

TRC SYNERGY BERHAD
Condensed Consolidated Statement of Comprehensive Income for the quarter ended 30 June 2024

	Current quarter ended 30/6/24 RM	Comparative quarter ended 30/6/23 RM	6 months cumulative to 30/6/24 RM	6 months cumulative to 30/6/23 RM
Revenue	106,497,040	263,991,799	199,203,832	407,484,917
Cost of sales	(94,440,609)	(254,778,434)	(178,949,522)	(385,049,916)
Gross Profit	12,056,431	9,213,365	20,254,310	22,435,001
Other income	524,205	827,817	882,915	1,130,379
Realised foreign currency exchange (loss)/gain	(400,000)	(15,640)	(401,019)	469,747
Unrealised foreign currency exchange gain	151,427	8,754,255	1,285,852	7,699,850
Administrative expenses	(8,166,047)	(9,397,052)	(15,498,343)	(17,762,253)
Distribution expenses	(4,100)	(6,700)	(4,100)	(6,700)
Operating Profit	4,161,916	9,376,045	6,519,615	13,966,024
Finance income	2,571,210	2,858,483	5,265,132	4,717,176
Finance costs	(1,640,370)	(1,865,033)	(3,317,232)	(3,543,436)
Share of profit of associate	302,573	73,941	712,591	460,671
Share of profit of joint venture	1,950,628	557,390	990,845	163,398
Profit before taxation	7,345,957	11,000,826	10,170,951	15,763,833
Taxation	(2,036,863)	(1,076,757)	(4,654,616)	(3,173,552)
Net profit for the period	5,309,094	9,924,069	5,516,335	12,590,281
Other comprehensive income/(loss), net of tax				
Foreign currency translation differences for foreign operations	2,475,598	(226,331)	65,497	(53,991)
Other comprehensive income/(loss) for the period net of tax	2,475,598	(226,331)	65,497	(53,991)
Total comprehensive income for the period	7,784,692	9,697,738	5,581,832	12,536,290
Net profit attributable to:				
Equity holders of the Company	5,360,555	9,882,015	5,507,683	12,388,538
Non-controlling interests	(51,461)	42,054	8,652	201,743
Net profit for the period	5,309,094	9,924,069	5,516,335	12,590,281
Total comprehensive income attributable to:				
Equity holders of the Company	7,847,766	9,591,209	5,573,403	12,251,542
Non-controlling interests	(63,074)	106,529	8,429	284,748
Total comprehensive Income for the period	7,784,692	9,697,738	5,581,832	12,536,290
EPS attributable to equity holders of the Company:				
Basic (sen)	1.14	2.10	1.17	2.63
Diluted (sen)	1.14	2.10	1.17	2.63

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2023)

TRC SYNERGY BERHAD
Condensed Consolidated Statement of Financial Position as at 30 June 2024

	As at 30/6/2024 RM	As at 31/12/2023 RM
ASSETS		
NON-CURRENT ASSETS		
Investment properties	11,957,516	11,957,516
Property, plant & equipment	216,824,154	217,495,134
Inventories	23,427,618	23,283,596
Investment in associates	2,193,680	1,481,090
Investment in joint venture	35,678,241	38,347,551
Other investments	66,000	66,000
Deferred tax assets	561,494	559,841
Right-of-use assets	13,245,790	8,618,513
	<u>303,954,493</u>	<u>301,809,241</u>
CURRENT ASSETS		
Inventories	29,856,372	31,219,663
Contract cost assets	(0)	29,750
Trade & other receivables	191,419,852	198,651,605
Contract assets	47,749,157	37,884,579
Deposits, cash & bank balances	377,894,176	414,156,217
Current tax asset	1,626,110	1,315,136
	<u>648,545,667</u>	<u>683,256,950</u>
TOTAL ASSETS	<u>952,500,160</u>	<u>985,066,191</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	240,456,670	240,456,670
Treasury shares	(2,459,625)	(2,459,625)
Other reserves	37,555,137	37,489,417
Retained earnings	274,327,440	268,819,757
Equity attributable to the equity holders of the Company	<u>549,879,622</u>	<u>544,306,219</u>
Non-controlling Interests	8,845,065	8,836,636
Total Equity	<u>558,724,687</u>	<u>553,142,855</u>
NON-CURRENT LIABILITIES		
Provision	30,916,730	30,236,411
Borrowings	87,663,336	95,577,377
Deferred tax liabilities	5,849,246	5,037,137
	<u>124,429,312</u>	<u>130,850,925</u>
CURRENT LIABILITIES		
Provisions	21,616,319	25,158,296
Borrowings	23,252,438	6,532,175
Trade & other payables	130,395,020	148,639,904
Contract liabilities	88,916,688	116,999,679
Current tax liabilities	5,165,696	3,742,357
	<u>269,346,161</u>	<u>301,072,411</u>
Total Liabilities	<u>393,775,473</u>	<u>431,923,336</u>
	<u>952,500,160</u>	<u>985,066,191</u>
Net assets per share attributable to the equity holders of the Company (RM)	1.17	1.15

