



TRANSOCEAN HOLDINGS BHD

Company No.: 197701005709 (36747-U)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR FOURTH QUARTER ENDED DECEMBER 31, 2020

Dated March 31, 2021

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INTERIM FINANCIAL REPORT
For the Fourth Quarter ended December 31, 2020

The Board of Directors is pleased to announce the Interim Financial Report on consolidated results of the Group for the fourth quarter ended December 31, 2020.

The figures have not been audited.

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

	INDIVIDUAL QUARTER		Changes		CUMULATIVE QUARTER		Changes	
	Current Year Quarter Ended 31/12/20 RM'000	Preceding Year Quarter Ended 31/12/19 RM'000	Amount	%	Current Year-To-Date Ended 31/12/20 RM'000	Preceding Year-To-Date Ended 31/12/19 RM'000	Amount	%
Revenue	4,654	4,030	624	15%	16,992	19,982	(2,990)	(15%)
Operating (loss)/ profit before depreciation and finance cost	29	141	(112)	(79%)	961	(3,549)	4,510	>100%
Depreciation & amortisation	(1,823)	(4,558)	2,735	60%	(3,173)	(1,580)	(1,593)	>(100%)
(Loss)/Profit from operations	(1,794)	(4,417)	2,623	63%	(2,212)	(5,129)	2,917	56%
Finance cost	(196)	(32)	(164)	>(100%)	(265)	(230)	(35)	(15%)
(Loss)/Profit before taxation	(1,990)	(4,449)	2,459	55%	(2,477)	(5,359)	2,882	54%
Income tax expense	(348)	(159)	(189)	>(100%)	(348)	(248)	(100)	>(100%)
(Loss)/Profit for the period	(2,338)	(4,608)	2,270	49%	(2,825)	(5,607)	2,782	>100%
Other comprehensive income:-								
Items that may be reclassified subsequently to profit or loss								
- Exchange differences arising from translation of foreign operation	(16)	4	(20)	>(100%)	(16)	27	(43)	>(100%)
Total comprehensive (loss)/income for the financial period	(2,354)	(4,604)	2,250	49%	(2,841)	(5,580)	2,739	49%
(Loss)/Profit for the period attributable to :								
Owners of the parent	(2,338)	(4,608)	2,270	49%	(2,825)	(5,607)	2,782	>(100%)
Non-controlling interests	-	-	-	-	-	-	-	-
	(2,338)	(4,608)	2,270	49%	(2,825)	(5,607)	2,782	(100%)
Total comprehensive (loss)/profit/ income attributable to:								
Owners of the Company	(2,354)	(4,604)	2,250	49%	(2,841)	(5,580)	2,739	49%
Non-controlling interest	-	-	-	-	-	-	-	-
	(2,354)	(4,604)	2,250	49%	(2,841)	(5,580)	2,739	49%
(Loss)/Profit per share attributable to owners of the parent :								
- Basic (sen)	(5.71)	(11.24)	5.54	49%	(6.89)	(13.68)	6.79	50%
- Diluted (sen)	(5.71)	(11.24)	-	-	(6.89)	(13.68)	-	-

(The Condensed Consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended December 31, 2019 and the accompanying explanatory notes attached to the Interim Financial Report)

INTERIM FINANCIAL REPORT
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited	Audited
	As At	As At
	31/12/20	31/12/19
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	30,230	31,572
Right-of-use assets	2,861	3,272
Deferred tax assets	-	-
Goodwill on consolidation	-	-
	33,091	34,844
Current Assets		
Inventories	210	173
Trade receivables	4,715	6,461
Contract assets	169	23
Other receivables	1,000	1,324
Amount owing by related companies	3,505	2,385
Tax recoverable	542	955
Cash and bank balances	562	452
	10,703	11,773
	43,794	46,617
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to owners of the company		
Share capital	40,999	40,999
Other Reserves	11,171	10,864
Accumulated Losses	(18,111)	(15,504)
	34,059	36,359
Non-controlling interest	1	1
Total Equity	34,060	36,360
Non-Current Liabilities		
Borrowings	-	133
Lease liabilities	888	1,258
Deferred tax liabilities	1,866	1,367
	2,754	2,758

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONT'D)

