

TRC SYNERGY BERHAD

Condensed Consolidated Statement of Comprehensive Income for the quarter ended 31 March 2021

	Current quarter ended 31/3/21 RM	Restated Comparative quarter ended 31/3/20 RM	3 months cumulative to 31/3/21 RM	Restated 3 months cumulative to 31/3/20 RM
Revenue	201,393,310	137,632,413	201,393,310	137,632,413
Cost of sales	(189,183,145)	(123,648,672)	(189,183,145)	(123,648,672)
<b>Gross Profit</b>	<b>12,210,165</b>	<b>13,983,741</b>	<b>12,210,165</b>	<b>13,983,741</b>
Other income	512,858	203,670	512,858	203,670
Unrealised foreign currency exchange gain/(loss)	2,975,222	(6,587,088)	2,975,222	(6,587,088)
Administrative expenses	(8,705,859)	(6,379,725)	(8,705,859)	(6,379,725)
Distribution expenses	(108,281)	-	(108,281)	-
<b>Operating Profit</b>	<b>6,884,105</b>	<b>1,220,598</b>	<b>6,884,105</b>	<b>1,220,598</b>
Finance income	1,186,434	1,405,042	1,186,434	1,405,042
Finance costs	(2,678,750)	(1,921,413)	(2,678,750)	(1,921,413)
Share of (loss)/profit of associates	(1,036)	967,237	(1,036)	967,237
Share of profit of joint venture	2,500,298	2,515,856	2,500,298	2,515,856
<b>Profit before taxation</b>	<b>7,891,051</b>	<b>4,187,320</b>	<b>7,891,051</b>	<b>4,187,320</b>
Taxation	(2,094,120)	(4,506,033)	(2,094,120)	(4,506,033)
<b>Profit/(Loss) for the period</b>	<b>5,796,931</b>	<b>(318,713)</b>	<b>5,796,931</b>	<b>(318,713)</b>
<b>Other comprehensive (Loss)/Income, net of tax</b>				
Foreign currency translation differences for foreign operations	(159,302)	679,987	(159,302)	679,987
<b>Other comprehensive (Loss)/ Income for the period net of tax</b>	<b>(159,302)</b>	<b>679,987</b>	<b>(159,302)</b>	<b>679,987</b>
<b>Total comprehensive income for the period</b>	<b>5,637,629</b>	<b>361,274</b>	<b>5,637,629</b>	<b>361,274</b>
<b>Profit attributable to:</b>				
Owners of the parent	5,618,959	(413,509)	5,618,959	(413,509)
Non-controlling interests	177,972	94,796	177,972	94,796
<b>Profit/(Loss) for the period</b>	<b>5,796,931</b>	<b>(318,713)</b>	<b>5,796,931</b>	<b>(318,713)</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	5,450,208	268,215	5,450,208	268,215
Non-controlling interests	187,421	93,059	187,421	93,059
<b>Total comprehensive income for the period</b>	<b>56,378,629</b>	<b>361,274</b>	<b>5,637,629</b>	<b>361,274</b>
<b>EPS attributable to owners of the parent:</b>				
Basic (sen)	1.19	(0.09)	1.19	(0.09)
Diluted (sen)	1.19	(0.09)	1.19	(0.09)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2020)

TRC SYNERGY BERHAD  
Condensed Consolidated Statement of Financial Position as at 31 March 2021

