

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

	Current quarter ended 30/6/23 RM	Comparative quarter ended 30/6/22 RM	6 months cumulative to 30/6/23 RM	6 months cumulative to 30/6/22 RM
Revenue	263,991,799	198,686,128	407,484,917	375,111,410
Cost of sales	(254,778,434)	(186,282,030)	(385,049,916)	(354,081,697)
Gross Profit	9,213,365	12,404,098	22,435,001	21,029,713
Other income	827,817	515,168	1,130,379	1,043,788
Realised foreign currency exchange (loss)/gain	(15,640)	82,741	469,747	90,546
Unrealised foreign currency exchange gain/(loss)	8,754,255	(1,764,709)	7,699,850	3,049,076
Administrative expenses	(9,397,052)	(6,978,691)	(17,762,253)	(14,971,151)
Distribution expenses	(6,700)	(63,746)	(6,700)	(162,575)
Operating Profit	9,376,045	4,194,861	13,966,024	10,079,397
Finance income	2,858,483	1,057,620	4,717,176	2,207,829
Finance costs	(1,865,033)	(1,602,041)	(3,543,436)	(3,161,670)
Share of profit/(loss) of associate	73,941	(1,811)	460,671	65,543
Share of profit/(loss) of joint venture	557,390	(195,511)	163,398	(385,469)
Profit before taxation	11,000,826	3,453,118	15,763,833	8,805,630
Taxation	(1,076,757)	(5,741)	(3,173,552)	1,104,648
Net profit for the period	9,924,069	3,447,377	12,590,281	9,910,278
Other comprehensive loss, net of tax				
Foreign currency translation differences for foreign operations	(226,331)	(1,093,165)	(53,991)	(953,369)
Other comprehensive loss for the period net of tax	(226,331)	(1,093,165)	(53,991)	(953,369)
Total comprehensive income for the period	9,697,738	2,354,212	12,536,290	8,956,909
Net profit attributable to:				
Equity holders of the Company	9,882,015	3,319,123	12,388,538	9,804,425
Non-controlling interests	42,054	128,254	201,743	105,853
Net profit for the period	9,924,069	3,447,377	12,590,281	9,910,278
Total comprehensive income attributable to:				
Equity holders of the Company	9,591,209	2,259,996	12,251,542	8,897,203
Non-controlling interests	106,529	94,216	284,748	59,706
Total comprehensive income for the period	9,697,738	2,354,212	12,536,290	8,956,909
EPS attributable to equity holders of the Company:				
Basic (sen)	2.10	0.70	2.63	2.08
Diluted (sen)	2.10	0.70	2.63	2.08

(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 June 2023

	As at 30/6/2023 RM	As at 31/12/2022 RM
ASSETS		
NON-CURRENT ASSETS		
Investment properties	9,592,581	9,812,581
Property, plant & equipment	181,223,963	180,760,931
Inventories	12,254,432	12,207,160
Investment in associates	949,286	488,615
Investment in joint venture	41,651,711	42,347,861
Other investments	66,000	66,000
Deferred tax assets	11,806,344	10,196,669
Right-of-use assets	8,775,657	8,136,020
	<u>266,319,974</u>	<u>264,015,837</u>
CURRENT ASSETS		
Inventories	37,089,978	53,069,007
Contract cost assets	1,247,370	84,895,246
Trade & other receivables	266,618,753	435,533,859
Contract assets	34,170,849	10,265,013
Deposits, cash & bank balances	423,304,650	277,694,957
Current tax asset	1,113,080	1,005,287
	<u>763,544,680</u>	<u>862,463,369</u>
TOTAL ASSETS	<u>1,029,864,654</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	8,663,281	8,800,277
Retained earnings	261,594,719	249,206,181
Equity attributable to the equity holders of the Company	<u>508,255,045</u>	<u>496,003,503</u>
Non-controlling Interests	8,680,813	8,451,620
Total Equity	<u>516,935,858</u>	<u>504,455,123</u>
NON-CURRENT LIABILITIES		
Provision	32,288,398	36,561,395
Borrowings	96,113,310	96,807,119
Deferred tax liabilities	1,918,274	2,340,973
	<u>130,319,982</u>	<u>135,709,487</u>
CURRENT LIABILITIES		
Provisions	15,175,904	7,216,200
Borrowings	7,200,272	62,698,132
Trade & other payables	183,608,006	195,146,063
Contract liabilities	167,173,065	214,007,007
Current tax liabilities	9,451,567	7,247,194
	<u>382,608,814</u>	<u>486,314,596</u>
Total Liabilities	512,928,796	622,024,083
	<u>1,029,864,654</u>	<u>1,126,479,206</u>
Net assets per share attributable to the equity holders of the Company (RM)	1.08	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
Condensed Consolidated Statement of Changes in Equity for the period ended 30 June 2023

