

TRC SYNERGY BERHAD

Condensed Consolidated Statement of Comprehensive Income for the quarter ended 30 September 2020

	Current quarter ended 30/9/20 RM	Restated Comparative quarter ended 30/9/19 RM	9 months cumulative to 30/9/20 RM	Restated 9 months cumulative to 30/9/19 RM
Revenue	189,982,957	234,382,978	467,001,300	649,062,077
Cost of sales	(173,874,037)	(223,108,242)	(433,761,275)	(601,345,361)
Gross Profit	16,108,920	11,274,736	33,240,025	47,716,716
Other income	254,330	856,466	806,316	1,692,864
Realised Foreign Currency Exchange Loss	-	-	(1,081)	-
Unrealised Foreign Currency Exchange Gain/(Loss)	312,010	(2,681,680)	4,614,067	(2,926,183)
Administrative expenses	(8,730,042)	(8,121,460)	(19,480,657)	(24,641,717)
Operating Profit	7,945,218	1,328,062	19,178,670	21,841,680
Finance income	1,273,651	1,937,308	4,235,323	5,091,747
Finance costs	(1,713,228)	(1,061,466)	(5,306,182)	(3,994,800)
Share of profits of Associates	(657,941)	868,806	870,470	2,934,729
Share of profits of Joint Venture	1,480,577	270,979	5,966,612	78,706
Profit before taxation	8,328,277	3,343,689	24,944,893	25,952,062
Taxation	(2,657,936)	(2,970,633)	(8,557,077)	(9,446,880)
Profit for the period	5,670,341	373,056	16,387,816	16,505,182
Other comprehensive (Loss)/Income, net of tax				
Foreign currency translation differences for foreign operations	(9,621)	(169,145)	165,380	(232,948)
Other comprehensive (Loss)/Income for the period net of tax	(9,621)	(169,145)	165,380	(232,948)
Total comprehensive income for the period	5,660,720	203,911	16,553,196	16,272,234
Profit attributable to:				
Owners of the parent	5,742,110	272,283	16,508,397	16,141,551
Non-controlling interests	(71,769)	100,773	(120,581)	363,631
Profit for the period	5,670,341	373,056	16,387,816	16,505,182
Total comprehensive income attributable to:				
Owners of the parent	5,739,571	100,153	16,672,655	15,908,247
Non-controlling interests	(78,851)	103,758	(119,459)	363,987
Total comprehensive Income for the period	5,660,720	203,911	16,553,196	16,272,234
EPS attributable to owners of the parent:				
Basic (sen)	1.22	0.06	3.48	3.36
Diluted (sen)	1.22	0.06	3.48	3.36

(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 September 2020

	As at 30/9/20 RM	As at 31/12/19 RM
ASSETS		
NON-CURRENT ASSETS		
Investment properties	20,951,972	20,825,948
Property, Plant & Equipment	200,927,073	205,728,185
Inventories	11,930,203	11,930,203
Investment in Associates	4,642,671	4,456,011
Investment in Joint Venture	41,476,449	35,002,567
Other investments	66,000	66,000
Other receivables	26,915,900	28,438,700
Deferred tax assets	1,058,350	2,357,643
Right-of-use asset	304,764	449,126
	<u>308,273,382</u>	<u>309,254,383</u>
CURRENT ASSETS		
Inventories	139,406,094	135,859,176
Trade & other receivables	351,039,597	336,447,875
Contract assets	16,307,965	9,264,764
Cash & bank balances	276,111,229	299,158,945
Current tax asset	942,099	1,082,804
	<u>783,806,984</u>	<u>781,813,564</u>
TOTAL ASSETS	<u>1,092,080,366</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	6,053,872	6,322,439
Retained earnings	178,478,940	167,154,719
Equity attributable to owners of the Parent	<u>422,529,857</u>	<u>413,933,828</u>
Non-controlling Interests	5,700,281	5,819,740
Total Equity	<u>428,230,138</u>	<u>419,753,568</u>
NON-CURRENT LIABILITIES		
Borrowings	98,755,007	97,955,997
Deferred tax liabilities	2,337,304	2,415,709
	<u>101,092,311</u>	<u>100,371,706</u>
CURRENT LIABILITIES		
Borrowings	128,975,510	126,985,878
Trade & other payables	230,902,484	298,495,826
Contract liabilities	194,898,704	141,434,323
Current tax liabilities	7,981,219	4,026,646
	<u>562,757,917</u>	<u>570,942,673</u>
Total Liabilities	<u>663,850,228</u>	<u>671,314,379</u>
	<u>1,092,080,366</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 September 2020

