

TRC SYNERGY BERHAD
Condensed Consolidated Statement of Comprehensive Income for the quarter ended 30 September 2023

	Current quarter ended 30/9/23 RM	Comparative quarter ended 30/9/22 RM	9 months cumulative to 30/9/23 RM	9 months cumulative to 30/9/22 RM
Revenue	144,894,398	137,773,882	552,379,315	512,885,292
Cost of sales	(135,258,086)	(128,184,838)	(520,308,002)	(482,266,535)
Gross Profit	9,636,312	9,589,044	32,071,313	30,618,757
Other income	4,822,559	197,871	5,952,938	1,241,659
Realised foreign currency exchange (loss)/gain	(20,334)	(6)	449,413	90,540
Unrealised foreign currency exchange (loss)/gain	(3,782,049)	(10,195)	3,917,801	3,038,881
Administrative expenses	(6,124,253)	(6,617,134)	(23,886,506)	(21,588,288)
Distribution expenses	-	-	(6,700)	(162,575)
Operating Profit	4,532,235	3,159,580	18,498,259	13,238,974
Finance income	2,845,508	1,098,245	7,562,684	3,306,073
Finance costs	(1,671,804)	(1,629,360)	(5,215,240)	(4,791,030)
Share of profit of associate	449,976	185,343	910,647	250,886
Share of (loss)/profit of joint venture	(68,833)	(123,068)	94,565	(508,537)
Profit before taxation	6,087,082	2,690,740	21,850,915	11,496,366
Taxation	(154,673)	450,625	(3,328,224)	1,555,272
Net profit for the period	5,932,409	3,141,365	18,522,691	13,051,638
Other comprehensive income/(loss), net of tax				
Revaluation gain on property, plant & equipment	25,773,705	-	25,773,705	-
Foreign currency translation differences for foreign operations	34,129	(856,035)	(19,862)	(1,809,404)
Other comprehensive income/(loss) for the period net of tax	25,807,834	(856,035)	25,753,843	(1,809,404)
Total comprehensive income for the period	31,740,243	2,285,330	44,276,534	11,242,234
Net profit attributable to:				
Equity holders of the Company	5,879,033	3,016,317	18,267,573	12,820,737
Non-controlling interests	53,376	125,048	255,118	230,901
Net profit for the period	5,932,409	3,141,365	18,522,691	13,051,638
Total comprehensive income attributable to:				
Equity holders of the Company	31,683,525	2,196,588	43,935,069	11,093,786
Non-controlling interests	56,718	88,742	341,465	148,448
Total comprehensive Income for the period	31,740,243	2,285,330	44,276,534	11,242,234
EPS attributable to equity holders of the Company:				
Basic (sen)	1.25	0.64	3.88	2.72
Diluted (sen)	1.25	0.64	3.88	2.72

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2022)

TRC SYNERGY BERHAD
Condensed Consolidated Statement of Financial Position as at 30 September 2023

	As at 30/9/2023 RM	As at 31/12/2022 RM
ASSETS		
NON-CURRENT ASSETS		
Investment properties	12,092,581	9,812,581
Property, plant & equipment	211,134,907	180,760,931
Inventories	23,283,596	12,207,160
Investment in associates	1,399,262	488,615
Investment in joint venture	38,809,222	42,347,861
Other investments	66,000	66,000
Deferred tax assets	2,782,162	10,196,669
Right-of-use assets	8,149,016	8,136,020
	<u>297,716,746</u>	<u>264,015,837</u>
CURRENT ASSETS		
Inventories	39,414,114	53,069,007
Contract cost assets	(0)	84,895,246
Trade & other receivables	226,374,768	435,533,859
Contract assets	28,860,576	10,265,013
Deposits, cash & bank balances	421,396,740	277,694,957
Current tax asset	43,498	1,005,287
	<u>716,089,696</u>	<u>862,463,369</u>
TOTAL ASSETS	<u>1,013,806,442</u>	<u>1,126,479,206</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	240,456,670	240,456,670
Treasury Shares	(2,459,625)	(2,459,625)
Other reserves	34,467,773	8,800,277
Retained earnings	261,818,290	249,206,181
Equity attributable to the equity holders of the Company	<u>534,283,108</u>	<u>496,003,503</u>
Non-controlling Interests	8,737,530	8,451,620
Total Equity	<u>543,020,638</u>	<u>504,455,123</u>
NON-CURRENT LIABILITIES		
Provision	28,551,900	36,561,395
Borrowings	92,850,127	96,807,119
Deferred tax liabilities	3,273,575	2,340,973
	<u>124,675,602</u>	<u>135,709,487</u>
CURRENT LIABILITIES		
Provisions	30,193,301	7,216,200
Borrowings	6,245,407	62,698,132
Trade & other payables	148,366,894	195,146,063
Contract liabilities	156,352,388	214,007,007
Current tax liabilities	4,952,212	7,247,194
	<u>346,110,202</u>	<u>486,314,596</u>
Total Liabilities	470,785,804	622,024,083
	<u>1,013,806,442</u>	<u>1,126,479,206</u>
Net assets per share attributable to the equity holders of the Company (RM)	1.13	1.05

