

TRC SYNERGY BERHAD
Condensed Consolidated Statement of Comprehensive Income for the quarter ended 30 June 2020

	Current quarter ended 30/6/20 RM	Restated Comparative quarter ended 30/6/19 RM	6 months cumulative to 30/6/20 RM	Restated 6 months cumulative to 30/6/19 RM
Revenue	139,385,930	218,936,184	277,018,343	414,679,100
Cost of sales	(136,238,566)	(210,627,263)	(259,887,238)	(378,237,120)
Gross Profit	3,147,364	8,308,921	17,131,105	36,441,980
Other income	348,322	520,327	551,986	836,399
Realised Foreign Currency Exchange Loss	(1,081)	-	(1,081)	-
Unrealised Foreign Currency Exchange Gain/(Loss)	10,889,139	1,122,135	4,302,057	(244,503)
Administrative expenses	(4,370,890)	(8,139,307)	(10,750,615)	(16,520,256)
Operating Profit	10,012,854	1,812,076	11,233,452	20,513,620
Finance income	1,556,632	1,988,965	2,961,672	3,154,439
Finance costs	(1,671,541)	(1,235,629)	(3,592,954)	(2,933,335)
Share of profits of Associates	561,173	1,144,317	1,528,411	2,065,924
Share of profits/(loss) of Joint Venture	1,970,179	(104,550)	4,486,035	(192,274)
Profit before taxation	12,429,297	3,605,179	16,616,616	22,608,374
Taxation	(1,393,108)	(568,752)	(5,899,141)	(6,476,248)
Profit for the period	11,036,189	3,036,427	10,717,475	16,132,126
Other comprehensive (Loss)/Income, net of tax				
Foreign currency translation differences for foreign operations	(504,986)	(91,413)	175,001	(63,803)
Other comprehensive (Loss)/Income for the period net of tax	(504,986)	(91,413)	175,001	(63,803)
Total comprehensive income for the period	10,531,203	2,945,014	10,892,476	16,068,323
Profit attributable to:				
Owners of the parent	11,179,797	2,834,473	10,766,287	15,869,268
Non-controlling interests	(143,608)	201,954	(48,812)	262,858
Profit for the period	11,036,189	3,036,427	10,717,475	16,132,126
Total comprehensive income attributable to:				
Owners of the parent	10,664,870	2,748,676	10,933,084	15,808,094
Non-controlling interests	(133,667)	196,338	(40,608)	260,229
Total comprehensive Income for the period	10,531,203	2,945,014	10,892,476	16,068,323
EPS attributable to owners of the parent:				
Basic (sen)	2.37	0.59	2.27	3.30
Diluted (sen)	2.37	0.59	2.27	3.30

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2019)

TRC SYNERGY BERHAD

Condensed Consolidated Statement of Financial Position as at 30 June 2020

	As at 30/6/20 RM	As at 31/12/19 RM
ASSETS		
NON-CURRENT ASSETS		
Investment properties	20,951,972	20,825,948
Property, Plant & Equipment	202,452,647	205,728,185
Inventories	11,930,203	11,930,203
Investment in Associates	6,293,084	4,456,011
Investment in Joint Venture	40,269,048	35,002,567
Other investments	66,000	66,000
Other receivables	28,438,700	28,438,700
Deferred tax assets	900,821	2,357,643
Right-of-use asset	352,885	449,126
	<u>311,655,360</u>	<u>309,254,383</u>
CURRENT ASSETS		
Inventories	127,133,833	135,859,176
Trade & other receivables	286,992,150	336,447,875
Contract assets	17,633,397	9,264,764
Cash & bank balances	280,725,877	299,158,945
Current tax asset	900,468	1,082,804
	<u>713,385,725</u>	<u>781,813,564</u>
TOTAL ASSETS	<u>1,025,041,085</u>	<u>1,091,067,947</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share Capital	240,456,670	240,456,670
Treasury Shares	(2,459,625)	-
Other reserves	6,056,411	6,322,439
Retained earnings	177,921,006	167,154,719
Equity attributable to owners of the Parent	<u>421,974,462</u>	<u>413,933,828</u>
Non-controlling Interests	5,779,132	5,819,740
Total Equity	<u>427,753,594</u>	<u>419,753,568</u>
NON-CURRENT LIABILITIES		
Borrowings	97,970,370	97,955,997
Deferred tax liabilities	2,631,501	2,415,709
	<u>100,601,871</u>	<u>100,371,706</u>
CURRENT LIABILITIES		
Borrowings	114,181,174	126,985,878
Trade & other payables	214,830,107	298,495,826
Contract liabilities	162,284,268	141,434,323
Current tax liabilities	5,390,071	4,026,646
	<u>496,685,620</u>	<u>570,942,673</u>
Total Liabilities	597,287,491	671,314,379
	<u>1,025,041,085</u>	<u>1,091,067,947</u>
Net assets per share (RM)	0.90	0.87