	Attributable to owners of the parent				Non-controlling Interests	Total Equity
	Non-distributable		Distributable			
	Treasury Shares	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Retained Profits	Sub-Total	
	RM	RM	RM	RM	RM	RM
At 1 January 2020	240,456,670	6,586,691	(697,077)	167,154,719	413,501,003	419,320,743
Dividend	-	-	-	(5,184,176)	(5,184,176)	(5,184,176)
Share-Buy-Back	(2,459,625)	-	-	-	(2,459,625)	(2,459,625)
<i>Foreign currency translation difference for foreign operations</i>	-	-	164,258	-	164,258	1,122
<i>Other comprehensive income for the period</i>	-	(0)	164,258	-	164,258	1,122
<i>Profit for the period</i>	-	-	-	16,508,397	16,508,397	(120,581)
<i>Total comprehensive income for the period</i>	-	(0)	164,258	16,508,397	16,672,655	(119,459)
At 30 September 2020	240,456,670	6,586,691	(532,819)	178,478,940	422,529,857	428,230,138
At 1 January 2019	240,456,670	3,812,128	(1,680,711)	166,259,256	408,847,343	413,979,863
Dividend	-	-	-	(9,129,445)	(9,129,445)	(9,129,445)
<i>Foreign currency translation difference for foreign operations</i>	-	-	(233,304)	-	(233,304)	356
<i>Other comprehensive income for the period</i>	-	-	(233,304)	-	(233,304)	356
<i>Profit for the period</i>	-	-	-	16,141,551	16,141,551	363,631
<i>Total comprehensive income for the period</i>	-	-	(233,304)	16,141,551	15,908,247	363,987
At 30 September 2019	240,456,670	3,812,128	(1,914,015)	173,271,362	415,626,145	421,122,652

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

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

	9 months ended 30/9/2020 RM	9 months ended 30/9/2019 RM
Cash flows from operating activities		
Profit before tax	24,944,893	25,952,062
Adjustments for :		
Amortisation of leasehold land	6,985	5,891
Allowance for expected credit loss	1,522,800	-
Depreciation of property, plant & equipment	12,275,310	10,313,769
Interest expense	5,965,325	5,572,764
Interest income	(4,235,089)	(5,091,747)
Share of results of Associates	(870,470)	(2,934,729)
Share of results of Joint Venture	(5,966,612)	(78,706)
Exchange reserve arising due to retranslation of financial statements in foreign currency	(6,696,213)	5,038,204
Impairment of investment in an associate company	949,376	-
Gain on disposal of property, plant & equipment	(202,202)	(516,212)
Unrealised (gain)/ loss on foreign currency exchange	(4,614,067)	2,926,182
Property, plant & equipment written off	6,737	1,971
Operating profit before working capital changes	<u>23,086,773</u>	<u>41,189,449</u>
Working capital changes :-		
Inventories	(3,546,918)	(15,216,524)
Receivables	(17,323,617)	74,659,802
Payables	(14,128,933)	32,416,187
Cash (used in)/generated from operating activities	<u>(11,912,695)</u>	<u>133,048,914</u>
Interest paid	(5,965,325)	(5,572,764)
Taxation paid	(2,885,288)	(14,072,594)
Tax refund	-	25,879
Interest received	4,235,089	5,091,747
Net cash (used in)/generated from operating activities	<u>(16,528,219)</u>	<u>118,521,182</u>
Cash flows from investing activities		
Purchase of property, plant & equipment	(1,758,653)	(37,575,205)
Investment properties	(126,024)	-
Proceeds from disposal of property, plant & equipment	223,447	1,772,000
Net cash used in investing activities	<u>(1,661,230)</u>	<u>(35,803,205)</u>
Cash flows from financing activities		
Fixed deposits	6,509,723	(8,051,611)
Repayment of short term borrowings	(2,309,906)	(109,974,819)
Proceeds from/(Repayment of) long term borrowings	799,010	85,546,355
Dividend paid	(5,184,176)	(9,129,445)
Payment of Share-Buy-Back	(2,459,625)	-
Net cash used in financing activities	<u>(2,644,974)</u>	<u>(41,609,520)</u>
Net (decrease)/increase in cash and cash equivalents	(20,834,423)	41,108,457
Effects of foreign exchange rate changes	(3,105)	2,211
Cash and cash equivalents at beginning of period	106,491,891	33,407,807
Cash and cash equivalents at end of period	<u>85,654,363</u>	<u>74,518,475</u>
Cash and cash equivalents at end of period comprise :		
Cash and bank balances	48,524,078	23,486,060
Fixed deposits with licensed banks	53,695,271	51,486,273
Short term deposit with licensed bank	5,765,239	14,574,928
Bank overdrafts	(22,330,225)	(15,028,786)
	<u>85,654,363</u>	<u>74,518,475</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 THIRD QUARTER ENDED 30TH SEPTEMBER 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:-

	Third quarter		Cumulative 9 months	
	30/9/2020	30/9/2019	30/9/2020	30/9/2019
	RM	RM	RM	RM
Realised loss on foreign currency exchange	-	-	(1,081)	-
Unrealised gain/(loss) on foreign currency exchange	312,010	(2,681,680)	4,614,067	(2,926,183)

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

There were no changes in share capital and loan stocks for the quarter ended 30 September 2020.