	As at 31/3/21 RM	As at 31/12/20 RM
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Investment properties	10,526,187	10,525,948
Property, plant & equipment	218,786,339	220,263,014
Inventories	12,107,277	12,065,045
Investment in associates	1,350,490	1,299,325
Investment in joint venture	46,769,212	44,293,308
Other investments	66,000	66,000
Other receivables	26,242,580	25,912,939
Deferred tax assets	1,654,240	1,298,242
Right-of-use asset	208,523	256,644
	<u>317,710,848</u>	<u>315,980,465</u>
<b>CURRENT ASSETS</b>		
Inventories	152,704,000	143,939,586
Contract cost assets	19,726,170	19,490,266
Trade & other receivables	338,422,517	368,977,525
Contract assets	58,022,288	53,747,366
Deposits, cash & bank balances	292,666,193	272,198,687
Current tax asset	1,011,975	1,014,136
	<u>862,553,143</u>	<u>859,367,566</u>
<b>TOTAL ASSETS</b>	<u><b>1,180,263,991</b></u>	<u><b>1,175,348,031</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share Capital	240,456,670	240,456,670
Treasury Shares	(2,459,625)	(2,459,625)
Other reserves	11,051,733	11,220,484
Retained earnings	191,230,826	185,611,867
<b>Equity attributable to owners of the Parent</b>	<u>440,279,604</u>	<u>434,829,396</u>
Non-controlling Interests	7,472,091	7,284,670
<b>Total Equity</b>	<u>447,751,695</u>	<u>442,114,066</u>
<b>NON-CURRENT LIABILITIES</b>		
Provision	41,859,612	41,393,930
Borrowings	103,907,965	103,034,052
Deferred tax liabilities	6,544,399	5,371,458
	<u>152,311,976</u>	<u>149,799,440</u>
<b>CURRENT LIABILITIES</b>		
Provision	6,016,476	5,949,544
Borrowings	156,993,689	140,729,914
Trade & other payables	225,219,938	262,120,886
Contract liabilities	190,081,703	171,563,100
Current tax liabilities	1,888,514	3,071,081
	<u>580,200,320</u>	<u>583,434,525</u>
<b>Total Liabilities</b>	<u>732,512,296</u>	<u>733,233,965</u>
	<u><b>1,180,263,991</b></u>	<u><b>1,175,348,031</b></u>
<b>Net assets per share (RM)</b>	0.95	0.93

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2020)

TRC SYNERGY BERHAD  
Condensed Consolidated Statement of Changes in Equity for the period ended 31 March 2021

	Attributable to owners of the parent		Non-controlling Interests		Total Equity			
	Share Capital	Treasury Shares	Asset Revaluation Reserve	Foreign Currency Translation Reserve		Retained Profits	Sub-Total	
	RM	RM	RM	RM	RM	RM		
At 1 January 2021	240,456,670	(2,459,625)	11,844,679	(624,195)	185,611,867	434,829,396	7,284,670	442,114,066
<i>Foreign currency translation difference for foreign operations</i>								
	-	-	-	(168,751)	-	(168,751)	9,449	(169,302)
<b>Other comprehensive income for the period</b>	-	-	-	(168,751)	-	(168,751)	9,449	(169,302)
<i>Profit for the period</i>	-	-	-	-	5,618,959	5,618,959	177,972	5,796,931
<b>Total comprehensive income for the period</b>	-	-	-	(168,751)	5,618,959	5,450,208	187,421	5,637,629
At 31 March 2021	240,456,670	(2,459,625)	11,844,679	(792,946)	191,230,826	440,279,604	7,472,091	447,751,695
At 1 January 2020 - as previously stated	240,456,670	-	6,586,691	(697,077)	167,154,719	413,501,003	5,819,740	419,320,743
Prior year adjustment	-	-	5,257,988	-	(3,618,347)	1,639,641	1,095,845	2,735,486
At 1 January 2020 - as restated	240,456,670	-	11,844,679	(697,077)	163,536,372	415,140,644	6,915,585	422,056,229
Share-Buy-Back	-	(2,401,666)	-	-	-	(2,401,666)	-	(2,401,666)
<i>Foreign currency translation difference for foreign operations</i>								
	-	-	-	681,724	-	681,724	(1,737)	679,987
<b>Other comprehensive income for the period</b>	-	-	(0)	681,724	-	681,724	(1,737)	679,987
<i>Profit for the period</i>	-	-	-	-	(413,509)	(413,509)	94,796	(318,713)
<b>Total comprehensive income for the period</b>	-	-	(0)	681,724	(413,509)	268,215	93,059	361,274
At 31 March 2020	240,456,670	(2,401,666)	11,844,679	(15,353)	163,122,863	413,007,193	7,008,844	420,015,837

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 2020)