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2019)

TRC SYNERGY BERHAD
Condensed Consolidated Statement of Changes in Equity for the period ended 30 June 2020

	Attributable to owners of the parent						Non-controlling Interests	Total Equity
	Non-distributable							
	Share Capital RM	Treasury Shares RM	Asset Revaluation Reserve RM	Foreign Currency Translation Reserve RM	Retained Profits RM	Sub- Total RM	RM	RM
At 1 January 2020	240,456,670	-	6,586,691	(697,077)	167,154,719	413,501,003	5,819,740	419,320,743
Share-Buy-Back	-	(2,459,625)	-	-	-	(2,459,625)	-	(2,459,625)
<i>Foreign currency translation difference for foreign operations</i>	-	-	-	166,797	-	166,797	8,204	175,001
<i>Other comprehensive income for the period</i>	-	-	(0)	166,797	-	166,797	8,204	175,001
<i>Profit for the period</i>	-	-	-	-	10,766,287	10,766,287	(48,812)	10,717,475
Total comprehensive income for the period	-	-	(0)	166,797	10,766,287	10,933,084	(40,608)	10,892,476
At 30 June 2020	<u>240,456,670</u>	<u>(2,459,625)</u>	<u>6,586,691</u>	<u>(530,280)</u>	<u>177,921,006</u>	<u>421,974,462</u>	<u>5,779,132</u>	<u>427,753,594</u>
At 1 January 2019	240,456,670	3,812,128	(1,680,711)	166,259,256	408,847,343	5,132,520	413,979,863	413,979,863
<i>Foreign currency translation difference for foreign operations</i>	-	-	(61,174)	-	(61,174)	(2,629)	(63,803)	27,610
<i>Other comprehensive income for the period</i>	-	-	(61,174)	-	(61,174)	(2,629)	(63,803)	27,610
<i>Profit for the period</i>	-	-	-	15,869,268	15,869,268	262,858	16,132,126	13,095,699
Total comprehensive income for the period	-	-	(61,174)	15,869,268	15,808,094	260,229	16,068,323	13,123,309
At 30 June 2019	<u>240,456,670</u>	<u>3,812,128</u>	<u>(1,741,885)</u>	<u>182,128,524</u>	<u>424,655,437</u>	<u>5,392,749</u>	<u>430,048,186</u>	<u>427,103,172</u>

The Foreign Currency Translation Reserve represents currency translation differences on foreign currency net investments.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2019)

TRC SYNERGY BERHAD TRC SYNERGY BERHAD

Condensed Consolidated Statement of Cash Flows for the quarter ended 30 June 2020