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2022)

TRC SYNERGY BERHAD
Consolidated Statement of Changes in Equity for the period ended 30 September 2023

	Attributable to equity holders of the Company				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 2023	240,456,670	(2,459,625)	11,844,680	(3,044,403)	249,206,181	496,003,503	8,451,620	504,455,123
Dividend	-	-	-	-	(5,655,464)	(5,655,464)	-	(5,655,464)
Transaction with owner: -Dividend of subsidiary	-	-	-	-	-	-	(55,555)	(55,555)
<i>Revaluation gain on property, plant and equipment</i>	-	-	25,773,705	-	-	25,773,705	-	25,773,705
<i>Foreign currency translation difference for foreign operations</i>	-	-	(106,209)	(106,209)	-	(106,209)	86,347	(19,862)
Other comprehensive income/(loss) for the period	-	-	25,773,705	(106,209)	-	25,667,496	86,347	25,753,843
<i>Profit for the period</i>	-	-	-	-	18,267,573	18,267,573	255,118	18,522,691
Total comprehensive income/(loss) for the period	-	-	25,773,705	(106,209)	18,267,573	43,935,069	341,465	44,276,534
At 30 September 2023	240,456,670	(2,459,625)	37,618,385	(3,150,612)	261,818,290	534,283,108	8,737,530	543,020,638
At 1 January 2022	240,456,670	(2,459,625)	11,844,679	(1,129,914)	201,569,887	450,281,697	4,760,549	455,042,246
Dividend	-	-	-	-	(5,655,464)	(5,655,464)	-	(5,655,464)
<i>Revaluation during the period</i>	-	-	-	-	-	-	-	-
<i>Foreign currency translation difference for foreign operations</i>	-	-	0	(1,726,951)	-	(1,726,951)	(82,453)	(1,809,404)
Other comprehensive loss for the period	-	-	0	(1,726,951)	-	(1,726,951)	(82,453)	(1,809,404)
<i>Profit for the period</i>	-	-	-	-	12,820,737	12,820,737	230,901	13,051,638
Total comprehensive (loss)/income for the period	-	-	0	(1,726,951)	12,820,737	11,093,786	148,448	11,242,234
At 30 September 2022	240,456,670	(2,459,625)	11,844,679	(2,856,865)	208,735,160	455,720,019	4,908,997	460,629,016

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 2022)

TRC SYNERGY BERHAD
Condensed Consolidated Statement of Cash Flows for the quarter ended 30 September 2023

	9 months ended 30/9/2023 RM	9 months ended 30/9/2022 RM
Cash flows from operating activities		
Profit before tax	21,850,915	11,496,366
Adjustments for :		
Amortisation of investment in joint venture	896,101	48,375
Amortisation of right-of-use asset	1,307,325	1,510,941
Depreciation of property, plant & equipment	7,944,936	9,640,573
Interest expense	7,390,566	7,084,732
Interest income	(7,562,684)	(3,306,073)
Share of profit of associate	(910,647)	(250,886)
Share of (profit)/loss of joint venture	(94,565)	508,537
Fair value gain on investment property	(2,500,000)	-
Gain on disposal of right-of-use asset	(47,375)	(10,368)
Gain on disposal of property, plant & equipment	(3,000,583)	(621,001)
Loss on disposal of investment property	55,743	-
Unrealised gain on foreign currency exchange	(3,917,801)	(3,038,881)
Property, plant & equipment written off	3,618	49,606
Operating profit before working capital changes	<u>21,415,549</u>	<u>23,111,921</u>
Working capital changes :-		
Changes in inventories	2,578,457	36,732,833
Changes in contract assets/liabilities	(76,250,182)	(69,686,041)
Changes in contract cost assets	84,895,250	(51,778,462)
Changes in receivables	211,331,733	115,435,311
Changes in payables	(33,309,894)	(53,746,715)
Cash generated from operating activities	<u>210,660,913</u>	<u>68,847</u>
Tax paid	(6,041,859)	(5,232,823)
Interest paid	(52,837)	(13,771)
Interest received	7,562,684	3,306,073
Net cash generated from/(used in) operating activities	<u>212,128,901</u>	<u>(1,871,674)</u>
Cash flows from investing activities		
Purchase of property, plant & equipment	(839,154)	(292,308)
Purchase of right-of-use asset	-	(346,937)
Proceeds from disposal of property, plant & equipment	3,008,037	701,078
Proceeds from disposal of right-of-use asset	140,375	24,994
Net proceeds from disposal of investment property	164,257	-
Distribution of profit from joint venture	3,094,000	-
Net cash generated from investing activities	<u>5,567,515</u>	<u>86,827</u>
Cash flows from financing activities		
(Placement)/withdrawal of pledged deposits	(1,981,330)	47,886,262
Repayment of short term borrowings	(61,354,100)	(13,074,794)
Payment of lease liability	-	(76,000)
Dividend paid	(5,655,464)	(5,655,464)
Dividend of subsidiary paid to non-controlling interests	(55,555)	-
Interest paid	(7,337,728)	(5,595,501)
Net cash (used in)/generated from financing activities	<u>(76,384,177)</u>	<u>23,484,503</u>
Net increase in cash and cash equivalents	141,312,239	21,699,656
Effects of foreign exchange rate changes	66,653	(71,782)
Cash and cash equivalents at beginning of period	147,563,544	135,803,867
Cash and cash equivalents at end of period	<u>288,942,436</u>	<u>157,431,741</u>
Cash and cash equivalents at end of period comprise :		
Cash and bank balances	114,138,265	23,772,869
Fixed deposits with licensed banks	68,387,366	123,347,140
Money market funds placed with fund managers	107,890,365	12,562,946
Bank overdrafts	(1,473,560)	(2,251,214)
	<u>288,942,436</u>	<u>157,431,741</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2022)