7. Dividend paid

The Company paid a single tier dividend of 1.10 sen per share amounting to RM5,184,176 in respect of the financial year ended 31 December 2019 on 18 August 2020.

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.	2,318	(68)
Construction works	509,031	23,091
Project development management services and property development	50,091	9,098
Manufacturing and dealing in concrete piles and ready-mixed concrete	5,659	351
Hotel operations	13,961	(9,057)
	581,060	23,415
Share of profits of Associates		870
Share of profits of Joint Venture	-	5,967
	581,060	30,252
Intra-group items	(114,059)	(5,307)
	467,001	24,945

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*

Subsequent to the quarter ended 30 September 2020, the Company's wholly-owned subsidiary, TRC (Aust) Pty Ltd ('TRCA') had on 26 October 2020 entered into a Sale and Purchase of Shares Agreement with K. H. Leong Nominees Pty Ltd for disposal by TRCA of the 100% equity interest held in Pretty Sally Holdings Pty Ltd ('PSH') for a cash consideration of AUD880,000 (RM2,584,560). PSH ceased to be an associate company of TRCA after the disposal.

11. Changes in the composition of the Group

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

14. Recurrent Related Party Transactions

The Group's recurrent related party transactions are as follows:-

	Third quarter		Cumulative 9 months	
	30/9/2020	30/9/2019	30/9/2020	30/9/2019
	RM	RM	RM	RM
Transactions with a company related to a Director				
-Supply of construction materials	2,982,447	-	2,982,447	-

Related Party Transactions have been entered into in the ordinary course of business based on normal commercial terms and at arm's length. The total amount transacted for the period under review is within the Shareholders' mandate obtained on 29 July 2020.

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

The Group recorded a profit before tax of RM8,328,277 in the current quarter as compared with a profit before tax of RM3,343,689 in the corresponding quarter.

The Group reported a lower revenue in the current quarter and cumulative period as compared to the corresponding quarter and preceding period. The lower revenue reported was largely due to the impact of Covid-19 pandemic where construction progress was greatly affected.

A higher profit before tax was reported despite a lower revenue recorded in the current quarter.

Lower profit before tax registered in the corresponding quarter was partially attributable to the recognition of pre-opening costs of the hotel operations, which commenced its business operations during that quarter.

Besides, an unrealized foreign currency exchange loss and a much lower share of the profits of Joint Venture in the corresponding quarter had also resulting the lower profit before tax reported in that 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 RM8,328,277 in the current quarter as compared with a profit before tax of RM12,429,297 recorded in the immediate preceding quarter.

The substantially higher profit before tax reported in the immediate preceding quarter was largely resulting from the recognition of unrealized foreign currency exchange gain of RM10,889,139.

17. *Prospects for the current financial year*

Amidst the uncertainties both economically and financially in the global and local markets caused by the on-going outbreak of Covid-19 pandemic, the Group is exercising extra prudence in both operational and financial aspects, while continue to display resilience in charting our business strategy to sail through this difficult times.

Appropriate precautionary measures will be strictly adhered to prevent the spread of the Coronavirus and to ensure the physical safety of the workers at the construction sites to ensure smooth construction progress for our on-going projects.

The Group is pursuing to secure new jobs and barring any unforeseen circumstances, the Group is optimistic to continue performing well in the current financial year.

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 30.9.2020 RM'000	Preceding Year Corresponding Quarter 30.9.2019 RM'000	Current Year To Date 30.9.2020 RM'000	Preceding Year Corresponding Period 30.9.2019 RM'000
Current taxation	3,093	3,320	7,225	8,021
Foreign taxation	-	1,019	21	1,502
Prior year under provision	12	-	41	120
Deferred taxation	(448)	(1,369)	1,270	(197)
	<u>2,657</u>	<u>2,970</u>	<u>8,557</u>	<u>9,446</u>

The effective tax rate for the period is higher than the statutory tax rate. Besides certain expenses being disallowed for tax purpose, the non-availability of group relief from other loss making companies in the Group has also resulted a higher effective tax rate reported in the current 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 September 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 September 2020 are as follows:-

Security	Type	Amount ('000)	Currency
Secured	Short Term	128,976	RM
Secured	Long Term	98,755	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 September 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 RM16,508,397 (2019: Profit RM16,141,551) and on the weighted average number of ordinary shares in issue of 473,956,964 (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 473,956,964 (2019: 480,497,103).

28. Comparative figures

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

	Current quarter ended 30.9.2019		9 months cumulative to 30.9.2019	
	Restated RM	As previously stated RM	Restated RM	As previously stated RM
Other income	856,466	(1,554,235)	1,692,864	(1,154,613)
Unrealised foreign currency exchange loss	(2,681,680)	-	(2,926,183)	-
Share of loss in Joint Venture	270,979	-	78,706	-