## TRC SYNERGY BERHAD

## Condensed Consolidated Statement of Cash Flows for the quarter ended 31 March 2021

	3 months ended 31/3/2021 RM	Restated 3 months ended 31/3/2020 RM
<b>Cash flows from operating activities</b>		
Profit before tax	7,891,051	4,187,320
Adjustments for :		
Amortisation of partnership interest	736,172	436,961
Amortisation of right-of-use asset	48,121	48,121
Doubtful debts written off	4,821	-
Depreciation of property, plant & equipment	4,063,980	4,054,025
Interest expense	2,678,750	1,921,413
Interest income	(1,186,415)	(1,405,041)
Share of results of associates	1,036	(967,237)
Share of results of joint venture	(2,500,298)	(2,515,856)
Gain on disposal of property, plant & equipment	(74,863)	-
Unrealised (gain)/ loss on foreign currency exchange	(2,975,222)	6,587,088
Property, plant & equipment written off	12	-
<b>Operating profit before working capital changes</b>	<u>8,687,145</u>	<u>12,346,794</u>
<b>Working capital changes :-</b>		
Changes in inventories	(8,806,646)	(15,199,923)
Changes in contract assets/liabilities	14,243,682	(24,866,334)
Changes in contract cost assets	(235,904)	-
Changes in receivables	31,616,575	50,166,492
Changes in payables	(36,046,767)	(35,739,692)
<b>Cash generated from/(used in) operating activities</b>	<u>9,458,085</u>	<u>(13,292,663)</u>
Tax paid	(2,528,217)	(2,484,086)
Interest paid	(395,623)	(281,910)
Interest received	1,186,415	1,405,041
<b>Net cash generated from/(used in) operating activities</b>	<u>7,720,660</u>	<u>(14,633,598)</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant & equipment	(150,256)	(745,493)
Proceeds from disposal of property, plant & equipment	74,871	-
Payment for share buy back	-	(2,401,666)
Additional investment in associate	(29,997)	-
<b>Net cash flows used in investing activities</b>	<u>(105,382)</u>	<u>(3,147,159)</u>
<b>Cash flows from financing activities</b>		
Placement of pledged deposits	(12,024,031)	(83,082)
Proceeds from short term borrowings	11,918,805	16,138,475
Payment of lease liability	(51,710)	(38,544)
Interest paid	(1,750,513)	(1,639,503)
<b>Net cash (used in)/generated from financing activities</b>	<u>(1,907,449)</u>	<u>14,377,346</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	5,707,829	(3,403,411)
<b>Effects of foreign exchange rate changes</b>	41,867	(328,536)
<b>Cash and cash equivalents at beginning of period</b>	101,580,856	109,701,962
<b>Cash and cash equivalents at end of period</b>	<u>107,330,552</u>	<u>105,970,015</u>
<b>Cash and cash equivalents at end of period comprise :</b>		
Cash and bank balances	61,695,773	50,068,785
Fixed deposits with licensed banks	60,190,059	51,793,646
Short term deposit with licensed bank	5,513,906	15,626,885
Bank overdrafts	(20,069,186)	(11,519,301)
	<u>107,330,552</u>	<u>105,970,015</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2020)

## TRC SYNERGY BERHAD

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

### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31<sup>ST</sup> MARCH 2021 (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 2020. 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 2020.

The accounting policies 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 2020. On 1 January 2021, the Group adopted the following new and amended MFRSs mandatory for annual periods beginning on or after 1 January 2021:

		<i>Effective date</i>
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendment to MFRS 16	Covid-19 - Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 1, MFRS 9 and MFRS 141	Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022

		<i>Effective date</i>
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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 2020 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:-

	First quarter		Cumulative 3 months	
	31/3/2021	31/3/2020	31/3/2021	31/3/2020
	RM	RM	RM	RM
Unrealised gain/ (loss) on foreign currency exchange	2,975,222	(6,587,088)	2,975,222	(6,587,088)

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 31 March 2021.

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	NET PROFIT/(LOSS) RM'000
Investment holding and the provision of corporate, administrative and financial support services.	1,113	673
Construction works	212,223	3,811
Project development management services and property development	37,256	1,525
Manufacturing and dealing in concrete piles and ready-mixed concrete	2,020	196
Hotel operations	7,916	( 922 )
Oil & Gas	-	-
Share of profits of Joint Venture	260,528 -	5,283 2,500
Intra-group items	260,528 ( 59,135 )	7,783 108
	201,393	7,891

**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**

The Company's wholly-owned subsidiary, Trans Resources Corporation Sdn Bhd had on 28th May 2021 accepted the Award from BHIC Submarine Engineering Services Sdn Bhd, in relation to the maintenance contract known as:-

1. Pre-scheduled maintenance of floating breakwater jetty & shiplift jetty (underwater structure); and
2. Twenty-four (24) months scheduled and corrective maintenance of Zone D area, jetty facilities building, bosun building, floating breakwater jetty, shiplift jetty (underwater structure) and safety conditioning facilities at the Royal Malaysia Navy Submarine Base, Sepangar Bay, Kota Kinabalu "

for a Contract Sum of RM43,000,000.00.

**11. Changes in the composition of the Group**

There were no changes in the composition of the Group for the quarter ended 31 March 2021.

