



TRANSOCEAN HOLDINGS BHD

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

UNAUDITED INTERIM FINANCIAL REPORT FOR SECOND QUARTER ENDED JUNE 30, 2021

Dated August 30, 2021

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INTERIM FINANCIAL REPORT
For the Second Quarter ended June 30, 2021

The Board of Directors is pleased to announce the Interim Financial Report on consolidated results of the Group for the Second quarter ended June 30, 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 30/06/21 RM'000	Preceding Year Quarter Ended 30/06/20 RM'000	Changes (Amount/%) RM'000		Current Year-To-Date Ended 30/06/21 RM'000	Preceding Year-To-Date Ended 30/06/20 RM'000	Changes (Amount/%) RM'000	
Revenue	4,736	3,553	1,183	33%	9,300	7,783	1,517	20%
Operating (loss)/ profit before depreciation and finance cost	362	74	288	>100%	905	377	528	>100%
Depreciation & amortisation	(258)	(456)	198	43%	(712)	(905)	193	21%
(Loss)/Profit from operations	104	(382)	486	>100%	193	(528)	721	>100%
Finance cost	(36)	(22)	(14)	(64%)	(76)	(50)	(26)	(52%)
(Loss)/Profit before taxation	68	(404)	472	>100%	117	(578)	695	>100%
Income tax expense	-	-	-	-	-	-	-	-
(Loss)/Profit for the period	68	(404)	472	>100%	117	(578)	695	>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	68	(404)	472	>100%	117	(578)	695	>100%
(Loss)/Profit for the period attributable to :								
Owners of the parent	68	(404)	472	>100%	117	(578)	695	>100%
Non-controlling interests	-	-	-	-	-	-	-	-
	68	(404)	472	>100%	117	(578)	695	>100%
Total comprehensive (loss)/profit/ income attributable to:								
Owners of the Company	68	(404)	472	>100%	117	(578)	695	>100%
Non-controlling interest	-	-	-	-	-	-	-	-
	68	(404)	472	>100%	117	(578)	695	>100%
(Loss)/Profit per share attributable to owners of the parent :								
- Basic (sen)	0.15	(0.98)	1.24	>100%	0.26	(1.41)	1.67	>100%
- Diluted (sen)	0.15	(0.98)			0.26	(1.41)		

(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)

INTERIM FINANCIAL REPORT
 For the Second Quarter ended June 30, 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited	Audited
	As At	As At
	30/06/21	31/12/20
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	30,308	31,572
Right-of-use assets	2,592	3,272
Trade receivables	1,406	-
	<u>34,306</u>	<u>34,844</u>
Current Assets		
Inventories	385	210
Trade receivables	4,096	3,309
Contract assets	130	169
Other receivables	2,998	681
Current tax assets	639	542
Cash and bank balances	3,057	2,452
	<u>11,305</u>	<u>7,363</u>
TOTAL ASSETS	<u>45,611</u>	<u>41,860</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the company		
Share capital	45,133	40,999
Other Reserves	11,171	11,171
Accumulated Losses	(17,994)	(18,111)
	<u>38,310</u>	<u>34,059</u>
Non-controlling interest	1	1
Total Equity	<u>38,311</u>	<u>34,060</u>
Non-Current Liabilities		
Borrowings	-	-
Lease liabilities	888	888
Deferred tax liabilities	1,865	1,865
	<u>2,753</u>	<u>2,753</u>

INTERIM FINANCIAL REPORT
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONT'D)

	Unaudited	Audited
	As At	As At
	30/06/21	31/12/20
	RM'000	RM'000
Current Liabilities		
Borrowings	528	737
Lease liabilities	283	517
Trade payables	2,458	1,870
Other payables	1,278	1,923
	<hr/> 4,547	<hr/> 5,047
Total liabilities	7,300	7,907
TOTAL EQUITY AND LIABILITIES	<hr/> 45,611	<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
For the Second Quarter ended June 30, 2021

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	34,060
Net Loss for the financial year			117	117		117
Other comprehensive income	4,134	-	-	4,134	-	4,134
At June 30, 2021	45,133	11,171	(17,994)	38,310	1	38,311
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	34,060

(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)

INTERIM FINANCIAL REPORT
For the Second Quarter ended June 30, 2021

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year-To- Date Ended 30/06/21 RM'000	Preceding Year 12 Month Ended 31/12/20 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	117	(2,477)
Adjustment for :-		
Non-cash items	712	2,963
Non-operating items	-	-
Finance cost	76	83
Operating profit before working capital changes	905	569
Changes in working capital :-		
Net change in current assets	(3,943)	2,445
Net change in current liabilities	(513)	(1,887)
Cash generated from operations	(3,551)	1,127
Interest paid	(76)	(83)
Taxation paid	(97)	(159)
Net cash used in operating activities	(3,724)	885
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(291)	(15)
Net change in holding's company balance	780	2,385
Proceeds from disposal of property, plant and equipment	-	66
Payment of private placement expenses	(294)	-
Proceed from private placement	4,428	-
Net cash generated from investing activities	4,623	2,436
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(80)	(934)
Repayment of bank borrowings	-	-
Net cash used in financing activities	(80)	(934)
NET INCREASE /(DECREASE)/ IN CASH AND CASH EQUIVALENTS	819	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	2,656	1,837
Cash and cash equivalents comprise :-		
Cash and bank balances	3,057	2,442
Bank overdrafts (included within short term borrowings in Note 20)	(401)	(605)
	2,656	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)