TRC SYNERGY BERHAD

Company No. 199601040839 (413192-D)

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30TH SEPTEMBER 2023

(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 2022. 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 2022.

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 2022, except for the adoption of the following Amendments to MFRSs:

		Effective date
Amendment to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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 2022 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 September 2023.

7. *Dividend paid*

The Company paid a single tier dividend of 1.20 sen per share amounting to RM5,655,464 in respect of the financial year ended 31 December 2022 on 14 July 2023.

8. *Segment Reporting*

Operating segment information for the current quarter is as follows:

	Construction	Property	Hotel			
	activities	development	operations	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External revenue	399,444	136,705	16,230	-		552,379
Inter-segment revenue	85,205	-	9,039	7,397	(101,641)	-
	484,649	136,705	25,269	7,397	(101,641)	552,379
Results						
Segment operating profits	10,272	8,060	(2,610)	6,109	(3,333)	18,498
Share of profits of associate						911
Share of profits of joint venture						95
Finance income						7,562
Finance costs						(5,215)
Profit before tax						21,851
Taxation						(3,328)
Net profit for the period						18,523

9. *Valuation of property, plant & equipment*

During the current quarter, the Group revalued its property, plant & equipment and investment property by independent professional valuers with a revaluation gain of RM36,819,581 and a fair value gain on investment property of RM2,500,000 respectively.

The deferred tax impact on the revaluation gain recognised on property, plant and equipment and investment property amounted to RM11,045,876 and RM600,000 respectively.

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 September 2023.

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

The Group has the following commitment for the acquisition of a piece of leasehold land:

	RM
Approved and contracted for	1,996,128
	<u> </u>

14. Recurrent Related Party Transactions

There was no material recurrent related party transactions during the quarter ended 30 September 2023.

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

The Group recorded a profit before tax of RM6,087,082 in the current quarter as compared with a profit before tax of RM2,690,740 in the corresponding quarter.

The Group registered a marginally higher gross profit in the current quarter as compared with the corresponding quarter.

The effect of an unrealized foreign currency exchange loss of the current quarter has been compensated by the higher other income, higher finance income and lower administrative expenses being reported in the current quarter. These have largely resulted the Group in reporting a much higher profit before tax in the current quarter as compared with the corresponding quarter.

Included in the other income is an amount of fair value gain on investment property and a gain on disposal of property, plant & equipment amounting to RM2,500,000 and RM2,214,717 respectively.

Further, higher finance income from fixed deposit and money market funds placed with fund managers have further improved the profit before tax reported in the current quarter.

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 RM6,087,082 in the current quarter as compared with a profit before tax of RM11,000,826 recorded in the immediate preceding quarter.

The substantially higher unrealized foreign currency exchange gain of the immediate preceding quarter in comparison to a unrealized foreign currency exchange loss reported in the current quarter, had largely resulted the Group to report a substantially higher profit before tax in the immediate preceding quarter.

However, the higher other income and lower administrative expenses of the current quarter have narrowed the difference in the profit before tax reported between the two quarters.