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2023)

TRC SYNERGY BERHAD
Condensed Consolidated Statement of Changes in Equity for the period ended 30 June 2024

	Attributable to equity holders of the Company		Non-distributable		Sub-Total	Non-controlling Interests	Total Equity
	Share Capital	Treasury Shares	Asset Revaluation Reserve	Foreign Currency Translation Reserve			
	RM	RM	RM	RM	RM	RM	RM
At 1 January 2024	240,456,670	(2,459,625)	39,297,862	(1,808,445)	268,819,757	544,306,219	553,142,855
Transaction with owner: -Dividend of subsidiary	-	-	-	-	-	-	-
<i>Foreign currency translation difference for foreign operations</i>	-	-	-	65,720	-	65,720	(223)
Other comprehensive income/(loss) for the period	-	-	-	65,720	-	65,720	(223)
<i>Profit for the period</i>	-	-	-	-	5,507,683	5,507,683	8,652
Total comprehensive income for the period	-	-	-	65,720	5,507,683	5,573,403	8,429
At 30 June 2024	240,456,670	(2,459,625)	39,297,862	(1,742,725)	274,327,440	549,879,622	558,724,687
At 1 January 2023	240,456,670	(2,459,625)	11,844,680	(3,044,403)	249,206,181	496,003,503	504,455,123
Transaction with owner: -Dividend of subsidiary	-	-	-	-	-	-	(55,555)
<i>Foreign currency translation difference for foreign operations</i>	-	-	-	(136,996)	-	(136,996)	83,005
Other comprehensive (loss)/income for the period	-	-	-	(136,996)	-	(136,996)	83,005
<i>Profit for the period</i>	-	-	-	-	12,388,538	12,388,538	201,743
Total comprehensive (loss)/income for the period	-	-	-	(136,996)	12,388,538	12,251,542	284,748
At 30 June 2023	240,456,670	(2,459,625)	11,844,680	(3,181,399)	261,594,719	508,255,045	516,935,858

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2023)

