15	–	–	5,643,388	7,955,069
Hire purchase and finance lease payables	19	1,248,775	1,039,627	–	–
Bank borrowings	20	4,617,978	8,423,218	105,060	2,607,376
Tax payables		75,622	224,741	–	–
		18,551,646	21,236,337	7,989,597	11,630,415
Net current assets/(liabilities)		7,137,119	9,550,653	(2,006,442)	262,897
		37,279,410	38,515,029	26,677,037	34,946,262

Statements of Financial Position (Cont'd)

as at 31 December 2013

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Financed By:					
Share capital	21	40,998,550	40,998,550	40,998,550	40,998,550
Reserves	22	67,928	30,251	–	–
Accumulated losses		(9,433,332)	(8,873,564)	(15,317,412)	(8,000,184)
Equity attributable to owners of the parent		31,633,146	32,155,237	25,681,138	32,998,366
Non-controlling interests		29,097	31,225	–	–
Total equity		31,662,243	32,186,462	25,681,138	32,998,366
Non-Current Liabilities					
Deferred tax liabilities	8	420,365	1,250,001	437,013	1,284,672
Hire purchase and finance lease payables	19	3,478,251	3,009,316	–	–
Bank borrowings	20	1,718,551	2,069,250	558,886	663,224
		5,617,167	6,328,567	995,899	1,947,896
		37,279,410	38,515,029	26,677,037	34,946,262

The accompanying notes form an integral part of the financial statements.



Statements of Profit or Loss and Other Comprehensive Income

for the Financial Year Ended 31 December 2013

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Revenue	23	27,955,831	35,492,338	692,400	692,400
Other operating income	24	343,946	561,951	–	5,044,445
Cost of inventories consumed		(8,814,070)	(14,065,498)	–	–
Customs duties and charges		(649,859)	(935,424)	–	–
Crane and forklift charges		(1,698,242)	(2,249,349)	–	–
Depreciation of property, plant and equipment		(1,375,540)	(1,194,788)	(319,037)	(493,930)
Amortisation of prepaid lease payments		(52,381)	(52,381)	–	–
Freight expenses		(1,787,032)	(2,498,266)	–	–
Fuel charges		(1,815,865)	(2,195,817)	–	–
Levies		(1,019,634)	(1,332,420)	–	–
Repair and maintenance of premises		(65,486)	(67,412)	(65,486)	(67,412)
Repair and maintenance of motor vehicles		(1,322,403)	(1,269,232)	–	–
Rental of premises		(679,690)	(650,361)	–	–
Employee benefits expenses	25	(6,194,153)	(6,560,354)	(424,191)	(406,768)
Other operating expenses	26	(2,304,066)	(733,874)	(7,691,849)	(720,627)
Finance costs	27	(1,292,896)	(1,129,143)	(263,423)	(279,145)
(Loss)/Profit before taxation		(771,540)	1,119,970	(8,071,586)	3,768,963
Taxation	28	209,644	(229,758)	754,358	(1,100,093)
Net (loss)/profit for the financial year		(561,896)	890,212	(7,317,228)	2,668,870
Other comprehensive income:-					
Items that may be reclassified subsequently to profit or loss					
- Exchange differences arising from translation of foreign operation		37,677	30,251	–	–
Total comprehensive (loss)/income for the financial year		(524,219)	920,463	(7,317,228)	2,668,870
Net (loss)/profit for the financial year:-					
Owners of the Company		(559,768)	893,988	(7,317,228)	2,668,870
Non-controlling interests		(2,128)	(3,776)	–	–
		(561,896)	890,212	(7,317,228)	2,668,870
Total comprehensive (loss)/income for the financial year attributable to:-					
Owners of the Company		(522,091)	924,239	(7,317,228)	2,668,870
Non-controlling interest		(2,128)	(3,776)	–	–
		(524,219)	920,463	(7,317,228)	2,668,870
Basic (loss)/earnings per share attributable to owners of the parent (sen)					
	29	(1.37)	2.18		

The accompanying notes form an integral part of the financial statements.

Consolidation Statement of Changes In Equity

for the Financial Year Ended 31 December 2013

	Attributable to owners of the parent		Distributable				Total Equity RM		
	Non-Distributable	Distributable	Share Capital RM	Revaluation Reserves RM	Foreign Exchange Translation Reserve RM	Accumulated Losses RM		Total RM	Non-controlling Interests RM
2013									
At 1 January 2013	40,998,550	—	30,251	(8,873,564)	32,155,237	31,225	32,186,462		
Total comprehensive income:-	—	—	—	(559,768)	(559,768)	(2,128)	(561,896)		
Net loss for the financial year	—	—	37,677	—	37,677	—	37,677		
Other comprehensive income	—	—	37,677	(559,768)	(522,091)	(2,128)	(524,219)		
At 31 December 2013	40,998,550	—	67,928	(9,433,332)	31,633,146	29,097	31,662,243		
2012									
At 1 January 2012	40,998,550	7,738,145	(5,359)	(17,500,338)	31,230,998	34,455	31,265,453		
- As previously stated	—	(7,738,145)	5,359	7,732,786	—	—	—		
- Effect of adopting MFRS 1	—	—	—	(9,767,552)	31,230,998	34,455	31,265,453		
- As restated	40,998,550	—	—	—	—	546	546		
Acquisition of non-controlling interests	—	—	—	—	—	—	—		
Total comprehensive income:-	—	—	—	893,988	893,988	(3,776)	890,212		
Net profit for the financial year	—	—	30,251	—	30,251	—	30,251		
Other comprehensive income	—	—	30,251	893,988	924,239	(3,776)	920,463		
At 31 December 2012	40,998,550	—	30,251	(8,873,564)	32,155,237	31,225	32,186,462		

6(c)

The accompanying notes form an integral part of the financial statements.



Company Statement of Changes In Equity

as at 31 December 2013

	Share Capital RM	Non- Distributable Revaluation Reserves RM	Distributable Accumulated Losses RM	Total Equity RM
2013				
At 1 January 2013	40,998,550	–	(8,000,184)	32,998,366
Total comprehensive loss	–	–	(7,317,228)	(7,317,228)
At 31 December 2013	40,998,550	–	(15,317,412)	25,681,138
2012				
At 1 January 2012				
- As previously stated	40,998,550	8,022,471	(18,691,525)	30,329,496
- Effect of adopting MFRS 1	–	(8,022,471)	8,022,471	–
- As restated	40,998,550	–	(10,669,054)	30,329,496
Total comprehensive income	–	–	2,668,870	2,668,870
At 31 December 2012	40,998,550	–	(8,000,184)	32,998,366

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

for the Financial Year Ended 31 December 2013

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Cash Flows From Operating Activities					
(Loss)/Profit before taxation		(771,540)	1,119,970	(8,071,586)	3,768,963
Adjustments for:-					
Depreciation of property, plant and equipment		1,375,540	1,194,788	319,037	493,930
Amortisation of prepaid lease payments		52,381	52,381	–	–
Impairment loss on					
- Investment in subsidiaries		–	–	5,759,141	–
- Trade receivables		63,942	99,004	–	–
Bad debts written off		–	3,485	–	–
Interest expenses		1,292,896	1,129,143	263,423	279,145
Loss on disposal of asset held for sale		1,119,590	–	1,119,590	–
Gain on disposal of property, plant and equipment		(210,016)	(62,050)	–	–
Interest income		(15)	(50)	–	–
Dividend income		–	–	–	(5,044,445)
Unrealised loss on foreign exchange		–	17,230	–	–
Operating profit/(loss) before working capital changes		2,922,778	3,553,901	(610,395)	(502,407)
Decrease/(Increase) in working capital					
Inventories		46,910	(38,638)	–	–
Trade and other receivables		(114,234)	(661,281)	136,816	(708,290)
Amount owing by/to related companies		342,533	(1,087,341)	–	–
Trade and other payables		(250,797)	1,881,814	269,671	641,885
Amount owing by/to subsidiaries		–	–	(1,461,770)	(2,849,907)
		24,412	94,554	(1,055,283)	(2,916,312)
Cash generated from/(used in) operations		2,947,190	3,648,455	(1,665,678)	(3,418,719)
Interest received		15	50	–	–
Interest paid		(1,292,896)	(1,129,143)	(263,423)	(279,145)
Tax paid		(725,408)	(625,739)	(32,246)	(34,839)
		(2,018,289)	(1,754,832)	(295,669)	(313,984)
Net cash generated from/(used in) operating activities		928,901	1,893,623	(1,961,347)	(3,732,703)



	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Cash Flows From Investing Activities					
Purchase of property, plant and equipment	30	(627,596)	(1,001,073)	(138,292)	–
Acquisition of non-controlling interests	6(c)	–	–	–	(1,000)
Proceeds from disposal of:-					
- Property, plant and equipment		217,180	62,050	–	–
- Asset held for sale		4,910,001	–	4,910,001	–
Dividend received		–	–	–	3,841,899
Net cash generated from/(used in) investing activities		4,499,585	(939,023)	4,771,709	3,840,899
Cash Flows From Financing Activities					
Repayment of bank borrowings		(527,167)	(455,536)	(97,253)	(97,811)
Repayment of hire purchase and finance lease payables		(1,221,917)	(320,385)	–	–
Net cash used in financing activities		(1,749,084)	(775,921)	(97,253)	(97,811)
Net increase in cash and cash equivalents		3,679,402	178,679	2,713,109	10,385
Effect of exchange rate changes		27,627	23,254	–	–
Cash and cash equivalents at beginning of the financial year		(5,615,030)	(5,816,963)	(2,461,823)	(2,472,208)
Cash and cash equivalents at end of the financial year		(1,908,001)	(5,615,030)	251,286	(2,461,823)
Cash and cash equivalents at end of the financial year comprises:-					
Cash and bank balances		680,762	602,505	207,286	3,578
Fixed deposits with licensed banks		52,141	51,944	44,000	44,000
		732,903	654,449	251,286	47,578
Less: Fixed deposit pledged for bank borrowings		(8,141)	(7,944)	–	–
Bank overdrafts		(2,632,763)	(6,261,535)	–	(2,509,401)
		(1,908,001)	(5,615,030)	251,286	(2,461,823)

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

The principal activities of the Company are investment holding, provision of management services and letting of properties.