	6 months ended 30/6/2020 RM	6 months ended 30/6/2019 RM
Cash flows from operating activities		
Profit before tax	16,616,616	22,608,374
Adjustments for :		
Amortisation of leasehold land	6,985	5,891
Depreciation of property, plant & equipment	8,050,269	5,792,279
Interest expense	3,857,617	3,568,316
Interest income	(2,961,672)	(3,154,439)
Share of results of Associates	(1,528,411)	(2,065,924)
Share of results of Joint Venture	(4,486,035)	192,274
Exchange reserve arising due to retranslation of financial statements in foreign currency	(5,355,245)	2,613,991
Gain on disposal of property, plant & equipment	(138,870)	(333,727)
Unrealised (gain)/ loss on foreign currency exchange	(4,302,057)	244,503
Property, plant & equipment written off	6,737	1,969
Operating profit before working capital changes	<u>9,765,934</u>	<u>29,473,507</u>
Working capital changes :-		
Inventories	8,725,343	(7,997,670)
Receivables	45,439,263	173,611,740
Payables	(62,815,774)	(36,923,790)
Cash generated from operating activities	<u>1,114,766</u>	<u>158,163,787</u>
Interest paid	(3,857,617)	(3,568,316)
Taxation paid	(2,693,834)	(6,173,097)
Tax refund	-	25,879
Interest received	2,961,672	3,154,439
Net cash (used in)/generated from operating activities	<u>(2,475,013)</u>	<u>151,602,692</u>
Cash flows from investing activities		
Purchase of property, plant & equipment	(737,523)	(41,223,381)
Investment properties	(126,024)	-
Proceeds from disposal of property, plant & equipment	146,030	1,470,400
Net cash used in investing activities	<u>(717,517)</u>	<u>(39,752,981)</u>
Cash flows from financing activities		
Fixed deposits	7,008,409	(11,054,912)
Repayment of short term borrowings	(7,728,873)	(10,923,715)
Proceeds from/(Repayment of) long term borrowings	14,373	(2,166,777)
Payment of Share-Buy-Back	(2,459,825)	-
Net cash used in financing activities	<u>(3,165,716)</u>	<u>(24,145,404)</u>
Net (decrease)/increase in cash and cash equivalents	(6,358,246)	87,704,307
Effects of foreign exchange rate changes	9,417	1,130
Cash and cash equivalents at beginning of period	106,491,891	33,407,807
Cash and cash equivalents at end of period	<u>100,143,062</u>	<u>121,113,244</u>
Cash and cash equivalents at end of period comprise :		
Cash and bank balances	44,250,916	70,225,201
Fixed deposits with licensed banks	53,711,298	51,001,550
Short term deposit with licensed bank	15,135,707	1,505,558
Bank overdrafts	(12,954,859)	(1,619,065)
	<u>100,143,062</u>	<u>121,113,244</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2019)

TRC SYNERGY BERHAD

Company No. 199601040839 (413192-D)
(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30TH JUNE 2020

(The figures have not been audited)

Explanatory Notes

1. *Accounting policies*

The Group has prepared the unaudited interim financial statements in accordance with the requirements of Malaysian Financial Reporting Standards ('MFRS') 134: "Interim Financial Reporting" issued by Malaysian Accounting Standard Board ('MASB') and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ('Bursa Malaysia').

The unaudited interim financial statements should be read in conjunction with audited financial statements of the Group for the financial year ended 31 December 2019. These explanatory notes attached to the interim financial statements 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 since the year ended 31 December 2019.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited annual financial statements for the financial year ended 31 December 2019 except for the adoption of the following amendments to MFRSs during the financial year:

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101 And MFRS 108	Definition of Material
Amendments to MFRS 9, MFRS 139 and MFRS 7	Disclosures-Interest Rate Benchmark Reform

The adoption of the above MFRSs does not have significant financial impact to the Group and the Company.

2. *Status of Financial Statements Qualification*

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

3. ***Seasonal or Cyclical Factors***

The Group's operations were not significantly affected by seasonal and cyclical factors for the financial period under review.