**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 quarter ended 31 March 2021.



#### 14. *Recurrent Related Party Transactions*

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

	First quarter		Cumulative 3 months	
	31/3/2021	31/3/2020	31/3/2021	31/3/2020
	RM	RM	RM	RM
Transactions with a company related to a Director				
-Supply of construction materials	1,584,350	-	1,584,350	-

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 net profit of RM7,891,051 in the current quarter as compared with a net profit of RM4,187,320 in the corresponding quarter.

The Group's net profit of the corresponding quarter was greatly affected by the unrealized foreign currency exchange loss of RM6,587,088, which negated the performance of the Group. With the exclusion of the unrealized foreign currency exchange loss, the Group's net profit was reported at RM10,774,408 then.

Similarly, the net profit of the Group for the current quarter was registered at RM4,915,829, after adjusting for the unrealized foreign currency exchange gain of RM2,975,222.

When comparing the abovementioned RM10,774,408 with RM4,915,829, the reduction in net profit reported in the current quarter was attributable to the lower gross profit margin reported together with the higher administrative expenses and finance costs reported in the current quarter.

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

The Group recorded a net profit of RM7,891,051 in the current quarter as compared with a net profit of RM12,637,431 recorded in the immediate preceding quarter.

Higher gross profit margin, unrealized foreign currency exchange gain and share of joint venture profit had contributed to the higher net profit reported in the immediate preceding quarter despite a higher administrative expenses and finance costs recorded in that quarter.

**17. *Prospects for the current financial year***

For first quarter of year 2021 (Q1 2021), our country's economy had recorded a lower contraction of 0.5% Year-on-Year (YoY), a sign of recovery from a decline of 3.4% YoY in immediate preceding quarter with improvement seen across all economic sectors, a sharp contrast to annual negative growth of 5.6% reported for 2020. Be that as it may, the economy growth for following quarter(s) is likely to remain relatively unpredictable as a result of continuous high numbers of daily new Covid-19 infections, which had led to a total lockdown being imposed effective 1 June 2021, where such imposition and/or relaxation of movement restriction will be subject to review by the Government from time to time until the pandemic situation in the country is brought under control.

As for whole year 2021, economists in general have forecasted an economic growth of between 5% to 7.5%, with the growth trajectory to be strengthened from second half of the year onwards predicated on among others, moderate to strong recovery in global demand and trade activities, effective rollout of vaccination program under National Covid-19 Immunisation Program (NCIP) to enable Malaysian achieving herd immunity soonest possible, gradual normalisation of local businesses and labour market conditions, acceleration of public sectors expenditure on medium to large scale national and/state's infrastructure projects, continuation of various economic stimulus packages and policy support measures from the Government to protect millions of distressed businesses and vulnerable households, stronger turnaround in our businesses productivity as well as resumption of consumer spending.

Against the above uncertain economic and social backdrop, our Group will continue to prioritise the execution of on-going projects, emphasizing on optimisation of resources at our disposal and protecting safety and well-being of our employees, customers, business associates as well as general public in areas we operate in, whilst pursuing new earning accretive opportunities across our core expertise in engineering, construction and property development space in order to remain relevant and resilient moving forward.

**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 31.3.2021 RM'000	Preceding Year Corresponding Quarter 31.3.2020 RM'000	Current Year To Date 31.3.2021 RM'000	Preceding Year Corresponding Period 31.3.2020 RM'000
Current taxation	1,282	3,879	1,282	3,879
Deferred taxation	812	627	812	627
	<u>2,094</u>	<u>4,506</u>	<u>2,094</u>	<u>4,506</u>

The effective tax rate for the quarter is marginally higher than the statutory tax rate due to certain expenses being disallowed for tax purpose.

**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 31 March 2021.

**22. Status of Corporate Proposal**

There was no outstanding corporate proposal.

23. **Group Borrowings and Debt Securities**

Total borrowings of the Group as at 31 March 2021 are as follows:-

Security	Type	Amount ('000)
Secured	Short Term	156,993
Secured	Long Term	103,908
Unsecured	Long Term	-

Currency exposure profile of borrowings is as follows:-

Currency	Secured Short Term RM'000	Secured Long Term RM'000
Malaysian Ringgit	155,738	1,462
Australian Dollar	1,255	102,446

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 1<sup>st</sup> 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 31 March 2021.

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 RM5,618,959 (2020: Loss RM413,509) and on the weighted average number of ordinary shares in issue of 471,288,703 (2020: 479,333,637) shares.

The fully diluted earnings per share for the period have been computed using a weighted average number of shares of 471,288,703 (2020: 479,333,637).