The principal activities of the subsidiary companies is stated in Note 6 to the financial statements.

The Company is a public limited liability company, incorporated under the Companies Act, 1965 and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office is located at No. 38, Jalan Chow Kit, 50350 Kuala Lumpur.

The principal place of business is located at Lot 2955, 2956 & 2957, Jalan Perusahaan Sungai Lokan 3, Kawasan Perusahaan Sungai Lokan, 13400 Butterworth, Penang.

The financial statements of the Group and of the Company for the financial year ended 31 December 2013 were authorised for issue in accordance with a resolution of the Board of Directors dated 23 April 2014.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared on the historical cost convention unless otherwise indicated in the significant accounting policies below and in compliance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group and Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Accounting standards, amendments to accounting standards and interpretations that are effective for the Group and the Company's financial year beginning on or after 1 January 2013 are as follows:

- MFRS 10, "Consolidated Financial Statements"
- MFRS 11, "Joint arrangements"
- MFRS 12, "Disclosures of Interests in Other Entities"
- MFRS 13, "Fair Value Measurement"
- The revised MFRS 127, "Separate Financial Statements"
- The revised MFRS 128, "Investments in Associates and Joint Ventures"
- Amendments to MFRS 101 "Presentation of items of other comprehensive income"
- Amendment to MFRS 119, "Employee benefits"
- Amendment to MFRS 7, "Financial Instruments: Disclosures"
- Amendments to MFRS 10, 11 & 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"
- Annual improvements 2009 – 2011 Cycle
- IC Interpretation 20, "Stripping costs in the production phase of a surface mine"

The impact of the above accounting standards, amendments to accounting standards and interpretation effective during the financial year is not material to the financial results and position of the Group and the Company.

The Group has decided to early adopt the amendments to MFRS 136 "Impairment of assets" which removed certain disclosures relating to the recoverable amount of CGUs which had been included in MFRS 136 by the adoption of MFRS 13.



2. BASIS OF PREPARATION (cont'd)

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

Financial year beginning on/after 1 January 2014

Amendments to MFRS 132 Financial Instruments: Presentation

These amendments clarifies the meaning of “currently has a legally enforceable right of set-off” that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business and is not contingent on a future event. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

IC Interpretation 21 Levies

This interpretation provides guidance that accounting for an obligation to pay a levy that is not income tax. The interpretation clarifies that a liability to pay a levy is recognised when the obligating event occurs. Obligating event is the event identified by the legislation that triggers the payment of the levy.

Financial year beginning on/after 1 January 2015

MFRS 9 Financial Instruments

This Standard addresses the classification and measurement of financial assets and financial liabilities. All financial assets shall be classified into two measurement categories: those measured as at fair value and those measured at amortised cost at initial recognition. This classification depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the instrument. The Standard retains most of the MFRS 139 requirements for financial liabilities. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch.

The impact of MFRS 9 is still being assessed. Aside from the above mentioned, the adoption of the accounting Standards, amendments to accounting standards and interpretations are not expected to have a material impact to the financial statements of the Group and the Company.

Accounting standards, amendments to accounting standards and interpretations that are not relevant and not yet effective for the Group and the Company are as follows:

- Amendments to MFRS 139, “Novation of Derivatives and Continuation of Hedge Accounting”
- Amendments to MFRS 10, MFRS 12 and MFRS 127 “Investment Entities”

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in the financial statements, unless otherwise stated.

(a) Functional and presentation currency

Items included in the financial statements the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is the Company's functional and presentation currency.

(b) Basis of consolidation for subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Basis of consolidation for subsidiaries (cont'd)

The Group considers it has de-facto power over an investee when, despite not having the majority of voting rights, it has the current ability in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Business combinations are accounted for using the acquisition method on the acquisition date. The consideration transferred includes the fair value of assets transferred, equity interest issued by the Group and liabilities assumed. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are recognised in the profit or loss as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Any difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to noncontrolling interests are also recorded in equity.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities, any non-controlling interests and other components of equity related to the disposed subsidiary. Any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset depending on the level of influence retained.

(c) Investment in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.



3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposals are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in net in the profit or loss.

(ii) Depreciation and impairment

Freehold land is not depreciated. Other property, plant and equipment are depreciated on the straight line method to allocate the cost to their residual values over their estimated useful lives as follows:

Buildings	2% - 10%
Motor vehicles	10% - 20%
Furniture, fittings and equipment	10% - 20%
Office renovation	10%
Warehouse machinery and equipment	10% - 20%

Depreciation methods, useful lives and residual values are reviewed at end of each reporting period, and adjusted as appropriate.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. (Refer to accounting policy Note 3(f) on impairment of non-financial assets).

(e) Goodwill arising on consolidation

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss unless it reverses a previous revaluation in which it is charged to the revaluation surplus. Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(g) Inventories

Inventories are valued at the lower of cost and net realisable value after adequate impairment has been made for all deteriorated, damaged, obsolete or slow-moving inventories.

Cost is determined using the weighted average method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads.

Cost of raw material comprises the cost of purchase and incidental costs incurred in bringing the raw materials to its present condition and location.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Assets held for sale

Assets or disposal groups comprising assets and liabilities, are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(i) Financial assets

(i) Classification

The Group classifies its financial assets based on the purpose for which the financial assets were acquired at initial recognition in the following categories:

Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.



3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Financial assets (cont'd)

(i) Classification (cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as noncurrent assets.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

(iii) Subsequent measurement

Gains and losses

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in profit or loss in the period in which the changes arise.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income. Impairment losses and exchange differences on monetary assets are recognised in profit or loss, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss. Interest on available-for-sale debt securities calculated using the effective interest method is recognised in profit or loss. Dividend income on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Financial assets (cont'd)

(iii) Subsequent measurement (cont'd)

Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. For an equity instrument, a significant or prolonged decline in fair value below its cost is also considered objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortization) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a financial asset measured at amortised cost and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(iv) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

When available-for-sale financial assets are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.



3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

All financial liabilities are subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

(l) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(m) Lease

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

(n) Prepaid lease payments

Leasehold land that normally has an indefinite economic life and its risk and rewards incidental to ownership is not transferred to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted as prepaid lease payments that is amortised over the lease term.

(o) Borrowing costs

Borrowing costs are recognised as an expense in the profit or loss in the period in which they are incurred.

(p) Provision for liabilities

Provisions for liabilities are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Foreign currencies

(i) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rates at the date when the fair value was determined. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss, except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income.

(ii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency of the consolidated financial statements are translated into the presentation currency as follows:

- assets and liabilities of foreign operations are translated at the closing rate prevailing at the reporting date;
- income and expenses for each statement of profit and loss and other comprehensive income presented are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- all resulting exchange differences are taken directly to other comprehensive income through the foreign currency translation reserve.

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income through the translation reserve.



3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the Company and when the revenue can be measured reliably, on the following bases:

(i) Revenue from logistic services and management services

Revenue from logistic services and management services is recognised as and when the services are performed.

(ii) Sales of goods

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and discounts and is recognised in the statements of profit or loss and other comprehensive income when significant risks and rewards of the ownership have been transferred to the customers.

(iii) Rental and interest income

Rental income and interest income are recognised on an accrual basis.

(iv) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(s) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group/Company.

Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences.

Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the reporting date.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Same as per foreign contribution plans in their respective countries. Such contributions are recognised as an expense in the profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(u) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(v) Earnings per share

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares.

(w) Operating segments

Operating segments are reported in a manner consistent with the internal reporting and are regularly reviewed by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions.



4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis, in accordance with the accounting policy disclosed in Note 3(e). This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of the Group's goodwill on consolidation at 31 December 2013 are disclosed in Note 7 to the financial statements.

(b) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is involved especially in determining tax base allowances and deductibility of certain expenses in determining the Group-wide provision for income taxes. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will have impact on the income tax and deferred tax provisions in the period in which such determination is made.