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 Second Quarter ended June 30, 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 6 months period ended 30 June 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	1,860	1,131	6,309	9,300
Profit/(Loss) before taxation	40	182	(105)	117
Assets	11,870	3,267	30,474	45,611
Liabilities	1,525	1,373	4,402	7,300

b. Geographical segments

The results for the 6 months period ended 30 June 2021 by geographical segments, are as follows:

	Malaysia	Singapore	Elimination	Total
	RM'000	RM'000	RM'000	RM'000
Revenue				
External	8,169	1,131	-	9,300
Inter-segment	680	873	(1,553)	-
Total revenue	8,849	2,004	(1,553)	9,300
(Loss)/Profit from operations	(61)	254	-	193
Finance costs	(4)	(72)	-	(76)
Loss before taxation	(65)	182	-	117
Other Information				
Segment assets	42,344	3,267	-	45,611

INTERIM FINANCIAL REPORT
For the Second Quarter ended June 30, 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, except as disclosed herein.

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 June 30, 2021 since the last annual statement of financial position date comprise:-

	As at 30/06/21 RM'000	As at 31/12/20 RM'000
Guarantees in favour of financial institutions for securing borrowings granted to subsidiaries		
- secured	645	1,112
- unsecured	120	141
	<u>765</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.

The short-term economic indicator, Leading Index (LI) for May 2021 signals that the Malaysian economy is anticipated to face challenges in preserving the recovery momentum. The acceleration of vaccination programme by the National COVID-19 Immunisation Programme (PICK) and the various initiatives such as Pakej Pelindungan Rakyat dan Pemulihan Ekonomi (PEMULIH) and National Recovery Plan announced by the Government may boost up the households and business confidence to stimulate economic activity and social stability. The Group foresee there will be an improvement in term of revenue before year end as government had allowed manufacturing sector to operate by stages after the Malaysian Proclamation of Emergency had revoked.

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.

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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 RM4.736 million and profit before taxation of RM0.068 million (Last Year: revenue of RM3.553 million and net loss before taxation of RM0.404 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) improved to RM0.362 million (Last Year: RM0.074 million).

Comparison with preceding quarter

	Current Quarter 30/06/21 RM'000	Preceding Quarter 31/03/21 RM'000	Changes (Amount/%) RM'000	
Gross revenue	4,736	4,564	172	4%
Operating Profit/(Loss) before depreciation and finance cost	362	543	(181)	(33%)
Profit/(Loss) before taxation	68	49	19	39%

15. Commentary on prospects

The Malaysian economy grew by 16.1% in the second quarter (1Q 2021: -0.5%). Economic performance was supported mainly by the improvement in domestic demand and continued robust exports performance. The strong growth also reflected the low base from the significant decline in activity during the second quarter of 2020. Economic activity picked up at the start of the second quarter, but slowed down thereafter, following the re-imposition of stricter containment measures nationwide under Phase 1 of the Full Movement Control Order (FMCO). All economic sectors registered an improvement, particularly the manufacturing sector. On the expenditure side, growth was driven by higher private sector spending and strong trade activity. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 2.0% (1Q 2021: 2.7%), weighed by the tighter containment measures.

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The authorization of manufacturing sector to operate by government had led to the improvement in the Group revenue for second quarter 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 30/06/2021 RM'000	Current Year-to-date 30/06/2021 RM'000
Interest expense	36	76
Depreciation and amortization	258	712

18. Income tax expense

	Current Quarter 30/06/2021 RM'000	Current Year-to-date 30/06/2021 RM'000
Current year provision	-	-

There is no tax provision during the quarter.

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.

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20. Borrowings

Details of borrowings are as follows:

	As at 30/06/2021		
	Long Term RM'000	Short Term RM'000	Total borrowing RM'000
Secured			
Overdrafts	-	401	401
Term loan	-	-	-
Hire-purchase and lease payables	888	410	1,298
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 June 30, 2021.

23. Dividend payable

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

INTERIM FINANCIAL REPORT
For the Second Quarter ended June 30, 2021**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 30/06/21	Preceding Year Quarter Ended 30/06/20	Current Year-To-Date Ended 30/06/21	Preceding Year To-Date Ended 30/06/20
Profit/(Loss) attributable to owners of the parent (RM'000)	68	(404)	117	(578)
No of ordinary shares in issue (‘000)	45,098	40,999	45,098	40,999
Basic (loss)/profit per share (sen)	0.15	(0.99)	0.26	(1.41)

25. Authorisation for issue

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

By order of the Board
Dated 30 August 2021