



TRANSOCEAN HOLDINGS BHD

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

UNAUDITED INTERIM FINANCIAL REPORT FOR FIRST QUARTER ENDED MARCH 31, 2021

Dated May 28, 2021

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INTERIM FINANCIAL REPORT
For the First Quarter ended March 31, 2021

The Board of Directors is pleased to announce the Interim Financial Report on consolidated results of the Group for the First quarter ended March 31, 2021.

The figures have not been audited.

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

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	Current Year Quarter Ended 31/03/21 RM'000	Preceding Year Quarter Ended 31/03/20 RM'000	Changes (Amount/%)		Current Year-To-Date Ended 31/03/21 RM'000	Preceding Year-To-Date Ended 31/03/20 RM'000	Changes (Amount/%)	
			RM'000	%			RM'000	%
Revenue	4,564	4,230	334	8%	4,564	4,230	334	8%
Operating (loss)/ profit before depreciation and finance cost	543	305	238	78%	543	305	238	78%
Depreciation & amortisation	(454)	(449)	5	1%	(454)	(449)	5	1%
(Loss)/Profit from operations	89	(146)	235	>100%	89	(146)	235	>100%
Finance cost	(40)	(28)	12	42%	(40)	(28)	12	42%
(Loss)/Profit before taxation	49	(174)	223	>100%	49	(174)	223	>100%
Income tax expense	-	-	-	-	-	-	-	-
(Loss)/Profit for the period	49	(174)	223	>100%	49	(174)	223	>100%
Other comprehensive income:-								
<u>Items that may be reclassified subsequently to profit or loss</u>								
- Exchange differences arising from translation of foreign operation	-	-	-	-	-	-	-	-
Total comprehensive (loss)/income for the financial period	49	(174)	223	>100%	49	(174)	223	>100%
(Loss)/Profit for the period attributable to :								
Owners of the parent	49	(174)	223	>100%	49	(174)	223	>100%
Non-controlling interests	-	-	-	-	-	-	-	-
	49	(174)	223	>100%	49	(174)	223	>100%
Total comprehensive (loss)/profit/ income attributable to:								
Owners of the Company	49	(174)	223	>100%	49	(174)	223	>100%
Non-controlling interest	-	-	-	-	-	-	-	-
	49	(174)	223	>100%	49	(174)	223	>100%
(Loss)/Profit per share attributable to owners of the parent :								
- Basic (sen)	0.12	(0.42)	0.54	>100%	0.12	(0.42)	0.54	>100%
- Diluted (sen)	0.12	(0.42)			0.12	(0.42)		

(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, 2020 and the accompanying explanatory notes attached to the Interim Financial Report)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited	Audited
	As At	As At
	31/03/21	31/12/20
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	30,411	31,572
Right-of-use assets	2,736	3,272
Trade receivables	1,406	-
	<hr/> 33,529	<hr/> 34,844
Current Assets		
Inventories	173	210
Trade receivables	3,913	3,309
Contract assets	47	169
Other receivables	848	681
Current tax assets	561	542
Cash and bank balances	1,708	2,452
	<hr/> 7,250	<hr/> 7,363
TOTAL ASSETS	<hr/> 41,803	<hr/> 41,860
EQUITY AND LIABILITIES		
Equity attributable to owners of the company		
Share capital	40,999	40,999
Other Reserves	11,171	11,171
Accumulated Losses	(18,062)	(18,111)
	<hr/> 34,108	<hr/> 34,059
Non-controlling interest	1	1
Total Equity	<hr/> 34,109	<hr/> 34,060
Non-Current Liabilities		
Borrowings	-	-
Lease liabilities	888	888
Deferred tax liabilities	1,865	1,865
	<hr/> 2,753	<hr/> 2,753

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONT'D)

	Unaudited	Audited
	As At	As At
	31/03/21	31/12/20
	RM'000	RM'000
Current Liabilities		
Borrowings	940	737
Lease liabilities	412	517
Trade payables	2,029	1,870
Other payables	1,560	1,923
	<hr/> 4,941	<hr/> 5,047
Total liabilities	7,694	7,907
TOTAL EQUITY AND LIABILITIES	<hr/> 41,803	<hr/> 41,860
Net assets per share attributable to owners of the company (RM)	<hr/> 0.81	<hr/> 0.81