(c) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. Objective evidence of impairment is determined based on the evaluation of collectability and aged analysis of accounts. A considerable amount of judgement is required in assessing the ultimate realisation of these loans and receivables, including the current creditworthiness and the past collection history of each loan and receivable. If the financial conditions of loans and receivables with which the Group deals were to deteriorate, resulting in an impairment of the ability to make payments, additional impairment may be required.

(d) Depreciation of property, plant and equipment

The costs of property, plant and equipment are depreciated on a straight-line basis over the useful lives of the property, plant and equipment. Management estimates the useful lives of the property, plant and equipment as stated in Note 3(d)(ii). These are common life expectancies applied in the industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(e) Impairment of inventory

Impairment of inventory is made based on an analysis of the ageing profile and expected sales patterns of individual items held in inventory. This requires an analysis of inventory usage based on expected future sales transactions taking into account current market prices, useful lives of vehicle models and expected cost to sell. Changes in the inventory ageing and expected usage profiles can have an impact on the impairment recorded.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Freehold land RM	Buildings RM	Motor vehicles RM	Furniture, fittings and equipment RM	Office renovation RM	Warehouse machinery and equipment RM	Total RM
2013								
Cost								
At 1 January 2013		7,700,000	15,318,286	16,734,568	3,065,756	433,133	1,926,080	45,177,823
Additions	30	-	-	2,163,427	310,169	-	54,000	2,527,596
Disposal		-	-	(1,456,050)	(13,360)	-	-	(1,469,410)
Effect of foreign exchange translation		-	-	5,340	10,662	-	-	16,002
At 31 December 2013		7,700,000	15,318,286	17,447,285	3,373,227	433,133	1,980,080	46,252,011
Accumulated depreciation								
At 1 January 2013		-	4,218,972	11,867,912	2,693,295	408,339	1,223,010	20,411,528
Charge for the financial year		-	358,799	707,870	141,730	5,405	161,736	1,375,540
Disposal		-	-	(1,456,043)	(6,202)	-	-	(1,462,245)
Effect of foreign exchange translation		-	-	1,522	4,339	-	-	5,861
At 31 December 2013		-	4,577,771	11,121,261	2,833,162	413,744	1,384,746	20,330,684
Carrying amount								
At 31 December 2013		7,700,000	10,740,515	6,326,024	540,065	19,389	595,334	25,921,327



5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Note	Freehold land RM	Buildings RM	Motor vehicles RM	Furniture, fittings and equipment RM	Office renovation RM	Warehouse machinery and equipment RM	Total RM
2012								
At 1 January 2012		11,200,000	24,173,349	14,126,092	2,920,754	547,133	1,845,830	54,813,158
Additions	30	—	—	3,593,323	306,706	—	80,250	3,980,279
Disposal		—	—	(987,873)	(171,118)	(114,000)	—	(1,272,991)
Reclassified to asset held for sale	11	(3,500,000)	(8,855,063)	—	—	—	—	(12,355,063)
Effect of foreign exchange translation		—	—	3,026	9,414	—	—	12,440
At 31 December 2012		7,700,000	15,318,286	16,734,568	3,065,756	433,133	1,926,080	45,177,823
Accumulated depreciation								
At 1 January 2012		—	5,818,545	12,492,553	2,719,080	512,076	1,076,276	22,618,530
Charge for the financial year		—	535,899	362,400	139,492	10,263	146,734	1,194,788
Disposal		—	—	(987,873)	(171,118)	(114,000)	—	(1,272,991)
Reclassified to asset held for sale	11	—	(2,135,472)	—	—	—	—	(2,135,472)
Effect of foreign exchange translation		—	—	832	5,841	—	—	6,673
At 31 December 2012		—	4,218,972	11,867,912	2,693,295	408,339	1,223,010	20,411,528
Carrying amount								
At 31 December 2012		7,700,000	11,099,314	4,866,656	372,461	24,794	703,070	24,766,295

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Note	Freehold Land RM	Buildings RM	Motor vehicles RM	Furniture, fittings and equipment RM	Office renovation RM	Total RM
2013							
Cost							
At 1 January 2013		7,700,000	14,662,868	77,568	685,814	519,295	23,645,545
Additions	30	–	–	–	138,292	–	138,292
At 31 December 2013		7,700,000	14,662,868	77,568	824,106	519,295	23,783,837
Accumulated depreciation							
At 1 January 2013		–	3,951,342	27,149	685,587	512,638	5,176,716
Charge for the financial year		–	293,258	15,515	6,943	3,321	319,037
At 31 December 2013		–	4,244,600	42,664	692,530	515,959	5,495,753
Carrying amount							
At 31 December 2013		7,700,000	10,418,268	34,904	131,576	3,336	18,288,084
2012							
Cost							
At 1 January 2012		11,200,000	23,517,931	77,568	685,814	519,295	36,000,608
Reclassification to asset held for sale	11	(3,500,000)	(8,855,063)	–	–	–	(12,355,063)
At 31 December 2012		7,700,000	14,662,868	77,568	685,814	519,295	23,645,545
Accumulated depreciation							
At 1 January 2012		–	5,616,455	11,635	685,367	504,801	6,818,258
Charge for the financial year		–	470,359	15,514	220	7,837	493,930
Reclassification to asset held for sale	11	–	(2,135,472)	–	–	–	(2,135,472)
At 31 December 2012		–	3,951,342	27,149	685,587	512,638	5,176,716
Carrying amount							
At 31 December 2012		7,700,000	10,711,526	50,419	227	6,657	18,468,829

- (a) Included in the property, plant and equipment of the Group and of the Company are freehold land and building with carrying amount totaling RM17,754,896 (2012: RM22,650,083) which has been charged to licensed banks for credit facilities granted to the Group, as disclosed in Note 20.
- (b) Certain motor vehicles with carrying amounts of RM1 (2012: RM1) has been charged to licensed banks for credit facilities granted to the Group, as disclosed in Note 20.
- (c) Included in the property, plant and equipment of the Group are motor vehicles and warehouse machinery and equipment with carrying amount totaling RM5,572,991 (2012: RM3,564,959) which are acquired under hire purchase and finance lease arrangements.



6. INVESTMENT IN SUBSIDIARY COMPANIES

(a) Investment in subsidiary companies

	Note	2013 RM	2012 RM
Unquoted shares, at cost			
At 1 January		16,607,398	16,606,398
Acquisition of non-controlling interests	6(c)	–	1,000
At 31 December		16,607,398	16,607,398
Less: Allowance for impairment loss		(6,152,003)	(392,862)
Carrying amount at 31 December		10,455,395	16,214,536
Allowance for impairment			
At 1 January		392,862	392,862
Addition during the financial year		5,759,141	–
At 31 December		6,152,003	392,862

(b) The subsidiary companies and shareholdings therein are as follows:-

Name of company	Country of Incorporation	Effective interest		Principal activities
		2013 %	2012 %	
Direct holding:-				
Transocean (M) Sdn. Bhd.	Malaysia	100	100	Investment holding
Transocean Logistics Sdn. Bhd.	Malaysia	100	100	Provision of custom brokerage, freight forwarding trucking related services, international air and ocean freight services
Transocean Distribution Hub Sdn. Bhd.	Malaysia	100	100	Provision of warehousing services and trucking related services
Usmeta Manufacturing Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading of tyres
Gerak Intensif Sdn. Bhd.	Malaysia	100	100	Provision of container haulage services
Transocean Freight Express Sdn. Bhd. ("TFE")	Malaysia	100	100	Investment holding and provision of custom brokerage, freight forwarding trucking related services, international air and ocean freight services
* TFS Logistics Pte. Ltd.	Singapore	100	100	Provision of freight forwarding and trucking related services

6. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

(b) The subsidiary companies and shareholdings therein are as follows:-(cont'd)

Name of company	Country of Incorporation	Effective interest		Principal activities
		2013 %	2012 %	
Indirect holding:-				
<i>Subsidiary companies of Transocean (M) Sdn. Bhd.</i>				
Transocean (KL) Sdn. Bhd.	Malaysia	100	100	Temporarily ceased operations
Transocean (JB) Sdn. Bhd.	Malaysia	100	100	Temporarily ceased operations
Speedload Transport Sdn. Bhd.	Malaysia	100	100	Investment holding
Transocean World Transport Sdn. Bhd.	Malaysia	100	100	Temporarily ceased operations
Transocean Biotec (M) Sdn. Bhd.	Malaysia	75	75	Investment holding
<i>Subsidiary company of Transocean Freight Express Sdn. Bhd.</i>				
Transocean Haulage Services Sdn. Bhd.	Malaysia	65	65	Temporarily ceased operations
<i>Subsidiary company of Speedload Transport Sdn. Bhd.</i>				
Speedload Transport (KL) Sdn. Bhd.	Malaysia	100	100	Temporarily ceased operations
<i>Subsidiary company of Transocean Biotec (M) Sdn. Bhd.</i>				
Transocean Biotec Research Sdn. Bhd.	Malaysia	100	100	Temporarily ceased operations

* Company not audited by Morison AnuarulAzizanChew.

(c) In the previous financial year, the Company acquired the remaining 49% equity interest in TFE represented by 4,900 ordinary shares of RM1.00 for a total cash consideration of RM1,000. Consequently, TFE became a wholly owned subsidiary of the Company.