	Unaudited	Audited
	As At	As At
	31/12/20	31/12/19
	RM'000	RM'000
Current Liabilities		
Borrowings	737	1,346
Lease liabilities	517	456
Trade payables	1,870	2,452
Other payables	3,856	3,131
Amount owing to related companies	-	97
Tax payable	-	17
	<hr/> 6,980	<hr/> 7,499
Total liabilities	9,734	10,257
TOTAL EQUITY AND LIABILITIES	<hr/> 47,794	<hr/> 46,617
Net assets per share attributable to owners of the company (RM)	<hr/> 0.92	<hr/> 0.89

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended December 31, 2019 and the accompanying explanatory notes attached to the Interim Financial Report)

INTERIM FINANCIAL REPORT
For the Fourth Quarter ended December 31, 2020

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Owners of the Company			Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Other Reserves RM'000	Non-distributable Accumulated Losses RM'000			
2020						
At January 1, 2020	40,999	10,865	(15,504)	36,359	1	36,360
Net Loss for the financial year			(2,825)	(2,825)		(2,825)
Other comprehensive income	-	306	218	524	-	(4,411)
At December 31, 2020	40,999	11,171	(18,111)	34,059	1	34,060
2019						
At January 1, 2019	40,999	10,837	(9,897)	41,939	1	41,940
Total comprehensive income:-						
Loss for the financial year	-	-	(5,607)	(5,607)	(0)	(5,607)
Other comprehensive loss	-	27	-	27	-	27
	-	27	(5,607)	(5,580)	-	(5,580)
At December 31, 2019	40,999	10,865	(15,504)	36,359	1	36,360

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended December 31, 2019 and the accompanying explanatory notes attached to the Interim Financial Report)

INTERIM FINANCIAL REPORT
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year-To- Date Ended 31/12/20 RM'000	Preceding Year-To- Date Ended 31/12/19 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(2,477)	(5,359)
Adjustment for :-		
Non-cash items	2,938	5,917
Non-operating items	-	(128)
Finance cost	265	213
Operating profit before working capital changes	726	643
Changes in working capital :-		
Net change in current assets	1,070	(103)
Net change in current liabilities	(519)	215
Cash generated from operations	1,277	755
Interest paid	(265)	(213)
Taxation paid	(112)	(227)
Net cash used in operating activities	900	315
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(28)	(1,114)
Proceeds from disposal of property, plant and equipment	-	595
Net cash generated from investing activities	(28)	(519)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(362)	(898)
Repayment of bank borrowings	-	(61)
Net cash used in financing activities	(362)	(959)
NET INCREASE /(DECREASE)/ IN CASH AND CASH EQUIVALENTS	510	(1,163)
Effects of currency translation differences	(16)	27
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	(535)	601
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	(41)	(535)
Cash and cash equivalents comprise :-		
Cash and bank balances	562	452
Bank overdrafts (included within short term borrowings in Note 21)	(603)	(987)
	(41)	(535)

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended December 31, 2019 and the accompanying explanatory notes attached to the Interim Financial Report)

INTERIM FINANCIAL REPORT
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NOTES TO THE INTERIM FINANCIAL REPORT

SECTION A

Selected Explanatory Notes: MFRS 134

1. Basis of preparation

The condensed consolidated interim financial statements have been prepared under the historical cost convention.

These condensed consolidated interim financial statements, have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The condensed financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended December 31, 2019. The explanatory notes attached to the Interim Financial Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group.

The significant accounting policies and methods of computation adopted for the interim financial report are consistent with those of the audited financial statements for the financial year ended 31 December 2019.

Accounting standards and amendments to accounting standards that are applicable and effective for the Group are as follows:

Annual periods beginning on/after 1 January 2018

- MFRS 2 : Classification and Measurement of Share-based Payment Transactions
- MFRS 140 : Transfer of Investment Property
- MFRS 9 : Financial Instruments
- MFRS 15 : Revenue from Contracts with Customers
- Annual Improvements to MFRS Standards 2014-2016 Cycle (except for Amendments to MFRS 12 Disclosure of Interests in Other Entities)
- IC Interpretation 22 : Foreign Currency Transactions and Advance Consideration
- Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Annual periods beginning on/after 1 January 2019

- MFRS 16 : Leases
- MFRS 128 : Investment in Associates and Joint Ventures
- MFRS 9 : Financial Instruments: Prepayment Features with Negative Compensation
- MFRS 119 : Employee Benefits: Plan Amendment, Curtailment or Settlement
- IC Interpretation 23 Uncertainty over Income Tax Treatments
- Annual Improvements to MFRS Standards 2015-2017 Cycle

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period financial statements of the Group.