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended December 31, 2020 and the accompanying explanatory notes attached to the Interim Financial Report)

INTERIM FINANCIAL REPORT
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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			
2021						
At January 1, 2021	40,999	11,171	(18,111)	34,059	1	36,360
Net Loss for the financial year			49	49		49
Other comprehensive income	-	-	-	-	-	-
At March 31, 2021	40,999	11,171	(18,062)	34,108	1	34,109
2020						
At January 1, 2020	40,999	10,865	(15,504)	36,359	1	36,360
Total comprehensive income:-						
Loss for the financial year	-	-	(2,607)	(2,607)	-	(2,607)
Other comprehensive loss	-	306	-	306	-	306
	-	306	(2,607)	(2,300)	-	(2,300)
At December 31, 2020	40,999	11,171	(18,111)	34,059	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, 2020 and the accompanying explanatory notes attached to the Interim Financial Report)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year-To- Date Ended 31/03/21 RM'000	Preceding Year 12 Month Ended 31/12/20 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	49	(2,477)
Adjustment for :-		
Non-cash items	454	2,963
Non-operating items	-	-
Finance cost	40	83
Operating profit before working capital changes	543	569
Changes in working capital :-		
Net change in current assets	113	2,445
Net change in current liabilities	(144)	(1,887)
Cash generated from operations	512	1,127
Interest paid	(40)	(83)
Taxation paid	(19)	(159)
Net cash used in operating activities	453	885
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(267)	(15)
Net change in holding's company balance	274	2,385
Proceeds from disposal of property, plant and equipment	-	66
Net cash generated from investing activities	(93)	2,436
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(36)	(934)
Repayment of bank borrowings	-	-
Net cash used in financing activities	(36)	(934)
NET INCREASE /(DECREASE)/ IN CASH AND CASH EQUIVALENTS	(129)	2,387
Effects of currency translation differences	-	(16)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,837	(535)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1,708	1,837
Cash and cash equivalents comprise :-		
Cash and bank balances	2,443	2,442
Bank overdrafts (included within short term borrowings in Note 20)	(735)	(605)
	1,708	1,837

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended December 31, 2020 and the accompanying explanatory notes attached to the 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, 2020. 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 2020.

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.

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For the First Quarter ended March 31, 2021

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, 2020 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 3 months period ended 31 March 2021 are as follows:-

Business segment :	Trading of Tyres	Logistics Singapore	Logistics Solution	Total RM'000
	“Tyre”	“Logistics”		
	RM'000	RM'000	RM'000	
Revenue	886	514	3,164	4,564
Profit/(Loss) before taxation	20	55	(26)	49
Assets	11,497	3,340	26,966	41,803
Liabilities	1,172	1,575	4,947	7,694

b. Geographical segments

The results for the 3 months period ended 31 March 2021 by geographical segments, are as follows:

	Malaysia	Singapore	Elimination	Total
	RM'000	RM'000	RM'000	RM'000
Revenue				
External	4,050	514	-	4,564
Inter-segment	348	492	(840)	-
Total revenue	4,398	1,006	(840)	4,564
(Loss)/Profit from operations	(3)	92	-	89
Finance costs	(3)	(37)	-	(40)
Loss before taxation	(6)	55	-	49
Other Information				
Segment assets	38,463	3,340	-	41,803

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For the First Quarter ended March 31, 2021**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 March 31, 2021 since the last annual statement of financial position date comprise:-

	As at 31/03/21 RM'000	As at 31/12/20 RM'000
Guarantees in favour of financial institutions for securing borrowings granted to subsidiaries		
- secured	575	1,112
- unsecured	144	141
	<u>719</u>	<u>1,253</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.

The Covid-19 Pandemic continues to cause significant disruptions to businesses. The implementation of stringent lockdowns across the globe and similar 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 first half of the FY2021 as the authority have started to allow all sectors to operate with full capacity.

The implementation of the National Covid-19 Immunisation Programme will drive the reopening of various economic sectors and consumer sentiment recovery, and subsequently boost the growth and resilience of the Malaysia economy.