7. GOODWILL ON CONSOLIDATION

		Group	
	Note	2013 RM	2012 RM
At 1 January		4,003,851	4,002,298
Acquisition of a subsidiary company	6(c)	–	1,553
At 31 December		4,003,851	4,003,851

(a) During the financial year, the Group has carried out a review of the recoverable amount of its goodwill and it does not lead to any impairment loss.

(b) Impairment test on goodwill

The recoverable amount of goodwill as at the end of the financial year/period was determined based on value in use calculated by discounting the future cash flows generated from the continuing use of cash generating unit (“CGU”) and was based on the following assumptions:-

- (i) Pre-tax cash flow projections based on the most recent financial budgets approved by Management covering a five year period.
- (ii) Pre-tax discount rate of 9.25% was applied in determining the recoverable amount of CGU. The discount factor was estimated based on Group weighted average cost of capital.
- (iii) The selling price used to calculate the cash inflows from operations was determined after taking into consideration price trends of the industries which is the CGU is exposed to.

Sensitivity to changes in assumptions

The Management believes that significant possible change in any of the above key assumptions would cause the carrying value of goodwill to materially exceed its recoverable amount.

8. DEFERRED TAX ASSETS/(LIABILITIES)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Deferred tax liabilities	(420,365)	(1,250,001)	(437,013)	(1,284,672)
Deferred tax assets	217,113	194,230	–	–
	(203,252)	(1,055,771)	(437,013)	(1,284,672)

8. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

The movement on the net deferred tax liabilities are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
At 1 January	(1,055,771)	(1,278,191)	(1,284,672)	(1,361,405)
Charged to profit or loss:				
- Accelerated capital allowances	(11,970)	(3,502)	(11,682)	39,423
- Unutilised capital allowances and unabsorbed business losses	112,770	1,278	112,770	1,278
- Surplus on deemed cost of land and buildings	13,840	36,032	13,840	36,032
- Provisions	2,572	49,630	-	-
- General impairment for trade receivables	10,677	139,101	-	-
- Realised upon disposal of asset held for sale	620,985	-	620,985	-
	748,874	222,539	735,913	76,733
Under provision in prior year:				
- Accelerated capital allowances	(17,060)	-	(2,345)	-
- Unutilised capital allowances and unabsorbed business losses	114,091	-	114,091	-
- Provisions	6,903	-	-	-
	103,934	-	111,746	-
Exchange differences	(289)	(119)	-	-
At 31 December	(203,252)	(1,055,771)	(437,013)	(1,284,672)

The components of deferred tax assets and liabilities of the Group and the Company during the financial year prior to offsetting are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Deferred tax assets				
- Decelerated capital allowances	8,230	5,499	-	-
- Provisions	59,105	49,630	-	-
- General impairment for trade receivables	149,778	139,101	-	-
Net deferred tax assets	217,113	194,230	-	-
Deferred tax liabilities				
- Accelerated capital allowances	(467,489)	(435,438)	(381,938)	(367,910)
- Surplus on deemed cost of land and building	(433,154)	(1,067,980)	(535,353)	(1,170,179)
	(900,643)	(1,503,418)	(917,291)	(1,538,089)
Offsetting				
- Unutilised capital allowances and unabsorbed business losses	480,278	253,417	480,278	253,417
Net deferred tax liabilities	(420,365)	(1,250,001)	(437,013)	(1,284,672)



8. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

Deferred tax assets have not been recognised in respect of the following temporary differences:-

	Group	
	2013 RM	2012 RM
Accelerated capital allowances	(28,375)	(10,757)
Reinvestment allowances	263,690	263,690
Unabsorbed tax losses	10,263,593	10,255,364
Unutilised capital allowances	5,677,073	5,645,184
	16,175,981	16,153,481

The unabsorbed tax losses and unutilised capital allowances are available indefinitely for offset against future taxable profits of the respective subsidiary companies.

9. PREPAID LEASE PAYMENTS

	Group	
	2013 RM	2012 RM
Cost		
At 1 January/31 December	2,200,000	2,200,000
Accumulated amortisation		
At 1 January	233,024	180,643
Additions	52,381	52,381
At 31 December	285,405	233,024
Carrying amount		
At 31 December	1,914,595	1,966,976

- (a) The above prepaid lease payments consists of upfront payments made for short term leasehold land.
- (b) The remaining period of the lease term is 37 (2012: 38) years.
- (c) The above prepaid lease payments have been charged to a licensed bank as security for credit facilities granted to the Company as disclosed in Note 20.

10. INVENTORIES

	Group	
	2013 RM	2012 RM
At cost:-		
Raw materials	67,297	43,997
Work-in-progress	46,652	38,104
Finished goods	127,732	263,353
Consumables	42,332	14,745
	284,013	360,199

11. ASSET HELD FOR SALE

	Group/Company	
	2013	2012
	RM	RM
At 1 January	10,219,591	–
Transfer from property, plant and equipment (Note 5)	–	10,219,591
Disposal	(10,219,591)	–
	–	10,219,591

The asset held for sale has been disposed for a cash consideration of RM9,100,000. A loss on disposal of asset held for sale of RM1,119,590 has been recognised in the profit or loss. As at year end, the Company has received a sum of RM4,910,000 from the total consideration. As at reporting date, the remaining sum of RM4,190,000 was fully received by the Company.

12. TRADE RECEIVABLES

	Group	
	2013	2012
	RM	RM
Trade receivables	5,860,991	5,719,072
Less: Allowance for impairment loss	(722,702)	(658,760)
	5,138,289	5,060,312

The Group's normal trade credit terms range from 60 to 90 days (2012: 60 to 90 days). Other credit terms are assessed and approved on a case by case basis.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:-

	Group	
	2013	2012
	RM	RM
Neither past due or impaired	3,802,435	4,427,067
1 - 90 days past due but not impaired	1,089,860	633,245
91 - 180 days past due but not impaired	245,994	–
	1,335,854	633,245
	5,138,289	5,060,312
Individually impaired	722,702	658,760
	5,860,991	5,719,072
<u>Allowance for impairment loss</u>		
At 1 January	658,760	559,854
Addition during the financial year	63,942	99,004
Written off	–	(98)
At 31 December	722,702	658,760



12. TRADE RECEIVABLES (cont'd)

The Group has no significant concentration of credit risk that may arise from exposure to a single receivable or to groups of receivables.

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. These debtors are mostly long term customers with no history of default in payments.

The Group's trade receivables of RM1,335,854 (2012: RM633,245) that are past due at the reporting date but not impaired relate mainly to customers who have never defaulted on payments but are slow paymasters hence, periodically monitored.

13. OTHER RECEIVABLES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Other receivables	4,940,453	1,326,959	4,791,317	1,271,042
Less: Allowance for impairment loss	–	(662,038)	–	(662,038)
	4,940,453	664,921	4,791,317	609,004
Deposits	480,387	509,082	127,580	149,563
Prepayments	319,566	371,734	26,245	133,391
Staff advances	41,093	44,171	–	–
	5,781,499	1,589,908	4,945,142	891,958
<u>Allowance for impairment</u>				
At 1 January	662,038	761,988	662,038	662,038
Written off	(662,038)	(99,950)	(662,038)	–
At 31 December	–	662,038	–	662,038

14. AMOUNT OWING BY/(TO) RELATED COMPANIES

- The amount owing by related companies represents unsecured interest free advances which are repayable on demand except for an amount of RM11,590,181 (2012: RM10,634,850) which is made up of trade transactions.
- The amount owing to related companies represents unsecured interest free advances which are repayable on demand.

15. AMOUNT OWING BY/(TO) SUBSIDIARIES

These represent unsecured interest free advances which are repayable on demand.

16. FIXED DEPOSITS WITH LICENSED BANKS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Fixed deposits with licensed banks	52,141	51,944	44,000	44,000

Included in the above fixed deposits of the Group are fixed deposits pledged for bank borrowings amounting to RM8,141 (2012: RM7,944) as disclosed in Note 20.

The interest rates range during the financial year for the Group and the Company were 2.85% to 3.05% (2012: 2.85% to 3.05%) per annum and 2.85% (2012: 2.85%) per annum respectively.

17. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 (2012: 30 to 90) days.

18. OTHER PAYABLES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Other payables	2,266,610	1,695,743	518,537	391,315
Accruals	2,076,172	1,924,128	819,104	676,655
Deposits	3,052	27,000	–	–
	4,345,834	3,646,871	1,337,641	1,067,970

19. HIRE PURCHASE AND FINANCE LEASE PAYABLES

	Group	
	2013 RM	2012 RM
(a) Minimum hire purchase payments		
Within one year	1,536,668	1,484,279
Between one and two years	1,518,670	1,130,244
Later than two years and not later than five years	2,300,510	2,050,958
	5,355,848	4,665,481
Future finance charges	(628,822)	(616,538)
Present value of hire purchase liabilities	4,727,026	4,048,943
(b) Present value of hire purchase liabilities		
Within one year	1,248,775	1,039,627
Between one and two years	1,328,740	908,496
Later than two years and not later than five years	2,149,511	2,100,820
	4,727,026	4,048,943
Analysed as:		
Repayable within twelve months	1,248,775	1,039,627
Repayable after twelve months	3,478,251	3,009,316
	4,727,026	4,048,943

The effective interest rates of the Group range from 3.33% to 9.68% (2012: 3.36% to 9.68%) per annum.



