

TRC SYNERGY BERHAD

Condensed Consolidated Statement of Comprehensive Income for the quarter ended 30 June 2021

	Current quarter ended 30/6/21 RM	Comparative quarter ended 30/6/20 RM	6 months cumulative to 30/6/21 RM	6 months cumulative to 30/6/20 RM
Revenue	176,730,915	139,385,930	378,124,225	277,018,343
Cost of sales	(164,957,282)	(136,238,566)	(354,140,427)	(259,887,238)
Gross Profit	11,773,633	3,147,364	23,983,798	17,131,105
Other income	373,242	348,322	886,100	551,986
Realised foreign currency exchange gain/(loss)	1,006	(1,081)	1,006	(1,081)
Unrealised foreign currency exchange (loss)/gain	(1,406,299)	10,889,139	1,568,923	4,302,057
Administrative expenses	(10,534,783)	(4,370,890)	(19,240,642)	(10,750,615)
Distribution expenses	(109,628)	-	(217,909)	-
Operating Profit	97,171	10,012,854	6,981,276	11,233,452
Finance income	1,174,822	1,556,632	2,361,256	2,961,672
Finance costs	(2,355,324)	(1,671,541)	(5,034,074)	(3,592,954)
Share of profit of associates	98,283	561,173	97,247	1,528,411
Share of profit of joint venture	4,471,410	1,970,179	6,971,708	4,486,035
Profit before taxation	3,486,362	12,429,297	11,377,413	16,616,616
Taxation	(105,909)	(1,393,108)	(2,200,028)	(5,899,141)
Profit for the period	3,380,453	11,036,189	9,177,385	10,717,475
Other comprehensive (Loss)/Income, net of tax				
Foreign currency translation differences for foreign operations	(92,845)	(504,986)	(252,147)	175,001
Other comprehensive (Loss)/ Income for the period net of tax	(92,845)	(504,986)	(252,147)	175,001
Total comprehensive income for the period	3,287,608	10,531,203	8,925,238	10,892,476
Profit attributable to:				
Owners of the parent	3,463,129	11,179,797	9,082,089	10,766,287
Non-controlling interests	(82,676)	(143,608)	95,296	(48,812)
Profit for the period	3,380,453	11,036,189	9,177,385	10,717,475
Total comprehensive income attributable to:				
Owners of the parent	3,369,157	10,664,870	8,819,365	10,933,084
Non-controlling interests	(81,549)	(133,667)	105,873	(40,608)
Total comprehensive income for the period	3,287,608	10,531,203	8,925,238	10,892,476
EPS attributable to owners of the parent:				
Basic (sen)	0.73	2.37	1.93	2.27
Diluted (sen)	0.73	2.37	1.93	2.27

(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 30 June 2021

	As at 30/6/2021 RM	As at 31/12/2020 RM
ASSETS		
NON-CURRENT ASSETS		
Investment properties	10,526,187	10,525,948
Property, plant & equipment	212,807,586	220,263,014
Inventories	12,107,277	12,065,045
Investment in associates	1,448,511	1,299,325
Investment in joint venture	47,723,453	44,293,308
Other investments	66,000	66,000
Other receivables	25,850,426	25,912,939
Deferred tax assets	1,131,758	1,298,242
Right-of-use asset	160,402	256,644
	<u>311,821,600</u>	<u>315,980,465</u>
CURRENT ASSETS		
Inventories	151,045,976	143,939,586
Contract cost assets	15,333,218	19,490,266
Trade & other receivables	352,719,907	368,977,525
Contract assets	52,710,857	53,747,366
Deposits, cash & bank balances	291,075,843	272,198,687
Current tax asset	1,045,204	1,014,136
	<u>863,931,005</u>	<u>859,367,566</u>
TOTAL ASSETS	<u>1,175,752,605</u>	<u>1,175,348,031</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)	(2,459,625)
Other reserves	10,957,760	11,220,484
Retained earnings	194,693,956	185,611,867
Equity attributable to owners of the Parent	<u>443,648,761</u>	<u>434,829,396</u>
Non-controlling Interests	7,390,543	7,284,670
Total Equity	<u>451,039,304</u>	<u>442,114,066</u>
NON-CURRENT LIABILITIES		
Provision	39,825,294	41,393,930
Borrowings	112,489,863	103,034,052
Deferred tax liabilities	5,734,055	5,371,458
	<u>158,049,212</u>	<u>149,799,440</u>
CURRENT LIABILITIES		
Provision	6,083,408	5,949,544
Borrowings	123,842,110	140,729,914
Trade & other payables	235,974,535	262,120,886
Contract liabilities	200,118,066	171,563,100
Current tax liabilities	645,970	3,071,081
	<u>566,664,089</u>	<u>583,434,525</u>
Total Liabilities	<u>724,713,301</u>	<u>733,233,965</u>
	<u>1,175,752,605</u>	<u>1,175,348,031</u>
Net assets per share (RM)	0.96	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 30 June 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
Share-Buy-Back	-	-	-	-	-	-	-	-
Foreign currency translation difference for foreign operations	-	-	-	(262,724)	-	(262,724)	10,577	(252,147)
Other comprehensive income for the period	-	-	-	(262,724)	-	(262,724)	10,577	(252,147)
Profit for the period	-	-	-	-	9,082,089	9,082,089	95,296	9,177,385
Total comprehensive income for the period	-	-	-	(262,724)	9,082,089	8,819,365	105,873	8,925,238
At 30 June 2021	240,456,670	(2,459,625)	11,844,679	(886,919)	194,893,956	443,648,761	7,390,543	451,039,304
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	-	(2,459,625)	-	-	-	(2,459,625)	-	(2,459,625)
Foreign currency translation difference for foreign operations	-	-	-	166,797	-	166,797	8,204	175,001
Other comprehensive income for the period	-	-	(0)	166,797	-	166,797	8,204	175,001
Profit for the period	-	-	-	-	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	240,456,670	(2,459,625)	11,844,679	(530,280)	174,302,659	423,614,103	6,874,977	430,489,080