4. ***Items affecting assets, liabilities, equity, net income or cash flows that are unusual to the nature, size or incidence***

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows for the current quarter and financial period to date other than the followings:-

	Second quarter		Cumulative 6 months	
	30/6/2020	30/6/2019	30/6/2020	30/6/2019
	RM	RM	RM	RM
Realised loss on foreign currency exchange	(1,081)	-	(1,081)	-
Unrealised gain/(loss) on foreign currency exchange	<u>10,889,139</u>	<u>1,122,135</u>	<u>4,302,057</u>	<u>(244,503)</u>

5. ***Changes in Estimates***

There were no changes in estimates that have a material effect in the current quarter.

6. ***Changes in Share Capital and Loan Stocks***

During the quarter, the Company purchased additional 235,000 of its own shares amounting to RM57,958 from the open market. The total Treasury Shares stood as 9,208,400 totalling RM2,459,625.

7. ***Dividend paid***

No dividend was paid in the current quarter.

8. Segment Reporting

Segment revenue and profit before taxation were as follows:

GROUP (BY ACTIVITIES)	TURNOVER RM'000	PROFIT/(LOSS) BEFORE TAX RM'000
Investment holding and the provision of corporate, administrative and financial support services.	6,760	2,278
Construction works	298,343	14,697
Project development management services and property development	29,340	3,311
Manufacturing and dealing in concrete piles and ready-mixed concrete	2,730	53
Hotel operations	4,891	(5,003)
Share of profits of Associates	342,064	15,336
Share of profits of Joint Venture	-	1,528
		4,486
Intra-group items	342,064 (65,046)	21,350 (4,733)
	277,018	16,617

9. Valuation of property, plant & equipment

The valuations of land and buildings have been brought forward without amendment as there was no revaluation been carried out in this quarter.

10. Subsequent Events

There were no material events subsequent to the end of the current quarter.

11. *Changes in the composition of the Group*

There were no changes in the composition of the Group for the quarter ended 30 June 2020.

12. *Contingent Liabilities and Assets*

There were no material changes in contingent liabilities and assets for the Group as at the date of this announcement.

13. *Capital Commitment*

There was no capital commitment for the purchase of property, plant and equipment for the period ended 30 June 2020.

14. *Related Party Transactions*

There was no material related party transactions during the quarter ended 30 June 2020.

15. *Review of performance of the Company and its Principal Subsidiaries*

The Group recorded a profit before tax of RM12,429,297 in the current quarter as compared with a profit before tax of RM3,605,179 in the corresponding quarter.

The substantially higher profit before tax reported in the current quarter despite a lower gross margin recorded was largely resulting from the recognition of unrealized foreign currency exchange gain of RM10,889,139.

The higher profit before tax reported in the current quarter was also contributed by the lower administrative expenses achieved through stringent costs management and the positive contribution from a Joint Venture in the current quarter as compared with the corresponding quarter.

16. *Material changes in the Profit Before Taxation for the Current Quarter as compared with the Immediate Preceding Quarter*

The Group recorded a profit before tax of RM12,429,297 in the current quarter as compared with a profit before tax of RM4,187,320 recorded in the immediate preceding quarter.

The reason for the higher profit before tax reported in the current quarter as compared with the immediate preceding quarter is similar to that mentioned in note 15 above.

17. Prospects for the current financial year

The 2020 has indeed been a very eventful year, not only for Malaysia but the whole world, largely attributed to among others, the contraction in crude oil price, heightened volatility in financial markets and more severely the outbreak of the Covid-19 pandemic across the globe, which had brought much uncertainties both economically and financially.

Against the backdrop of immense headwinds, the group will exercise extra prudence in both operational and financial aspects, while continue to display resilience in charting our business strategy to sail through this difficult times.

The Group is pleased to announce that its wholly-owned subsidiary, Trans Resources Corporation Sdn Bhd ('TRC') had on 16th June 2020 accepted the Award in relation to the Sub-Contract Works known as Construction and Completion of Elevated Stations and other Associated Works for Projek Mass Rapid Transit Laluan 2: Sungai Buloh-Serdang-Putrajaya for a Contract Sum of RM113,988,000.