	Attributable to equity holders of the Company					Non-controlling Interests	Total Equity
	Non-distributable		Distributable				
	Treasury Shares RM	Asset Revaluation Reserve RM	Foreign Currency Translation Reserve RM	Retained Profits RM	Sub- Total RM	RM	RM
At 1 January 2023	240,456,670	11,844,680	(3,044,403)	249,206,181	496,003,503	8,451,620	504,455,123
Transaction with owner: -Dividend of subsidiary	-	-	-	-	-	(55,555)	(55,555)
<i>Foreign currency translation difference for foreign operations</i>	-	-	(136,996)	-	(136,996)	83,005	(53,991)
Other comprehensive (loss)/income for the period	-	-	(136,996)	-	(136,996)	83,005	(53,991)
<i>Profit for the period</i>	-	-	-	12,388,538	12,388,538	201,743	12,590,281
Total comprehensive (loss)/income for the period	-	-	(136,996)	12,388,538	12,251,542	284,748	12,536,290
At 30 June 2023	240,456,670	11,844,680	(3,181,399)	261,594,719	508,255,045	8,680,813	516,935,858
At 1 January 2022	240,456,670	11,844,679	(1,129,914)	201,569,887	450,281,697	4,760,549	455,042,246
<i>Foreign currency translation difference for foreign operations</i>	-	0	(907,222)	-	(907,222)	(46,147)	(953,369)
Other comprehensive loss for the period	-	0	(907,222)	-	(907,222)	(46,147)	(953,369)
<i>Profit for the period</i>	-	-	-	9,804,425	9,804,425	105,853	9,910,278
Total comprehensive (loss)/income for the period	-	0	(907,222)	9,804,425	8,897,203	59,706	8,956,909
At 30 June 2022	240,456,670	11,844,679	(2,037,136)	211,374,312	459,178,900	4,820,255	463,999,155

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 June 2023

	6 months ended 30/6/2023 RM	6 months ended 30/6/2022 RM
Cash flows from operating activities		
Profit before tax	15,763,833	8,805,630
Adjustments for :		
Amortisation of right-of-use asset	892,233	1,096,452
Depreciation of property, plant & equipment	5,434,902	6,487,860
Interest expense	5,000,976	4,737,673
Interest income	(4,717,176)	(2,207,829)
Share of profit of associate	(460,671)	(65,543)
Share of (profit)/loss of joint venture	(163,398)	385,469
Gain on disposal of right-of-use asset	(47,375)	(10,368)
Gain on disposal of property, plant & equipment	(785,866)	(587,667)
Loss on disposal of investment property	55,743	-
Unrealised gain on foreign currency exchange	(7,699,850)	(3,049,076)
Property, plant & equipment written off	3,404	49,606
Operating profit before working capital changes	<u>13,276,755</u>	<u>15,642,207</u>
Working capital changes :-		
Changes in inventories	15,931,757	16,591,956
Changes in contract assets/liabilities	(70,739,778)	(66,383,184)
Changes in contract cost assets	83,647,876	(35,771,201)
Changes in receivables	172,518,686	97,283,806
Changes in payables	(9,178,911)	(22,559,223)
Cash generated from operating activities	<u>205,456,385</u>	<u>4,804,361</u>
Tax paid	(2,916,415)	(2,607,986)
Interest paid	(48,720)	(5,587)
Interest received	4,717,176	2,207,829
Net cash generated from operating activities	<u>207,208,426</u>	<u>4,398,617</u>
Cash flows from investing activities		
Purchase of property, plant & equipment	(487,130)	(175,572)
Purchase of right-of-use asset	(322,760)	(193,544)
Proceeds from disposal of property, plant & equipment	789,633	661,928
Proceeds from disposal of right-of-use asset	140,375	24,994
Net proceeds from disposal of investment properties	164,257	-
Distribution of profit from joint venture	1,554,750	-
Net cash generated from investing activities	<u>1,839,125</u>	<u>317,806</u>
Cash flows from financing activities		
Placement of pledged deposits	(1,203,447)	(5,854,689)
Repayment of short term borrowings	(58,273,456)	(8,089,178)
Payment of lease liability	-	(76,000)
Dividend of subsidiary paid to non-controlling interests	(55,555)	-
Interest paid	(4,952,256)	(3,746,610)
Net cash used in financing activities	<u>(64,484,714)</u>	<u>(17,766,477)</u>
Net increase/(decrease) in cash and cash equivalents	144,562,837	(13,050,054)
Effects of foreign exchange rate changes	228,520	35,024
Cash and cash equivalents at beginning of period	147,563,544	135,803,867
Cash and cash equivalents at end of period	<u>292,354,901</u>	<u>122,788,837</u>
Cash and cash equivalents at end of period comprise :		
Cash and bank balances	124,197,136	52,537,545
Fixed deposits with licensed banks	54,620,802	64,804,494
Money market funds placed with fund managers	114,283,850	9,199,100
Bank overdrafts	(746,887)	(3,752,302)
	<u>292,354,901</u>	<u>122,788,837</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 SECOND QUARTER ENDED 30TH JUNE 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 June 2023.