	6 months ended 30/6/2024 RM	6 months ended 30/6/2023 RM
Cash flows from operating activities		
Profit before tax	10,170,951	15,763,833
Adjustments for :		
Amortisation of investment in joint venture	769,979	-
Amortisation of right-of-use asset	1,031,442	892,233
Depreciation of property, plant & equipment	3,928,351	5,434,902
Interest expense	3,799,676	5,000,976
Interest income	(5,235,057)	(4,717,176)
Share of profit of associate	(712,591)	(460,671)
Share of profit of joint venture	(990,845)	(163,398)
Gain on disposal of right-of-use asset	-	(47,375)
Gain on disposal of property, plant & equipment	(438,812)	(785,866)
Loss on disposal of investment property	-	55,743
Unrealised gain on foreign currency exchange	(1,285,852)	(7,699,850)
Property, plant & equipment written off	1,452	3,404
Operating profit before working capital changes	<u>11,038,694</u>	<u>13,276,755</u>
Working capital changes :-		
Changes in inventories	1,363,291	15,931,757
Changes in contract assets/liabilities	(37,795,529)	(70,739,778)
Changes in contract cost assets	29,750	83,647,876
Changes in receivables	8,275,740	172,518,686
Changes in payables	(19,061,926)	(9,178,911)
Changes in land held for property development	(144,022)	-
Cash (used in)/generated from operating activities	<u>(36,294,002)</u>	<u>205,456,385</u>
Tax paid	(2,818,417)	(2,916,415)
Interest paid	(6,882)	(48,720)
Interest received	5,235,057	4,717,176
Net cash (used in)/generated from operating activities	<u>(33,884,244)</u>	<u>207,208,426</u>
Cash flows from investing activities		
Purchase of property, plant & equipment	(1,712,332)	(487,130)
Purchase of right-of-use asset	(3,221,109)	(322,760)
Proceeds from disposal of property, plant & equipment	501,887	789,633
Proceeds from disposal of right-of-use asset	-	140,375
Net proceeds from disposal of investment property	-	164,257
Distribution of profit from joint venture	3,144,555	1,554,750
Net cash (used in)/generated from investing activities	<u>(1,286,999)</u>	<u>1,839,125</u>
Cash flows from financing activities		
Withdrawal/(Placement) of pledged deposits	3,223,761	(1,203,447)
Net proceeds from/(repayment of) short term borrowings	11,370,251	(58,273,456)
Repayment of long term borrowings	(9,433,665)	-
Dividend of subsidiary paid to non-controlling interests	-	(55,555)
Interest paid	(3,112,475)	(4,952,256)
Net cash generated from/(used in) financing activities	<u>2,047,872</u>	<u>(64,484,714)</u>
Net (decrease)/ increase in cash and cash equivalents	(33,123,371)	144,562,837
Effects of foreign exchange rate changes	72,338	228,520
Cash and cash equivalents at beginning of period	286,871,036	147,563,544
Cash and cash equivalents at end of period	<u>253,820,003</u>	<u>292,354,901</u>
Cash and cash equivalents at end of period comprise :		
Cash and bank balances	72,809,345	124,197,136
Short-term deposits with licensed banks	37,500,000	18,000,000
Fixed deposits with licensed banks	49,142,226	36,620,802
Money market funds placed with fund managers	94,453,910	114,283,850
Bank overdrafts	(85,478)	(746,887)
	<u>253,820,003</u>	<u>292,354,901</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2023)

TRC SYNERGY BERHAD

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30TH JUNE 2024

(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 2023. 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 2023.

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 2023, except for the adoption of the following Amendments to MFRSs:

		Effective date
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendment to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024

Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 And MFRS 7	Supplier Finance Arrangement	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
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 Amendments to 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 2023 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 year to date.

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 2024.

7. *Dividend paid*

No dividend was paid in the current quarter.

8. *Segment Reporting*

Operating segment information for the current quarter is as follows:

	Construction	Property	Hotel	Others	Elimination	Total
	activities	development	operations			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External revenue	183,189	2,123	13,892	-	-	199,204
Inter-segment revenue	8,769	-	-	272	(9,041)	-
	191,958	2,123	13,892	272	(9,041)	199,204
Results						
Segment operating profits	11,057	(1,255)	(2,144)	(1,246)	107	6,519
Share of profits of associate						713
Share of loss of joint venture						991
Finance income						5,265
Finance costs						(3,317)
Profit before tax						10,171
Taxation						(4,655)
Net profit for the period						5,516

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 2024.

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 and right-of-use asset for the quarter ended 30 June 2024.

14. *Related Party Transactions*

There was no material related party transaction during the quarter ended 30 June 2024.

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

The Group recorded a profit before tax of RM7,345,957 in the current quarter as compared with a profit before tax of RM11,000,826 in the corresponding quarter.

Despite a decrease in revenue, a higher gross profit was registered for the current quarter when the Group realized its cost savings from the finalization of construction costs for certain projects upon completion.

The Group also have a much higher share of profit of associate and joint venture in the current quarter when compared to the corresponding quarter.

However, a substantially lower unrealized foreign currency exchange gain of the current quarter had brought down the higher profit resulted from the above mentioned, the Group ended up with reporting a lower profit before tax in the current quarter.

Nonetheless, the profit before tax excludes the unrealized foreign currency exchange gain was reported at RM7,194,530 and RM2,246,571 for the current and corresponding quarter respectively.

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 RM7,345,957 in the current quarter as compared with a profit before tax of RM2,824,994 recorded in the immediate preceding quarter.

Higher gross profit resulting from the recognition of higher revenue in the current quarter had contributed to the much higher profit before tax being reported in the current quarter.

Despite a much lower unrealized foreign currency exchange gain in the quarter under review, the increase in the sharing of equity-accounted profit of joint venture as opposed to a loss in the immediate preceding quarter had also contributed to the much higher profit before tax being reported in the current quarter.