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 30 June 2021

	6 months ended 30/6/2021 RM	Restated 6 months ended 30/6/2020 RM
Cash flows from operating activities		
Profit before tax	11,377,413	16,616,616
Adjustments for :		
Amortisation of partnership interest	1,943,684	436,961
Amortisation of right-of-use asset	96,241	96,241
Doubtful debts written off	4,821	-
Depreciation of property, plant & equipment	7,970,928	7,961,013
Interest expense	5,034,074	3,592,954
Interest income	(2,361,227)	(2,961,672)
Share of results of associates	(97,247)	(1,528,411)
Share of results of joint venture	(6,971,708)	(4,486,035)
Gain on disposal of property, plant & equipment	(233,789)	-
Unrealised (gain)/ loss on foreign currency exchange	(1,568,923)	(4,302,057)
Property, plant & equipment written off	24	6,737
Operating profit before working capital changes	<u>15,194,291</u>	<u>15,432,347</u>
Working capital changes :-		
Changes in inventories	(7,148,621)	7,944,465
Changes in contract assets/liabilities	29,591,476	(1,867,672)
Changes in contract cost assets	4,157,048	-
Changes in receivables	17,564,548	71,160,158
Changes in payables	(26,581,643)	(81,829,824)
Cash generated from operating activities	<u>32,777,099</u>	<u>10,839,475</u>
Tax paid	(4,182,275)	(2,693,834)
Tax refund	-	-
Interest paid	(734,888)	(518,868)
Interest received	2,361,227	2,961,672
Net cash generated from operating activities	<u>30,221,163</u>	<u>10,588,446</u>
Cash flows from investing activities		
Purchase of property, plant & equipment	(556,894)	(863,547)
Proceeds from disposal of property, plant & equipment	244,761	-
Payment for share buy back	-	(2,459,625)
Additional investment in associate	(29,997)	-
Net cash flows used in investing activities	<u>(342,130)</u>	<u>(3,323,172)</u>
Cash flows from financing activities		
Placement of pledged deposits	(11,156,994)	(1,507,955)
Repayment of short term borrowings	(12,033,458)	(12,278,942)
Proceeds from long term borrowings	10,400,000	-
Payment of lease liability	(103,420)	(58,088)
Interest paid	(3,233,958)	(3,074,086)
Net cash used in financing activities	<u>(16,127,830)</u>	<u>(16,919,072)</u>
Net increase/(decrease) in cash and cash equivalents	13,751,203	(9,653,798)
Effects of foreign exchange rate changes	13,823	94,901
Cash and cash equivalents at beginning of period	101,580,856	109,701,962
Cash and cash equivalents at end of period	<u>115,345,882</u>	<u>100,143,065</u>
Cash and cash equivalents at end of period comprise :		
Cash and bank balances	68,997,134	44,250,918
Fixed deposits with licensed banks	57,679,288	53,711,298
Short term deposit with licensed bank	-	15,135,707
Bank overdrafts	(11,330,540)	(12,954,859)
	<u>115,345,882</u>	<u>100,143,065</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 SECOND QUARTER ENDED 30th JUNE 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 following expenses included under the Administrative Expenses:

	Second quarter		Cumulative 6 months	
	30/6/2021	30/6/2020	30/6/2021	30/6/2020
	RM	RM	RM	RM
Realised gain/(loss) on foreign currency exchange	1,006	(1,081)	1,006	(1,081)
Unrealised (loss)/ gain on foreign currency exchange	(1,406,299)	10,889,139	1,568,923	4,302,057

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 June 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	PROFIT/(LOSS) BEFORE TAX RM'000
Investment holding and the provision of corporate, administrative and financial support services.	2,012	950
Construction works	392,733	3,130
Project development management services and property development	67,150	1,031
Manufacturing and dealing in concrete piles and ready-mixed concrete	3,253	360
Hotel operations	19,424	(173)
	484,572	5,298
Share of profits of Associates	-	97
Share of profits of Joint Venture	-	6,972
	484,572	12,367
Intra-group items	(106,448)	(990)
	378,124	11,377

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 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 30 June 2021.