20. BANK BORROWINGS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Secured:-				
Bank overdrafts	2,632,763	5,743,495	-	2,509,401
Term loans	2,055,271	2,470,445	663,946	761,199
Bankers' acceptance	1,588,000	1,698,000	-	-
	6,276,034	9,911,940	663,946	3,270,600
Unsecured:-				
Bank overdrafts	-	518,040	-	-
Term loans	60,495	62,488	-	-
	60,495	580,528	-	-
Total bank borrowings	6,336,529	10,492,468	663,946	3,270,600
Analysed as follows:-				
Repayable within twelve months Secured:-				
Bank overdrafts	2,632,763	5,743,495	-	2,509,401
Term loans	336,720	401,195	105,060	97,975
Bankers' acceptance	1,588,000	1,698,000	-	-
	4,557,483	7,842,690	105,060	2,607,376
Unsecured:-				
Bank overdrafts	-	518,040	-	-
Term loans	60,495	62,488	-	-
	60,495	580,528	-	-
	4,617,978	8,423,218	105,060	2,607,376
Repayable after twelve months Secured:-				
Term loans	1,718,551	2,069,250	558,886	663,224
Total bank borrowings	6,336,529	10,492,468	663,946	3,270,600
Maturity of borrowings is as follows:-				
Within one year	4,617,978	8,423,218	105,060	2,607,376
Between one and two years	345,552	386,172	113,892	97,741
Between two and five years	1,330,293	1,463,431	402,288	345,836
More than five years	42,706	219,647	42,706	219,647
	6,336,529	10,492,468	663,946	3,270,600

The weighted average effective interest rate is as follows:-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Bank overdrafts	8.10 - 9.10	8.10 - 9.10	8.35	8.35
Term loans	8.10 - 11.88	8.10 - 11.88	8.10	8.10
Bankers' acceptance	7.80	7.80	-	-

20. BANK BORROWINGS (cont'd)

The bank borrowings are secured by way of:-

- (i) Fixed charges over certain freehold land, buildings and leasehold land of the Group and of the Company as disclosed in Note 5 and Note 9;
- (ii) A floating charge over all the assets of a subsidiary, both present and future;
- (iii) Specific charge over certain motor vehicles of the Group as disclosed in Note 5;
- (iv) Fixed deposit with a licensed bank of the Group as disclosed in Note 16;
- (v) Corporate guarantee by the Company;
- (vi) Corporate guarantee from a company in which a Director of the Company is a controlling shareholder;
- (vii) Negative pledge over the entire assets of a subsidiary company; and
- (viii) A debenture by way of a fixed and floating charge over all present and future assets of a subsidiary company.

21. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares of RM1.00 each		Amount	
	2013	2012	2013 RM	2012 RM
Authorised share capital At 1 January/31 December	50,000,000	50,000,000	50,000,000	50,000,000
Issued and fully paid At 1 January/31 December	40,998,550	40,998,550	40,998,550	40,998,550

22. RESERVES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Non-distributable				
Foreign exchange translation reserve				
At 1 January				
- As previously stated	30,251	5,359	-	-
- Effect of adopting MFRS 1	-	(5,359)	-	-
- As restated	30,251	-	-	-
Recognised in other comprehensive income	37,677	30,251	-	-
At 31 December	67,928	30,251	-	-
Revaluation reserve				
At 1 January				
- As previously stated	-	7,738,145	-	8,022,471
- Effect of adopting MFRS 1	-	(7,738,145)	-	(8,022,471)
- As restated	-	-	-	-
At 31 December	-	-	-	-
	67,928	30,251	-	-



22. RESERVES (cont'd)

(i) Revaluation reserve

The asset revaluation reserve represents increase in the fair value of freehold land and building, net of tax, and decreases to the extent such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

(ii) Foreign currency exchange reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

23. REVENUE

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Logistic services	16,566,849	18,943,813	–	–
Tyre products	11,388,982	16,548,525	–	–
Rental income	–	–	692,400	692,400
	27,955,831	35,492,338	692,400	692,400

24. OTHER OPERATING INCOME

Other operating income includes:-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Interest income	15	50	–	–
Gain on disposal of property, plant and equipment	210,016	62,050	–	–
Dividend income	–	–	–	5,044,445

25. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Wages, salaries and other staff related expenses	5,553,815	5,898,009	379,191	363,328
Pension costs - defined contribution plans	640,338	662,345	45,000	43,440
	6,194,153	6,560,354	424,191	406,768

Included in the employee benefits expenses of the Group and of the Company are Executive Directors' remuneration amounting to RM456,900 and RM296,566 (2012: RM579,275 and RM296,566) respectively as disclosed in Note 31.

26. OTHER OPERATING EXPENSES

Included in the other operating expenses are as follows:-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Auditors' remuneration				
Statutory audit				
- current year	80,285	80,526	30,000	30,000
- over provision in prior year	–	(500)	–	(500)
Bad debts written off	–	3,485	–	–
Impairment loss on:-				
- Investment in subsidiaries	–	–	5,759,141	–
- Trade receivables	63,942	99,004	–	–
Loss on disposal of asset held for sale	1,119,590	–	1,119,590	–
Directors fees (Note 31)	–	116,000	–	116,000
Realised loss on foreign exchange	2,271	8,917	–	–
Unrealised loss on foreign exchange	–	17,230	–	–

27. FINANCE COSTS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Interest expenses on:-				
Bank borrowings	961,497	955,260	261,470	275,978
Hire purchase and finance leases	331,399	173,883	1,953	3,167
	1,292,896	1,129,143	263,423	279,145

28. TAXATION

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Current income tax:-				
Malaysian income tax				
- Current year tax	394,639	356,659	496	1,109,741
- Under provision in prior years	248,037	63,840	92,805	67,085
	642,676	420,499	93,301	1,176,826
Foreign tax:-				
- Current year tax 4	488	31,798	–	–
	643,164	452,297	93,301	1,176,826
Deferred tax:-				
- Relating to origination and reversal of temporary differences	(127,889)	(222,539)	(114,928)	(76,733)
- Realised upon disposal of asset held for sale	(620,985)	–	(620,985)	–
- Over provision in prior years	(103,934)	–	(111,746)	–
	(852,808)	(222,539)	(847,659)	(76,733)
Tax (savings)/expenses for the financial year	(209,644)	229,758	(754,358)	1,100,093

Income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable (loss)/profit for the financial year.



28. TAXATION (cont'd)

A reconciliation of income tax (savings)/expenses applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
(Loss)/Profit before taxation	(771,540)	1,119,970	(8,071,586)	3,768,963
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	(1,704,720)	178,840	(2,017,897)	942,241
Taxation at foreign tax rate	49,497	101,153	–	–
Expenses not deductible for tax purposes	1,972,345	247,825	1,903,465	149,333
Income not subject to tax	–	(104,959)	–	(58,566)
Deferred tax assets not recognised during the year	4,689	17,287	–	–
Utilisation of prior years' unrecognised deferred tax assets	–	(84,653)	–	–
Under provision of current taxation in respect of prior years	248,037	63,840	92,805	67,085
Realised upon disposal of asset held for sale	(620,985)	–	(620,985)	–
Recognition of deferred tax assets	–	(133,526)	–	–
Under provision of deferred tax in respect of prior years	(103,934)	–	(111,746)	–
Foreign tax exemption and enhance deduction	(54,573)	(56,049)	–	–
Tax (savings)/expenses for the financial year	(209,644)	229,758	(754,358)	1,100,093

29. BASIC EARNINGS PER SHARE

The basic earnings per share has been calculated based on the consolidated (loss)/profit after taxation for the financial year attributable to owners of the parent of RM559,768 (2012: RM893,998) for the Group and the weighted average number of ordinary shares in issue during the financial year of 40,998,550 (2012: 40,998,550) are as follows:-

	Group	
	2013 RM	2012 RM
Net (loss)/profit for the financial year attributable to owners of the parent	(559,768)	893,998
Weighted average number of ordinary shares in issue	40,998,550	40,998,550
Basic (loss)/earnings per share (sen)	(1.37)	2.18

30. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Aggregate cost	2,527,596	3,980,279	138,292	–
Hire purchase finance	(1,900,000)	(2,979,206)	–	–
Cash payments	627,596	1,001,073	138,292	–

31. DIRECTOR REMUNERATION

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
The Company				
Executive Directors:-				
Salaries and bonus	264,000	264,000	264,000	264,000
Benefits-in-kinds	32,566	32,566	32,566	32,566
	296,566	296,566	296,566	296,566
Non-Executive:-				
Fees	–	116,000	–	116,000
Directors of subsidiaries:-				
Executive Director:-				
Salaries and bonus	138,219	143,715	–	–
Benefits-in-kinds	22,115	22,994	–	–
	160,334	166,709	–	–
	456,900	579,275	296,566	412,566

The number of Directors of the Company whose total remuneration during the financial year/period range within the following bands is analysed as below:-

	Number of Directors	
	2013	2012
Executive Directors:-		
RM100,001 - RM150,000	1	1
RM150,001 - RM200,000	1	1
Non-Executive Directors:-		
Below RM50,000	–	3



32. RELATED PARTIES TRANSACTIONS

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:-

	Group	
	2013 RM	2012 RM
* Sales to related parties:-		
- Syarikat Kenderaan Melayu Kelantan Berhad	600,212	836,541
- Transnasional Express Sdn. Bhd.	3,458,320	4,968,526
- Syarikat Rembau Tampin Sdn Bhd.	490,446	686,437
- Syarikat Tanjung Keramat Temerloh Utara Omnibus Berhad	89,946	76,900
- Kenderaan Klang Banting Berhad	460,267	894,612
- Kenderaan Langkasuka Sdn. Bhd.	548,927	418,233
- Plusliner Sdn. Bhd.	818,567	1,435,300
- Badanbas Sdn. Bhd.	714,049	-
- Nadi Meadow Green Sdn. Bhd.	5,120	-
	<hr/>	<hr/>
* Purchase from related parties:-		
- Transnasional Express Sdn. Bhd.	34,280	68,135
- Plusliner Sdn. Bhd.	-	38,687
	<hr/>	<hr/>

* These are companies in which a Director of the Company is a controlling shareholder.