17. *Prospects*

The Malaysian Gross Domestic Product (GDP) has shown robust growth, expanding by 5.9% in 2Q 2024, a significant increase from the 4.2% recorded in 1Q 2024 (Bank Negara 2Q 2024 report). This strong growth momentum in H1 2024 clearly indicates the country's robust economic fundamentals, which have greatly boosted investor confidence.

The construction sector, in particular, demonstrated remarkable double-digit growth of 17.2% in 2Q 2024, surpassing the 11.9% recorded in 1Q 2024. This growth trajectory reflects the sector's current strength and signals promising potential growth of the industry after the post-COVID pandemic.

With the strong economic backdrop, especially in the construction sectors, the Group Construction Division is unwavering in its commitment to the timely execution and completion of its strong order book of RM1.00 billion, of which RM736 million was secured in the 1H 2024. The projects secured in 1H 2024 include the Structural Strengthening Facility of Empangan Batu Gombak Selangor, Refurbishment of the main building and infrastructure works at Subang Engineering Complex A, Sultan Abdul Aziz Shah Airport, Architectural, Structural and Civil Works for the Proposed Transformation of the Sarawak State Legislative Building and Schedule and Corrective Maintenance Facilities at the Royal Malaysian Navy Submarine Base Sepangar Bay Kota Kinabalu.

For the rest of the year, the Construction Division will continue to actively participate in any business development and vigorously participate in selected tenders exercises to replenish its order book.

17. Prospects - continued

With the property market demonstrating significant growth and resilience due to a positive economic outlook for FY2024, the Property Division will commence the Ara Sentral Phase 2 construction in 4Q 2024, mainly for its basement structure up to the podium level. The launch of Phase 2 will be in 2Q 2026. Phase 2 comprises 134 retail units and 704 service apartment units with an expected Gross Development Value of RM500 million.

The Ara Sentral Phase 2 will keep property development busy for the next three years, boosting and enhancing the Group's revenue and earnings.

Therefore, for FY2024, the Group maintains a very positive outlook. This positive outlook is underpinned by our existing order book, which is further reinforced by our prudent and resilient financial management and robust balance sheet. This balanced approach clearly indicates our ability to undertake mega projects and replenish our order book in future.

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 30.6.2024 RM'000	Preceding Year Corresponding Quarter 30.6.2023 RM'000	Current Year To Date 30.6.2024 RM'000	Preceding Year Corresponding Period 30.6.2023 RM'000
Current tax				
Current year	2,490	1,404	3,890	4,869
Prior year under Provision	-	17	-	17
Deferred tax				
Current year	(453)	(344)	1,193	(1,713)
Prior year over provision	-	-	(428)	-
	<u>2,037</u>	<u>1,077</u>	<u>4,655</u>	<u>3,173</u>

The effective tax rate for the current period is substantially higher than the statutory tax rate due to certain expenses being disallowed for tax purpose and the reversal of deferred tax assets provision of a foreign subsidiary company.

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 2024.

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 2024 are as follows:-

Security	Type	Amount (RM'000)
Secured	Short Term	23,252
Secured	Long Term	87,663
Unsecured	Long Term	-

Currency exposure profile of borrowings is as follows:-

Currency	Secured Short Term RM'000	Secured Long Term RM'000
Malaysian Ringgit	22,097	1,974
Australian Dollar	1,155	85,689

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

There is no material litigation pending as at 30 June 2024.

26. Dividends

The directors have not recommended the payment of any dividend for the quarter ended 30 June 2024.

27. *Earnings/(Loss) per share*

The basic earnings per share was calculated based on the net profit for the period attributable to equity holders of the Company of RM5,507,683 (2023: RM12,388,538) and on the weighted average number of ordinary shares in issue of 471,288,703 (2023: 471,288,703) shares.

The fully diluted earnings per share for the period have been computed using a weighted average number of shares of 471,288,703 (2023: 471,288,703).

28. *Notes to Statement of Comprehensive Income*

	Second quarter		Cumulative 6 months	
	30/6/2024 RM'000	30/6/2023 RM '000	30/6/2024 RM'000	30/6/2023 RM'000
Depreciation of property, plant and equipment	1,934	2,578	3,928	5,435
Amortisation of right-of-use asset	597	476	1,031	892
Amortisation of investment in joint venture	770	-	770	-
Loss on disposal of investment property	-	56	-	56
Property, plant & equipment written off	1	3	1	3
Gain on disposal of property, plant & equipment	(229)	(615)	(439)	(786)
Gain on disposal of right-of-use asset	-	(47)	-	(47)