Also, further to the announcement made on 5th September 2017 by the Company on the award of Package TD2-Construction and Completion of Johan Setia Depot (Phase 2) and Associated Works for Construction and Completion of Light Rail Transit Line 3 (LRT3) from Bandar Utama to Johan Setia by Prasarana Malaysia Berhad ('Prasarana') to TRC, the Company is pleased to announce that a Supplementary Agreement ('SA') was signed by MRCB George Kent Sdn Bhd (MGK') and TRC on 6 March 2020.

Pursuant to the SA, the works package contract earlier executed by Prasarana and TRC was agreed to be amended and/or varied, the salient amendments of which are as follows:-

- a. Pursuant to a remodeled LRT3 Project, MGK is now the Main Contractor appointed by Prasarana;
- b. Under the remodeled LRT3 Project, the design and scope of the LRT3 Project has changed, and with this, a new revised contract price of RM536,800,000 is agreed between TRC and MGK.
- c. The revised completion date for the Project will be November 2023.

18. Variance of Actual Profit against Estimated Profit

The disclosure requirement for this section is not applicable to the Group.

19. Income tax

The tax expenses comprise the following:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter 30.6.2020 RM'000	Preceding Year Corresponding Quarter 30.6.2019 RM'000	Current Year To Date 30.6.2020 RM'000	Preceding Year Corresponding Period 30.6.2019 RM'000
Current taxation	253	(837)	4,132	4,701
Foreign taxation	20	484	20	484
Prior year under provision	28	120	28	120
Deferred taxation	1,092	802	1,719	1,171
	<u>1,393</u>	<u>569</u>	<u>5,899</u>	<u>6,476</u>

The effective tax rate for the period is higher than the statutory tax rate due to certain expenses being disallowed for tax purpose and the recognition of the unrealized foreign currency exchange gain by the Group during the period under review.

20. Profit on sale of investments and properties

There were no sales of unquoted investments or properties by the Group in the current quarter.

21. Quoted Securities

The Company did not hold any quoted securities for the quarter ended 30 June 2020.

22. Status of Corporate Proposal

There was no outstanding corporate proposal.

23. Group Borrowings and Debt Securities

Total borrowings of the Group as at 30 June 2020 are as follows:-

Security	Type	Amount ('000)	Currency
Secured	Short Term	114,181	RM
Secured	Long Term	97,970	RM
Unsecured	Long Term	-	RM

24. Off Statement of Financial Position Financial Instruments

There were no off statement of financial position financial instruments as at the date of this announcement.

25. Material Litigation

Trans Resources Corporation Sdn Bhd ('TRC') the wholly-owned subsidiary of the Company had commenced arbitration proceedings (as the 1st Claimant) to resolve its disputes with The Brunei Economic Development Board ('BEDB').

TRC's claims against BEDB for payment of amounts which are wrongfully deducted by BEDB from sums due to TRC under the Contract and compensation for losses suffered by TRC as a result of certain acts and/or omissions of BEDB.

The arbitration proceedings are still ongoing.

26. Dividends

The directors have not recommended the payment of any dividend for the quarter ended 30 June 2020.

27. Earnings/(Loss) per share

The basic earnings per share was calculated based on the net profit for the period attributable to owners of the parent of RM10,766,287 (2019: Profit RM15,869,268) and on the weighted average number of ordinary shares in issue of 475,305,755 (2019: 480,497,103) shares.

The fully diluted earnings per share for the period have been computed using a weighted average number of shares of 475,305,755 (2019: 480,497,103).

28. **Comparative figures**

The following comparative figures are restated to conform with the current period's presentation:-

	Current quarter ended 30.6.2019		6 months cumulative to 30.6.2019	
	Restated RM	As previously stated	Restated RM	As previously stated
		RM		RM
Other income	520,327	1,537,912	836,399	399,622
Unrealised foreign currency exchange gain/(loss)	1,122,135	-	(244,503)	-
Share of loss in Joint Venture	(104,550)	-	(192,274)	-