	Group	
	2013 RM	2012 RM
Dividend received from subsidiaries:-		
- Transocean Logistics Sdn. Bhd.	-	800,000
- Usmeta Manufacturing Sdn. Bhd.	-	4,244,445
	<hr/>	<hr/>
Rental charged to subsidiaries:-		
- Transocean Logistics Sdn. Bhd.	116,400	116,400
- Transocean Distribution Hub Sdn. Bhd.	475,200	475,200
- Gerak Intensif Sdn. Bhd.	100,800	100,800
	<hr/>	<hr/>

33. CAPITAL COMMITMENTS

	Group	
	2013 RM	2012 RM
Property, plant and equipment:-		
Authorised but not contracted for	-	3,684,000
Authorised and contracted for	1,188,000	1,735,000
	<hr/>	<hr/>

34. OPERATING LEASE COMMITMENT

	Group	
	2013 RM	2012 RM
Not later than one year	565,189	541,796
Later than one year	989,079	–
	1,554,268	541,796

35. MATERIAL LITIGATION

Transocean Haulage Services Sdn Bhd. (“THSB”), a subsidiary of the Company, had commenced a legal action on 12 August 2008 against E-Haul Logistics Sdn Bhd and Michael Tan (collectively known as “the defendants”) to recover the sum of RM754,798 for invoices outstanding (where the amount owing by defendants has been fully provided for by the Group as at 31 December 2011) and RM1,700,577 for estimated repair costs and losses suffered.

The High Court on 26 November 2012 had made a judgment in favour of THSB whereby both the defendants were ordered to make a payment of RM1,657,298 to THSB together with an interest of 2% per annum (from the date of judgment until settlement of the said sum). Despite the said judgment, the defendants have failed to make the said payment.

As at date of this report, THS’s solicitors had succeeded with the winding up petition against Ehaul while Michael Tan had been adjudged a bankrupt on 13 March 2014.

36. SEGMENT INFORMATION – GROUP

Segment information is primarily presented in respect of the Group’s business segment which is based on the Group’s management and internal reporting structure.

The reportable business segments of the Group comprise the following:-

- Logistics Solutions : Provision of custom brokerage, warehousing, freight forwarding trucking related services, international air and ocean freight services
- Trading of Tyres : Manufacturing and trading of tyres
- Investment Holdings : Investment holding, provision of management services and letting of properties.

Segment revenue, results, assets and liabilities include items directly attributable to a segment and those where a reasonable basis of allocation exists. Inter-segment revenues are eliminated on consolidation.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group’s Executive Directors. Segment total assets are used to measure the return of assets of each segment.

The total of segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group’s Executive Directors.

The accounting policies of the segments are consistent with the accounting policies of the Group.



36. SEGMENT INFORMATION – GROUP (cont'd)

2013	Logistics solutions RM	Trading of tyres RM	Investment holdings RM	Eliminations RM	Total RM
Revenue					
External revenues	13,643,509	11,388,982	–	–	27,955,831
Inter segments	2,923,340	–	692,400	(3,615,740)	–
Results					
Segment profits/(losses)	199,069	901,739	(7,317,228)	5,546,945	(669,475)
Included in the segment profits/(losses):-					
Interest income	(15)	–	–	–	(15)
Finance cost	632,935	371,497	263,423	–	1,267,855
Amortisation of prepaid lease payments	–	52,381	–	–	52,381
Depreciation of property, plant and equipment	773,156	213,075	319,037	–	1,305,268
Assets					
Segment assets	17,020,568	17,737,355	34,666,634	–	69,424,557
Additions in non-current assets	2,389,304	–	138,292	–	2,527,596
Liabilities					
Segment liabilities	11,536,586	10,465,210	8,985,496	–	30,987,292
2012					
Revenue					
External revenues	18,943,813	16,548,525	–	–	35,492,338
Inter segments	3,441,024	–	692,400	(4,133,424)	–
Results					
Segment profits	1,055,458	1,164,380	2,668,870	(3,836,540)	1,052,168
Included in the segment profits:-					
Interest income	(50)	–	–	–	(50)
Finance cost	471,757	345,454	279,145	–	1,096,356
Amortisation of prepaid lease payments	–	52,381	–	–	52,381
Depreciation of property, plant and equipment	401,816	228,770	493,930	–	1,124,516
Impairment loss on investment in subsidiaries	–	–	5,759,141	(5,759,141)	–
Assets					
Segment assets	16,612,259	17,731,030	46,576,677	–	80,919,966
Additions in non-current assets	3,974,479	5,800	–	–	3,980,279
Liabilities					
Segment liabilities	11,365,024	11,360,624	13,578,311	–	36,303,959

36. SEGMENT INFORMATION – GROUP (cont'd)

Reconciliation of reportable segment revenue, profit and loss, assets and liabilities and other material items:-

	2013 RM	2012 RM
Total (loss)/profit for reportable segments	(669,475)	1,052,168
Other non reportable segments	(9,304)	(8,897)
Elimination of inter-segment profits	212,196	(50,000)
Depreciation of property, plant and equipment	(70,272)	(70,272)
Finance costs	(25,041)	(32,787)
Consolidated (loss)/profit before tax	(561,896)	890,212

2013	Depreciation of property, plant and equipment RM	Finance cost RM	Segment assets RM	Segmental liabilities RM
Total reportable segments	1,305,268	1,267,855	69,424,557	30,987,292
Other non-reportable segment	70,272	25,041	649,189	1,042,306
Elimination of inter-segment transactions or balances	–	–	(14,242,690)	(7,860,785)
Consolidated total	1,375,540	1,292,896	55,831,056	24,168,813
2012				
Total reportable segments	1,124,516	1,096,356	80,919,966	36,303,959
Other non-reportable segment	70,272	32,787	723,694	1,015,160
Elimination of inter-segment transactions or balances	–	–	(21,892,294)	(9,754,215)
Consolidated total	1,194,788	1,129,143	59,751,366	27,564,904



37. FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments and their categories:

Group	2013		2012	
	Loans and receivables/ other financial liabilities RM	Total RM	Loans and receivables/ other financial liabilities RM	Total RM
Financial assets				
Trade receivables	5,138,289	5,138,289	5,060,312	5,060,312
Other receivables	5,781,499	5,781,499	1,589,908	1,589,908
Amount owing by related companies	11,590,181	11,590,181	10,621,396	10,621,396
Fixed deposits with licensed banks	52,141	52,141	51,944	51,944
Cash and bank balances	680,762	680,762	602,505	602,505
	23,242,872	23,242,872	17,926,065	17,926,065
Financial liabilities				
Trade payables	7,320,660	7,320,660	4,309,613	4,309,613
Other payables	4,345,834	4,345,834	3,646,871	3,646,871
Amount owing to related companies	942,777	942,777	3,592,267	3,592,267
Hire purchase and finance lease payables	4,727,026	4,727,026	4,048,943	4,048,943
Bank borrowings	6,336,529	6,336,529	10,492,468	10,492,468
	23,672,826	23,672,826	26,090,162	26,090,162
Company				
Financial assets				
Other receivables	4,945,142	4,945,142	891,958	891,958
Amount owing by subsidiary companies	600,811	600,811	547,214	547,214
Fixed deposits with licensed banks	44,000	44,000	44,000	44,000
Cash and bank balances	207,286	207,286	3,578	3,578
	5,797,239	5,797,239	1,486,750	1,486,750
Financial liabilities				
Other payables	1,337,641	1,337,641	1,067,970	1,067,970
Amount owing to related companies	903,508	903,508	–	–
Amount owing to subsidiary companies	5,643,388	5,643,388	7,955,069	7,955,069
Bank borrowings	663,946	663,946	3,270,600	3,270,600
	8,548,483	8,548,483	12,293,639	12,293,639

37. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit risk, liquidity and market risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

Credit risk

Credit risk is the risk of a financial loss to the Group if a counterparty of a financial asset fails to meet its contractual obligations. The Group's exposure to credit risk arises mainly from receivables from customers. Credit period extended to its customers is based on careful evaluation of the customers' financial condition and credit history. Receivables are monitored on an ongoing basis via Group's management reporting procedures and action will be taken for long outstanding debts. Appropriate approval limits are set at different levels of credit limits and terms. In order to further minimise its exposure to credit risk, the Group, in some instances, requires letters of credits and deposits from the customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the review of receivables ageing. At reporting date, there were no significant concentrations of credit risk other than disclosed in Note 12.