17. *Prospects*

Despite these global economic challenges and uncertainty, the Government is still confident of maintaining its economic growth forecast of 4.0% – 5.0% this year especially after the launching of Malaysia Madani Economy by our Prime Minister on 27 July 2023 that focuses more on to restructure the economy to make Malaysia a leader among Asian Economies by positioning Malaysia as a globally competitive investment destination.

Based on Bank Negara Malaysia (BNM) report, our economy expanded moderately in Q2 2023 at 2.9% (Q1 2023: 5.6%) mainly due to slower external demand. However, the domestic demand still the key driver of economic growth supported by private consumption and investment, improvement in labour market conditions and higher tourism activities.

In the meantime, the sub-sector of construction industry rose 8.1% in Q2 2023, easing from a 9.4% increase in the previous quarter. It was the fifth consecutive period of growth, boosted by the increased output for both residential (22.7% vs 21.7% in Q1 2023) and non-residential buildings (30.7% vs 30.5% in Q1 2023) based on the report by Department of Statistic of Malaysia (DoSM).

Despite near-term challenges in certain construction sectors, the medium to long-term growth story in Malaysia still remains intact especially with the roll-out of the mega infrastructural projects such as MRT Circle Line 3 (“MRT 3”), the flood mitigation projects, the acceleration of ongoing projects, such as the East Coast Rail Link, 5G network rollout (digitalization project) and Rapid Transit System Link (RTS) project between Johore and Singapore that would spearhead the civil engineering subsector for the Malaysian Construction Industry.

17. Prospects - continued

With all these positive economic results in Q2 2023, the Group will benefit directly or indirectly from the spillover effect of the construction growth once the projects have been rollout by the Government due to the Group's vast experiences and extensive track record in the mega railway's infrastructure projects such as MRT 1 & 2 and LRT 2 & 3.

In addition, the Group's outstanding order book of RM480 million for the construction segment and the expected launch of Phase 2 of the Ara Sentral project with a GDV of RM500 million for the property segment will keep the Group busy for FY2023.

Therefore, for FY2023, the Group is cautiously optimistic about registering positive growth based on our existing order book and we shall remain focused on reinforcing our business fundamentals, strengthening our core capability and capacity in project implementation while continuing to manage our cost and our Group's prudent financial management.

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>	
	<u>Current Year Quarter</u> 30.9.2023 RM'000	<u>Preceding Year Corresponding Quarter</u> 30.9.2022 RM'000	<u>Current Year To Date</u> 30.9.2023 RM'000	<u>Preceding Year Corresponding Period</u> 30.9.2022 RM'000
Current taxation	3,319	1,733	8,188	5,136
Deferred taxation	(763)	(1,790)	(2,477)	(6,297)
Prior year over provision	(2,401)	(394)	(2,383)	(394)
	<u>155</u>	<u>(451)</u>	<u>3,328</u>	<u>(1,555)</u>

The effective tax rate for the current period is lower than the statutory tax rate largely due to the availability of unabsorbed tax losses of a foreign subsidiary company.

20. Profit on sale of investments and properties

During the current period, a subsidiary company of the Group disposed off a leasehold building (investment property) with a loss of RM55,743.

21. Quoted Securities

The Company did not hold any quoted securities for the quarter ended 30 June 2023.

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 2023 are as follows:-

Security	Type	Amount (RM'000)
Secured	Short Term	6,245
Secured	Long Term	92,850
Unsecured	Long Term	-

Currency exposure profile of borrowings is as follows:-

Currency	Secured Short Term RM'000	Secured Long Term RM'000
Malaysian Ringgit	4,942	734
Australian Dollar	1,303	92,116

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 September 2023.

26. Dividends

The directors have not recommended the payment of any dividend for the quarter ended 30 September 2023.

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 RM18,267,573 (2022: RM12,820,737) and on the weighted average number of ordinary shares in issue of 471,288,703 (2022: 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 (2022: 471,288,703).

28. *Notes to Statement of Comprehensive Income*

	Third quarter		Cumulative 9 months	
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
	RM'000	RM '000	RM'000	RM'000
Depreciation of property, plant and equipment	2,510	3,153	7,945	9,641
Property, plant and equipment written off	1	-	4	50
Amortisation of right-of-use asset	415	415	1,307	1,511
Allowance for expected credit loss	-	-	-	-
Impairment loss of investment in an associate	-	-	-	-
Amortisation of investment in joint venture	59	48	896	48
Loss on disposal of investment property	-	-	56	-
Gain on disposal of property, plant & equipment	(2,215)	(33)	(3,001)	(621)
Gain on disposal of right-of-use asset	-	-	(47)	(10)
Provision for & write-off of inventories	-	-	-	-
Fair value gain on investment property	(2,500)	-	(2,500)	-