14. Recurrent Related Party Transactions

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

	Second quarter		Cumulative 6 months	
	30/6/2021	30/6/2020	30/6/2021	30/6/2020
	RM	RM	RM	RM
Transactions with a company related to a Director				
-Supply of construction materials	2,144,273	-	3,728,623	-

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 RM3,486,362 in the current quarter as compared with a profit before tax of RM12,429,297 in the corresponding quarter.

The substantially higher profit before tax of the corresponding quarter was largely derived from the recognition of the unrealized foreign currency exchange gain of RM10,889,139.

The profit before tax excluding the unrealized foreign exchange differences were reported at RM4,892,661 and RM1,540,158 for the current and the corresponding quarter respectively.

The higher profit reported in the current quarter was resulted from the higher gross profit recognised together with the higher share of results of joint venture in the quarter despite of a higher administrative expense being incurred in the said quarter. The increase in the administrative expenses in the current quarter, among others, was the amortization of partnership interest which was associated with the share of results of joint venture.

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

The Group recorded a profit before tax of RM3,486,362 in the current quarter as compared with a profit before tax of RM7,891,051 recorded in the immediate preceding quarter.

Marginally lower gross profit, unrealized foreign currency exchange loss and higher administrative expenses recorded in the current quarter that had mitigated the effect of the Group's higher share of joint venture profit explained the reduction in the profit before tax reported in the current quarter when compared to the immediate preceding quarter.

17. *Prospects for the current financial year*

Following the unprecedented economic crisis erupted in 2Q 2020, majority if not all countries around the globe had since rebounded from 3Q 2020 onwards with no exception to Malaysia, though the strength of economy recovery varied across the nations largely depends on the respective vaccination coverage, level of containment measures, extent of government policy support, etc.

Our country had kicked off the year in positive note with Gross Domestic Products (GDP) growth of 2.7% quarter-on-quarter (q-o-q) in 1Q 2021. Came 2Q 2021, our economic activities continued its uptrend at the beginning of quarter but soon thereafter its momentum had since waned due to re-imposition of nation-wide containment measures effective June 2021 amid the worsening Covid-19 conditions. Consequently, the enforcement of stricter containment controls had continued to weigh on business activities and consumer discretionary spending, resultant in 2.0% q-o-q decline in GDP for the quarter. Such a significant downshift in economic trajectory had prompted our Government to further revise our full year GDP growth forecast lower to between 3% to 4% in August versus their previous official forecast of between 6% to 7.5%, reflecting considerable uncertainties arising from the battle against virus.

Quite similarly, overall Malaysian construction value of works done too had endured a 10.2% q-o-q contraction in 2Q, from 0.9% q-o-q decline in 1Q this year, impacted by the aforementioned stricter containment measures, with some of those restrictions and/or controls are still in force until today. It had positioned the industry players in a hard-pressed situation as the contractors have been suffering under suboptimal level of operating capacity over a prolonged period at the same time they have also been subjected to escalating business costs arising from supply chain disruptions, surging construction and building material prices, labour shortage, additional compliance cost, fines, etc.

Premised on the aforementioned circumstance, the prospect for 3Q 2021 is expected to be less sanguine. As for last quarter, the outlook would very much hinges on among others, our country's ability to contain the pandemic and materialisation of health outcomes from the nationwide vaccination programme, which will pave the way for timely reopening of broader economic sectors and social activities as well

as further relaxation of containment measures, policy certainty and stability, fiscal support, monetary accommodation to tide over the badly affected businesses and households and very importantly, the positive spill over from continuous improvement of external demands, sustainable commodities prices as well as fast track implementation of infrastructure projects with higher multiplier effect to shore up consumer and business confidence in the country.

Against the above challenging backdrop, our Group will continue to strive in implementation of on-going projects, optimization of our resources and protecting health, safety and well-being of our employees, customers, business associates as well as general public in areas we operate in, whilst pursuing value accretive business opportunities within our core expertise in engineering, construction, property development and hospitality segments.

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 30.6.2021 RM'000	Preceding Year Corresponding Quarter 30.6.2020 RM'000	Current Year To Date 30.6.2021 RM'000	Preceding Year Corresponding Period 30.6.2020 RM'000
Current taxation	387	273	1,669	4,152
Prior year under Provision	-	28	-	28
Deferred taxation	(281)	1,092	531	1,719
	<u>106</u>	<u>1,393</u>	<u>2,200</u>	<u>5,899</u>

The lower effective tax rate for the current period is due to the utilization of unabsorbed tax losses of a foreign subsidiary company of the Group.

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 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 30 June 2021 are as follows:-

Security	Type	Amount (RM'000)
Secured	Short Term	123,842
Secured	Long Term	112,490
Unsecured	Long Term	-

Currency exposure profile of borrowings is as follows:-

Currency	Secured Short Term RM'000	Secured Long Term RM'000
Malaysian Ringgit	122,591	11,551
Australian Dollar	1,251	100,939

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. The trial date is scheduled to be held in early November 2021.

26. Dividends

The directors have not recommended the payment of any dividend for the quarter ended 30 June 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 RM9,082,089 (2020: RM10,766,287) and on the weighted average number of ordinary shares in issue of 471,288,703 (2020: 475,305,755) 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: 475,305,755).