The maximum exposure to credit risk for the Group is the carrying amount of the financial assets shown in the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from trade and other payables, hire purchase and finance lease and borrowings.

Cash flow forecasting is performed by monitoring the Group's liquidity requirements to ensure that it has sufficient liquidity to meet operational, financing repayments and other liabilities as they fall due.



37. FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group and the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted payments:

Group	Carrying amount RM	Contractual interest rate %	Contractual cash flow RM	Below 1 year RM	Between			After 5 years RM
					1 to 2 years RM	2 to 3 years RM	3 to 5 years RM	
2013								
Trade payables	7,320,660	-	7,320,660	7,320,660	-	-	-	-
Other payables	4,345,834	-	4,345,834	4,345,834	-	-	-	-
Amount owing to related companies	942,777	-	942,777	942,777	-	-	-	-
Hire purchase and finance lease payables	4,727,026	3.33 - 9.68	5,355,848	1,536,668	1,518,670	2,300,510	-	-
Bank borrowings	6,336,529	8.10 - 11.88	6,916,072	4,839,453	556,780	1,463,480	56,359	56,359
	23,672,826		24,881,191	18,985,392	2,075,450	3,763,990	56,359	
2012								
Trade payables	4,309,613	-	4,309,613	4,309,613	-	-	-	-
Other payables	3,646,871	-	3,646,871	3,646,871	-	-	-	-
Amount owing to related companies	3,592,267	-	3,592,267	3,592,267	-	-	-	-
Hire purchase and finance lease payables	4,048,943	3.36 - 9.68	4,665,481	1,484,279	1,130,244	2,050,958	-	-
Bank borrowings	10,492,468	8.10 - 11.88	11,330,793	8,687,772	599,906	1,830,756	212,359	212,359
	26,090,162		27,545,025	21,720,802	1,730,150	3,881,714	212,359	

37. FINANCIAL INSTRUMENTS (cont'd)Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group and the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted payments: (cont'd)

Company	Carrying amount RM	Contractual interest rate %	Contractual cash flow RM	Below 1 year RM	Between			After 5 years RM
					1 to 2 years RM	2 to 3 years RM	3 to 5 years RM	
2013								
Other payables	1,337,641	-	1,337,641	1,337,641	-	-	-	-
Amount owing to related companies	903,508	-	903,508	903,508	-	-	-	-
Amount owing to subsidiary companies	5,643,388	-	5,643,388	5,643,388	-	-	-	-
Bank borrowings	663,946	8.10	836,359	156,000	156,000	468,000	56,359	56,359
	8,548,483		8,720,896	8,040,537	156,000	468,000	56,359	
2012								
Other payables	1,067,970	-	1,067,970	1,067,970	-	-	-	-
Amount owing to subsidiary companies	7,955,069	-	7,955,069	7,955,069	-	-	-	-
Bank borrowings	3,270,600	8.10	3,501,760	2,665,401	156,000	468,000	212,359	212,359
	12,293,639		12,524,799	11,688,440	156,000	468,000	212,359	



37. FINANCIAL INSTRUMENTS (cont'd)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and cash flow and fair value interest rate risk that may affect the Group's financial position and cash flows.

(a) Foreign currency exchange risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective operations' functional currency. The Group maintains natural hedges to the extent that payments for foreign currency payables will be matched against receivables denominated in the same foreign currency and whenever possible, borrow in the currency of the country in which the business is located. Exposure to foreign currency risks are monitored on an ongoing basis. The Group does not hedge their foreign currency risks but keeps this policy under review and will take necessary action to minimise the exposure.

The Group and the Company does not have significant exposure foreign currency exchange risk on financial assets and liabilities held in non-functional currency. Therefore, currency risk sensitivity analysis is not presented.

(b) Interest rate risk

The Group and the Company finance its operation through operating cash flows and borrowings. Interest rate exposure arises from the Group's and the Company's finance lease and bank borrowings.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instrument, based on carrying amounts as at the end of the financial year is as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Fixed rate instruments				
Hire purchase and finance lease payables	4,727,026	4,048,943	–	–
Floating rate instruments				
Bank borrowings	6,336,529	10,492,468	663,946	3,270,600

Interest rate risk sensitivity analysis

A change of 50 basis points ("bp") in interest rates at the end of the reporting period would have increase/decrease equity and profit net of tax by the amounts shown below, assuming all other variables remain constant.

	Profit net of tax 50bp Increase/(Decrease) RM
Group	
Floating rate instrument:- Bank borrowings	31,683
Company	
Floating rate instrument:- Bank borrowings	3,320

Fixed rate instruments are measured at amortised cost, possible changes in interest rates are not expected to have a significant impact on the Group's profit or loss.

37. FINANCIAL INSTRUMENTS (cont'd)

Market risk (cont'd)

(c) Fair values

Group	2013		2012	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial liabilities				
Hire purchase and finance lease payables	3,478,251	3,068,418	3,009,316	2,726,731

Interest rates used to determined fair value:-

	Group	
	2013 % p.a.	2012 % p.a.
Hire purchases	3.33 - 9.68	3.36 - 9.68

- (i) The carrying amounts of cash and cash equivalents, trade and other receivables, inter-company advances, trade and other payables, short term borrowings and current portion of lease payables approximate fair value due to the relatively short term nature of these financial instruments.
- (ii) The carrying amount of long term bank borrowing carried on the statements of financial position is reasonable approximate of fair value due to that it is a floating rate instruments that are re-priced to market interest rate on or near the reporting date.
- (iii) The aggregate fair value of the other financial assets and liabilities carried on the statement of financial position approximates its carrying value and the Group does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be settled.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of long term hire purchase payables carried on the statements of financial position are estimated using valuation technique under the hierarchy level 2 mentioned above whereby the expected future cash flows are discounted at the market interest rate for similar types of borrowings.



38. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. There were no changes in the Group's approach to capital management during the financial year.

The Group monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio within reasonable level. The Group includes within net debt, trade and other payables, lease payable, less cash and bank balances. Capital includes the equity attributable to the owners of the parent.

	Group	
	2013 RM	2012 RM
Trade and other payables	11,666,494	7,956,484
Amount owing to related companies	942,777	3,592,267
Hire purchase and finance lease payables	4,727,026	4,048,943
Bank borrowings	6,336,529	10,492,468
Less: cash and cash equivalents net of pledged	(724,762)	(646,505)
Net debt	<u>22,948,064</u>	<u>25,443,657</u>
Equity attributable to the owners of the Company	<u>31,633,146</u>	<u>32,155,237</u>
Gearing ratio	<u>72.54%</u>	<u>79.13%</u>

There were no changes to the Group's approach to capital management during the financial year.

39. REALISED AND UNREALISED PROFIT/LOSSES (SUPPLEMENTARY INFORMATION)

	Group	
	2013 RM	2012 RM
Total accumulated losses:-		
Realised losses	(8,394,548)	(7,062,869)
Unrealised losses	(1,038,784)	(1,810,695)
	<u>(9,433,332)</u>	<u>(8,873,564)</u>
	Company	
	2013 RM	2012 RM
Total accumulated losses:-		
Realised losses	(8,728,396)	(6,715,512)
Unrealised losses	(6,589,016)	(1,284,672)
	<u>(15,317,412)</u>	<u>(8,000,184)</u>

The above disclosure of realised and unrealised losses is made solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and is not made for any other purposes.