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			
	activities	development	operations	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External revenue	283,065	113,344	11,076	-		407,485
Inter-segment revenue	64,678	-	5,996	1,212	(71,886)	-
	347,743	113,344	17,072	1,212	(71,886)	407,485
Results						
Segment operating profits	10,960	(1,049)	(1,342)	4,153	1,244	13,966
Share of profits of associate						461
Share of profits of joint venture						163
Finance income						4,717
Finance costs						(3,543)
Profit before tax						15,764
Taxation						(3,174)
Net profit for the period						12,590

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 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*

There were no capital commitment for the purchase of property, plant & equipment and right-of-use assets for the quarter ended 30 June 2023.

14. *Recurrent Related Party Transactions*

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

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

The Group recorded a profit before tax of RM11,000,826 in the current quarter as compared with a profit before tax of RM3,453,118 in the corresponding quarter.

Despite a lower gross profit margin, the substantially higher unrealized foreign currency exchange gain of the current quarter in comparison to a unrealized foreign currency exchange loss reported in the corresponding quarter, had largely resulted the Group to report a substantially higher profit before tax in the current quarter.

The Group incurred higher administrative expenses in the current quarter. However, higher finance income from fixed deposit and money market funds placed with fund managers together with the share of profits of joint venture instead of losses, had 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 RM11,000,826 in the current quarter as compared with a profit before tax of RM4,763,007 recorded in the immediate preceding quarter.

The reasons for the much higher profit before tax being reported in the current quarter are similar to that explained under note 15 above.

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.

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>	
	Current Year Quarter 30.6.2023 RM'000	Preceding Year Corresponding Quarter 30.6.2022 RM'000	Current Year To Date 30.6.2023 RM'000	Preceding Year Corresponding Period 30.6.2022 RM'000
Current taxation	1,404	1,927	4,869	3,402
Deferred taxation	(344)	(1,921)	(1,713)	(4,507)
Prior year under provision	17	-	17	-
	<u>1,077</u>	<u>6</u>	<u>3,173</u>	<u>(1,105)</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 quarter, 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 June 2023 are as follows:-

Security	Type	Amount (RM'000)
Secured	Short Term	7,200
Secured	Long Term	96,113
Unsecured	Long Term	-

Currency exposure profile of borrowings is as follows:-

Currency	Secured Short Term RM'000	Secured Long Term RM'000
Malaysian Ringgit	5,869	908
Australian Dollar	1,331	95,205

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 2023.

26. **Dividends**

The directors have not recommended the payment of any dividend for the quarter ended 30 June 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 RM12,388,538 (2022: RM9,804,425) 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*

	Second quarter		Cumulative 6 months	
	30/6/2023	30/6/2022	30/6/2023	30/6/2022
	RM'000	RM '000	RM'000	RM'000
Depreciation of property, plant and equipment	2,578	3,247	5,435	6,488
Property, plant and equipment written off	3	15	3	50
Amortisation of right-of-use asset	476	493	892	1,096
Allowance for expected credit loss	-	-	-	-
Impairment loss of investment in an associate	-	-	-	-
Amortisation of investment in joint venture	-	-	-	-
Loss on disposal of investment property	56	-	56	-
Gain on disposal of property, plant & equipment	(614)	(246)	(786)	(588)
Gain on disposal of right-of-use asset	(47)	(10)	(47)	(10)
Provision for & write-off of inventories	-	-	-	-