INTERIM FINANCIAL REPORT
For the Fourth Quarter ended December 31, 2020

2. Significant Accounting Estimates and Judgments**(1) Critical Judgments Made in Applying Accounting Policies**

There are no critical judgments made by management in the process of applying the Group's accounting policies that have significant effect on the amounts recognized in the financial statements.

(2) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty on the statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as discussed below:

(i) Depreciation of motor vehicles

The cost of motor vehicles for operation and administrative purposes is depreciated on a straight-line basis over the asset's useful lives. Management estimates that the useful lives of these motor vehicles range from 5 to 10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage could impact the economic useful lives and the residual value of these assets, therefore depreciation charges could be revised.

(ii) Impairment loss for receivables

The policy on impairment loss for receivables of the Group is based on the evaluation of collectability and ageing analysis of the receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current credit worthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, additional allowances may be required.

(iii) Deferred tax assets

Deferred tax assets are recognised for unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and other deductible temporary differences can be utilised. Significant management decision is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with tax planning strategies.

3. Auditors' Report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended December 31, 2019 was not subject to any qualification.

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4. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter under review and/or financial year-to-date.

5. Segmental information

a. Business segments

The segmental results for the 12 months period ended 31 December 2020 are as follows:-

Business segment :	Trading of Tyres	Logistics Singapore	Logistics Solution	Total RM'000
	“Tyre”	“Logistics”		
	RM'000	RM'000	RM'000	
Revenue	3,840	3,540	9,612	16,992
Profit/(Loss) before taxation	139	(289)	(2,327)	(2,477)
Assets	11,782	3,307	28,705	43,794
Liabilities	1,839	1,622	6,273	9,734

b. Geographical segments

The results are for the 12 months period ended 31 December 2020 by geographical segments.

	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Total RM'000
Revenue				
External	14,764	2,228	-	16,992
Inter-segment	1,178	1,312	(2,490)	-
Total revenue	15,942	3,540	(2,490)	16,992
(Loss)/Profit from operations	(2,095)	(117)	-	(2,212)
Finance costs	(93)	(172)	-	(265)
Loss before taxation	(2,188)	(289)	-	(2,477)
Other Information				
Segment assets	40,487	3,307	-	43,794

INTERIM FINANCIAL REPORT
For the Fourth Quarter ended December 31, 2020**6. Changes in estimates**

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

7. Comments about seasonal or cyclical factors

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

8. Dividends

No dividend has been paid or declared by the Group since the end of the previous financial year.

9. Debt and equity securities

The Company has not issued or repaid any debt and equity securities for the current quarter and financial year to date.

10. Changes in the composition of the Group

There were no changes in the composition of the Group.

11. Capital commitments

There was no commitment for the purchase of property, plant and equipment and/or other capital commitments for the quarter under review.

12. Changes in contingent liabilities and contingent assets

Contingent liabilities of the Company as at December 31, 2020 since the last annual statement of financial position date comprise:-

	As at 31/12/20 RM'000	As at 31/12/19 RM'000
Guarantees in favour of financial institutions for securing borrowings granted to subsidiaries		
- secured	1,112	2,304
- unsecured	141	175
	<u>1,968</u>	<u>2,479</u>

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13. Subsequent events

There were no events of a material nature which have arisen between the end of the current Quarter and the date of this report that have not been reflected in the financial statements other than the on-going Covid-19 pandemic which is not seen to be abating as at the date of this report.

Due to the pandemic, the auditor have proposed the Group to proceed with revaluation of land and building to disclose a true and fair financial report of the Group. The resulting valuation indicates that value of the land and building are still intact.

The Covid-19 Pandemic continues to cause significant disruptions to businesses. The implementation of stringent lockdown across the globe and measures taken by the MKN to combat the spread of Covid-19 virus had severely constrained economic activities and suppressed growth in almost all sectors. There was a slight improvement in the second half of the FY2020, but it was inadequate to compensate the contraction in the first half. The Malaysian economy showed improvement in trade with 13% increase in second half of 2020 with export showing 10% increase over that in 2019.

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NOTES TO THE INTERIM FINANCIAL REPORT

SECTION B

Additional information required by the Bursa Securities' Listing Requirements

14. Performance Review

Comparison with previous year corresponding quarter

The Group recorded revenue of RM4.654 million and net loss before taxation of RM1.99 million on as compared with previous year corresponding quarter revenue of RM4.03 million and net loss before taxation of RM4.449 million.

Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) however remained positive at RM0.029 million, compared to RM0.141 million last year.

Comparison with preceding quarter

	Current Quarter 31/12/20 RM'000	Preceding Quarter 30/09/20 RM'000	Changes (Amount/%) RM'000	
Gross revenue	4,654	4,555	99	2%
Operating Profit/(Loss) before depreciation and finance cost	29	555	(526)	(95%)
Profit/(Loss) before taxation	(1,990)	91	(2,081)	>(100%)

Improvements in revenue is attributable to the expanded volume and higher sales in selected areas of operation with better yield and turnaround.

After taking into consideration the condition of vehicles and trucks valuation report, the Group had decided to shorten the useful life span of the motor vehicles from 10 years to 7 years. The cost of motor vehicles for operation and administrative purposes is depreciated on a straight-line basis over the new period. This change has led to the additional of RM1.5 million of the depreciation charge during the quarter.

Besides, the changes in MFRS 16, leases that in 2019 were off balance sheet are now captured as lease liabilities with consequent increase in finance cost during the financial period.

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For the Fourth Quarter ended December 31, 2020**15. Commentary on prospects**

The Malaysian economy, similar to those of the other countries is recorded a contraction in GDP for the whole of 2020. Malaysia's superb performance in containing the domestic spread of covid-19 in the first half of 2020 when MCO 1.0 was implemented was hampered by the 3rd wave and poor discipline among citizens in complying with the SOP's of the Ministry of Health. The measures taken by the government to control the spread by implementing CMCO were helpful in combating the pandemic but at the same time hurt the economy in the short term. Business activities rose slightly in October and November 2020 but slowed down towards year end due to holidays and festive season.

The Group will continue their focus on optimizing capacity and asset utilization, and improving cost efficiency. Beside these, the Group has also renewed efforts in business development. The group is currently looking at Container Depot Business in Penang and Kuantan, exploring new markets of its tyre business in Johor and Singapore, as well as warehousing business in Klang Valley.

16. Profit forecast or profit guarantee

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

17. Profit before taxation is derived after charging:

	Current Quarter 31/12/2020 RM'000	Current Year-to-date 31/12/2020 RM'000
Interest expense	196	265
Depreciation and amortization	1,823	3,173

18. Income tax expense

	Current Quarter 31/12/2020 RM'000	Current Year-to-date 31/12/2020 RM'000
Current year provision	348	348

The tax provision is related mainly to tax recoverable figure which has been adjusted in line with confirmed figures from the tax authority.

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19. Corporate proposal

There was no corporate proposal by the Group for the current quarter and financial year-to-date.

20. Borrowings

Details of borrowings are as follows:

	As at 31/12/2020		
	Long Term RM'000	Short Term RM'000	Total borrowing RM'000
Secured			
Overdrafts	-	603	603
Term loan	-	-	-
Hire-purchase and lease payables	888	651	1,539
Unsecured			
Overdraft	-	-	-
	As at 31/12/2019		
	Long Term RM'000	Short Term RM'000	Total borrowing RM'000
Secured			
Overdrafts	-	997	1,110
Term Loan	-	-	-
Hire-purchase and lease payable	1,391	824	2,215
Unsecured			
Overdraft	-	-	-

21. Off balance sheet financial instruments

There were no financial instruments with off balance sheet risks at the date of issue of the report

22. Changes in material litigation

There was no material litigation as at December 31, 2020.

INTERIM FINANCIAL REPORT
For the Fourth Quarter ended December 31, 2020**23. Dividend payable**

The Directors do not recommend the payment of any dividend for the current quarter.

24. Earnings per share

Basic loss per share is calculated by dividing loss for the period attributable to owners of the parent by the weighted average number of shares in issue during the quarter.

	Current Year Quarter Ended 31/12/20	Preceding Year Quarter Ended 31/12/19	Current Year-To-Date Ended 31/12/20	Preceding Year To-Date Ended 31/12/19
Profit/(Loss) attributable to owners of the parent (RM'000)	(2,338)	(4,608)	(2,825)	(5,607)
No of ordinary shares in issue (‘000)	40,999	40,999	40,999	40,999
Basic (loss)/profit per share (sen)	(5.71)	(11.24)	(6.89)	(13.68)

25. Authorisation for issue

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

By order of the Board
Dated 31 March 2021