As part of the corporate exercise announced on 14th April 2021 and 16th April 2021, the Group had made an offer to Enfrasys Consulting Sdn. Bhd. (“ECSB”) to acquire 400,000 ordinary shares, representing 40% equity interest in Enfrasys Solutions Sdn. Bhd. (“ESSB”) for a total purchase consideration of RM20,000,000 to be satisfied by the issuance of 20,000,000 ordinary shares in the Company at an issue price of RM1.00 per ordinary share. ECSB has on even date accepted the offer. Following thereto, the Company had entered into a conditional share sale agreement with ECSB on the 16 April 2021. In conjunction with this acquisition, the Company intends to diversify the Group’s business activities into system integration and software engineering works.

The Group had undertaken a private placement of 4,099,800 new ordinary shares of the Company at an issue price of RM1.08 per ordinary share (“Proposed Placement I”) which was completed on 27th April 2021 as part of the said corporate exercise. The Company is also proposing to undertake another private placement of up to 4,509,800 new ordinary shares in the Company (“Proposed Placement II”), representing up to approximately 10% of the issued share capital of the Company (after taking into consideration the Proposed Placement I) to complete the said corporate exercise.

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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 RM4.564 million and net profit before taxation of RM0.049 million (Last Year: revenue of RM4.23 million and net loss before taxation of RM0.174 million). The improvement in revenue is attributable to higher sales in selected areas of operation with better yield and turnaround.

Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) however remained positive at RM0.543 million (Last Year: RM0.305 million).

Comparison with preceding quarter

	Current Quarter 31/03/21 RM'000	Preceding Quarter 31/12/20 RM'000	Changes (Amount/%) RM'000	
Gross revenue	4,564	4,654	(90)	(1%)
Operating Profit/(Loss) before depreciation and finance cost	543	29	514	>100%
Profit/(Loss) before taxation	49	(1,990)	2,039	>100%

15. Commentary on prospects

The Malaysian economy, similar to those of the other countries 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 later hampered by the third 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.

The implementation of the third Movement Control Order (MCO 3.0) nationwide is not expected to have a significant impact on the country's economic growth as almost all

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economic sectors are allowed to remain operational. The government is confident that the country's gross domestic product (GDP) will continue to grow at the projected rate of 6.0% to 7.5%, in line with the estimates from the International Monetary Fund (6.5%), World Bank (6.0%) and the Asian Development Bank (6.0%). The country's economic recovery will also be supported by the economic growth of major trading partners such as Singapore which recorded a growth of 0.2%, China (18.3%) and the United States (0.4%) in the first quarter of 2021.

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, and exploring new markets for 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 31/03/2021 RM'000	Current Year-to-date 31/03/2021 RM'000
Interest expense	40	40
Depreciation and amortization	454	454

18. Income tax expense

	Current Quarter 31/03/2021 RM'000	Current Year-to-date 31/03/2021 RM'000
Current year provision	-	-

There is no tax provision during the quarter.

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19. Corporate proposal

There was no corporate proposal by the Group for the current quarter and financial year-to-date, other than those mentioned in Note 13.

20. Borrowings

Details of borrowings are as follows:

	As at 31/03/2021		
	Long Term RM'000	Short Term RM'000	Total borrowing RM'000
Secured			
Overdrafts	-	735	735
Term loan	-	-	-
Hire-purchase and lease payables	888	618	1,506
Unsecured			
Overdraft	-	-	-
	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 payable	888	651	1,539
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 March 31, 2021.

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For the First Quarter ended March 31, 2021**23. Dividend payable**

The Directors do not recommend 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 31/03/21	Preceding Year Quarter Ended 31/03/20	Current Year-To-Date Ended 31/03/21	Preceding Year To-Date Ended 31/03/20
Profit/(Loss) attributable to owners of the parent (RM'000)	49	(174)	49	(174)
No of ordinary shares in issue (‘000)	40,999	40,999	40,999	40,999
Basic (loss)/profit per share (sen)	0.12	(0.42)	0.12	(0.42)

25. Authorisation for issue

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

By order of the Board
Dated 28 May 2021