List of Properties Held

as at 31 December 2013

OWNER	LOCATION	DESCRIPTION	TENURE	LAND AREA (BUILT-UP AREA)	EXISTING USE	AGE	YEAR OF PURCHASE	VALUATION @ 31/12/13 RM'000
1 Transocean Holdings Bhd	Lot nos. 2955, 2956 & 2957 Geran nos. 66343, 66344 & 66362, Mukim 16 Daerah Seberang Perai Utara Penang	Industrial land with a single storey bonded warehouse annexed with 5-storey office building	Freehold	21,715.00m ² (12,377.05m ²)	Office and warehouse use	19	1995	17,756
2 Transocean Holdings Bhd	Lot No. PTD 32398 Title no. HS (D) 115903 Mukim Pulau Daerah Johor Bahru, Johor	Housing development land with 2-storey shop-office	Freehold	156.071m ² (312.16m ²)	Office use	16	1998	363
3 Usmeta Manufacturing Sdn Bhd	Lot PT 101677, HS (D) 52977 Mukim Hulu Kinta, Perak and Lot PT 800600, HS (D) 10137 Mukim of Hulu Kinta, Perak	Commercial land with factory building	Leasehold expiring 2 Jun 2046 and 2 January 2051	12,569.56 sq.m. and 8,129.00 sq.m.	Factory	8	2006	2,237
TOTAL VALUE								20,356



Analysis of Shareholdings

as at 5 May 2014

Authorised Capital	: RM50,000,000
Issued and Fully Paid-Up Capital	: RM40,998,550
Class of Equity Securities	: Ordinary share of RM1.00 each ("Share")
Voting Rights	: One vote per Share

Distribution Schedule of Shareholders as at 5 May 2014

No. of Holders	Holdings	Total Shareholdings	%
242	Less than 100	11,194	0.03
91	100 to 1,000	60,938	0.15
1,301	1,001 to 10,000	3,289,268	8.02
121	10,001 to 100,000	2,839,700	6.93
14	100,001 to less than 5% of issued shares	5,660,990	13.80
5	5% and above of issued shares	29,136,460	71.07
1,774		40,998,550	100.00

30 Largest Securities Account Holders as at 5 May 2014

(without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares held	%
1	RHB Nominees (Tempatan) Sdn Bhd <i>[OSK Capital Sdn Bhd For Kumpulan Kenderaan Malaysia Berhad]</i>	12,000,000	29.27
2	RHB Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account For Lengkap Suci Sdn Bhd]</i>	5,800,180	14.15
3	RHB Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account For Lengkap Suci Sdn Bhd]</i>	5,800,180	14.15
4	RHB Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account For Kumpulan Kenderaan Malaysia Berhad]</i>	3,116,000	7.60
5	Edisi Bimbingan Sdn Bhd	2,420,100	5.90
6	Muhammad Nurul Amil Bin Ab Majid	1,978,640	4.83
7	CIMSEC Nominees (Tempatan) Sdn Bhd <i>[CIMB For Zainuddin Bin Din]</i>	958,450	2.34
8	Kam Loong Mining Sdn Bhd	707,900	1.73
9	Foo Khen Ling	452,000	1.10
10	Yap Lee Lee	373,000	0.91
11	HLIB Nominees (Tempatan) Sdn Bhd <i>[Hong Leong Bank Bhd For Lim Chong Heng]</i>	165,500	0.40
12	Lee Khai Aik	162,100	0.40

Analysis of Shareholdings (Cont'd)

as at 5 May 2014

30 Largest Securities Account Holders as at 5 May 2014 (cont'd)

No.	Name	No. of Shares held	%
13	HLIB Nominees (Tempatan) Sdn Bhd <i>[Hong Leong Bank Bhd For Yee Wooi Tiong]</i>	157,200	0.38
14	Beh Soo Kim	130,300	0.32
15	RHB Capital Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account For Pua Meng Hong]</i>	121,100	0.30
16	Chin Mun Hua @ Chen Dekying Marn	116,400	0.28
17	Ngang Ching Tang	116,200	0.28
18	Yee Wooi Tiong	113,900	0.28
19	HLIB Nominees (Tempatan) Sdn Bhd <i>[Hong Leong Bank Bhd For Yee Goh Tiong]</i>	108,300	0.26
20	Ang Huat Keat	99,200	0.24
21	Ng Kim Hua	95,000	0.23
22	RHB Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account For Ng Kooi Hock]</i>	73,800	0.18
23	Cheah Theng Kwang	72,000	0.18
24	RHB Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account For Ng Kok Hin]</i>	68,100	0.17
25	EB Nominees (Tempatan) Sendirian Berhad <i>[Pledged Securities Account For Ng Kok Hin]</i>	62,500	0.15
26	Public Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account For Lo Kean Kwong]</i>	61,900	0.15
27	Lau Mee	60,000	0.15
28	Ong Foo Ah	60,000	0.15
29	Mayban Securities Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account For Fong Yeun Kai]</i>	57,700	0.14
30	Loh Yin Mooi	51,950	0.13



Substantial Shareholders as at 5 May 2014

(excluding those who are bare trustees pursuant to Section 69 of the Companies Act, 1965("the Act"))

Name of Substantial Shareholders	No. of Shares held		Indirect Interest	Note	%
	Direct Interest	%			
Kumpulan Kenderaan Malaysia Berhad ("KKMB")	15,116,000	36.87	11,600,360	1	28.29
Lengkap Suci Sdn Bhd ("LSSB")	11,600,360	28.29	—	—	—
Edisi Bimbingan Sdn Bhd	2,420,100	5.90	—	—	—
Dato' Sri (Dr) Mohd Nadzmi Bin Mohd Salleh	—	—	26,716,360	2	65.16
Trisilco Equity Sdn Bhd ("TESB")	—	—	26,716,360	3	65.16
Ibroni Sdn Bhd ("Ibroni")	—	—	26,716,360	3	65.16
Nadi Corporation Sdn Bhd ("NCSB")	—	—	26,716,360	4	65.16
Nadicorp Holdings Sdn Bhd ("NHSB")	—	—	26,716,360	5	65.16

Notes

- 1) Deemed interest pursuant to Section 6A(4) of the Act by virtue of its shareholdings held through LSSB.
- 2) Deemed interest pursuant to Section 6A(4) of the Act by virtue of his shareholdings in TESB and Ibroni.
- 3) Deemed interest pursuant to Section 6A(4) of the Act by virtue of its shareholdings in NCSB.
- 4) Deemed interest pursuant to Section 6A(4) of the Act by virtue of its 100% shareholdings in NHSB which in turn is the ultimate holding company of KKMB.
- 5) Deemed interest pursuant to Section 6A(4) of the Act by virtue of its 100% shareholdings in KKMB.

Analysis of Shareholdings (Cont'd)

as at 5 May 2014

Directors' Shareholdings (Direct & Indirect) as at 5 May 2014

Name of Directors	No. of Shares held			Note	%
	Direct Interest	%	Indirect Interest		
Dato' Sri (Dr) Mohd Nadzmi Bin Mohd Salleh	–	–	26,716,360	1	65.16
Zainuddin Bin Din	959,450	2.34	–		–
Tan Swee Hock	–	–	–		–
Muhammad Adib Bin Ariffin	–	–	–		–
Woo Kok Boon	–	–	–		–

Notes

1) Deemed interest pursuant to Section 6A(4) of the Act held through KKMB in the Company.

INTEREST IN THE RELATED CORPORATION

Dato' Sri (Dr) Mohd Nadzmi Bin Mohd Salleh by virtue of his interest in shares in the Company, is deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

Save as disclosed above, none of the other Directors in office have any interest in shares in its related corporations.

PROXY FORM

NO. OF SHARES HELD	
---------------------------	--

I/We _____, of _____
(BLOCK LETTERS)

_____, being a member of

TRANSOCEAN HOLDINGS BHD (36747 U) ("the Company"), do hereby appoint _____

(NRIC/Passport No. _____) of _____

_____ or failing him, _____

(NRIC/Passport No. _____) of _____

_____ or failing him, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Thirty-sixth (36th) Annual General Meeting of the Company to be held at Function Room, Level 2, Kuala Lumpur International Hotel, Jalan Raja Muda Abd Aziz, 50738 Kuala Lumpur on Friday, 27 June 2014 at 10.00 a.m. and at any adjournment thereof.

My/Our Proxy is to vote as indicated below:

RESOLUTIONS	For	Against
1. To approve the payment of Directors' fees for the financial year ended 31 December 2013.		
2. To re-elect Mr. Tan Swee Hock as Director.		
3. To re-elect Mr. Woo Kok Boon as Director.		
4. To re-appoint En. Zainuddin Bin Din as Director.		
5. To re-appoint Messrs. Morison AnuarulAzizanChew as Auditors for the ensuing year and to authorise Directors to fix their remuneration.		
6. Ordinary Resolution - Authority for Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965.		
7. Ordinary Resolution - Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.		
8. Ordinary Resolution – Mandate for En. Zainuddin Bin Din who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company.		

Please indicate with an 'X' in the space provided how you wish your vote to be cast. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Note: Please note that the short description given above of the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. Shareholders are encouraged to refer to the Notice of 36th Annual General Meeting for the full purpose and intent of the Resolutions to be passed.

Signed this _____ day of _____ 2014

Signature of Shareholder / Common Seal of Corporate Shareholder

NOTE:

- In respect of deposited securities, only members whose name appears on the Record of Depositors as at 20 June 2014 shall be entitled to attend, speak and vote at the meeting.
- A member entitled to attend and vote at the meeting is entitled to appoint one (1) or more proxies to attend and vote in his or her stead. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.
- The instrument appointing a proxy and the power of attorney or other authority (if any) shall be in writing under the hand of the appointor or of his attorney duly authorized in writing. In the case where a member is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorized.
- Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarized certified copy of that power or authority, shall be deposited at the Registered Office of the Company at No. 38, Jalan Chow Kit, 50350 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.
- The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy.
- The lodging of a form of proxy does not preclude a member from attending and voting in person at the meeting should the member subsequently decide to do so.
- Any alteration in this form must be initialed.

Fold this flap for sealing

Affix
Stamp

THE COMPANY SECRETARIES
TRANSOCEAN HOLDINGS BHD (36747-U)

No. 38, Jalan Chow Kit
50350 Kuala Lumpur
Malaysia

2nd fold here

1st fold here

Transocean Holdings Bhd (36747 U)

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