

TRC SYNERGY BERHAD
Condensed Consolidated Statement of Comprehensive Income for the quarter ended 30 September 2022

	Current quarter ended 30/9/22 RM	Comparative quarter ended 30/9/21 RM	9 months cumulative to 30/9/22 RM	9 months cumulative to 30/9/21 RM
Revenue	137,773,882	143,891,567	512,885,292	522,015,792
Cost of sales	(128,184,838)	(124,502,430)	(482,266,535)	(478,642,857)
Gross Profit	9,589,044	19,389,137	30,618,757	43,372,935
Other income	197,871	248,430	1,241,659	1,134,530
Realised foreign currency exchange gain	(6)	(11)	90,540	995
Unrealised foreign currency exchange (loss)/gain	(10,195)	(2,860,450)	3,038,881	(1,291,527)
Administrative expenses	(6,617,134)	(8,352,697)	(21,588,288)	(27,593,339)
Distribution expenses	-	(99,628)	(162,575)	(317,537)
Operating Profit	3,159,580	8,324,781	13,238,974	15,306,057
Finance income	1,098,245	920,633	3,306,073	3,281,889
Finance costs	(1,629,360)	(2,428,655)	(4,791,030)	(7,462,730)
Share of (losses)/profits of associate	185,343	129,817	250,886	227,064
Share of (losses)/profits of joint venture	(123,068)	981,524	(508,537)	7,953,232
Profit before taxation	2,690,740	7,928,100	11,496,366	19,305,512
Taxation	450,625	(2,075,621)	1,555,272	(4,275,648)
Net profit for the period	3,141,365	5,852,479	13,051,638	15,029,864
Other comprehensive Loss, net of tax				
Foreign currency translation differences for foreign operations	(856,035)	(250,646)	(1,809,404)	(502,793)
Other comprehensive Loss for the period net of tax	(856,035)	(250,646)	(1,809,404)	(502,793)
Total comprehensive income for the period	2,285,330	5,601,833	11,242,234	14,527,071
Net profit attributable to:				
Equity holders of the Company	3,016,317	5,868,057	12,820,737	14,950,146
Non-controlling interests	125,048	(15,578)	230,901	79,718
Net profit for the period	3,141,365	5,852,479	13,051,638	15,029,864
Total comprehensive income attributable to:				
Equity holders of the Company	2,196,588	5,620,207	11,093,786	14,439,572
Non-controlling interests	88,742	(18,374)	148,448	87,499
Total comprehensive Income for the period	2,285,330	5,601,833	11,242,234	14,527,071
EPS attributable to equity holders of the Company:				
Basic (sen)	0.64	1.25	2.72	3.17
Diluted (sen)	0.64	1.25	2.72	3.17

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2021)

TRC SYNERGY BERHAD
Condensed Consolidated Statement of Financial Position as at 30 September 2022

	As at 30/9/2022 RM	As at 31/12/2021 RM
ASSETS		
NON-CURRENT ASSETS		
Investment properties	10,292,581	10,292,581
Property, plant & equipment	181,820,863	191,835,474
Inventories	12,207,160	12,134,008
Investment in associates	1,825,698	1,494,924
Investment in joint venture	43,968,808	47,652,930
Other investments	66,000	66,000
Other receivables	193,074	759,828
Deferred tax assets	7,117,780	3,255,041
Right-of-use assets	8,443,734	9,710,738
	<u>265,935,698</u>	<u>277,201,524</u>
CURRENT ASSETS		
Inventories	95,361,192	132,167,179
Contract cost assets	67,622,745	15,844,284
Trade & other receivables	279,204,487	389,278,225
Contract assets	57,274,749	33,500,456
Deposits, cash & bank balances	287,224,091	313,958,896
Current tax asset	1,491,789	1,136,654
	<u>788,179,053</u>	<u>885,885,694</u>
TOTAL ASSETS	<u>1,054,114,751</u>	<u>1,163,087,218</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	240,456,670	240,456,670
Treasury Shares	(2,459,625)	(2,459,625)
Other reserves	8,987,814	10,714,765
Retained earnings	208,735,160	201,569,887
Equity attributable to the equity holders of the Company	<u>455,720,019</u>	<u>450,281,697</u>
Non-controlling Interests	4,908,997	4,760,549
Total Equity	<u>460,629,016</u>	<u>455,042,246</u>
NON-CURRENT LIABILITIES		
Provision	25,734,689	32,288,398
Borrowings	98,263,044	99,435,932
Deferred tax liabilities	2,955,422	5,205,098
	<u>126,953,155</u>	<u>136,929,428</u>
CURRENT LIABILITIES		
Provision	16,789,354	11,265,694
Borrowings	48,787,795	63,600,452
Trade & other payables	172,513,885	221,752,801
Contract liabilities	225,177,017	271,088,762
Current tax liabilities	3,264,529	3,407,835
	<u>466,532,580</u>	<u>571,115,544</u>
Total Liabilities	593,485,735	708,044,972
	<u>1,054,114,751</u>	<u>1,163,087,218</u>
Net assets per share attributable to the equity holders of the Company (RM)	0.97	0.96

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2021)

TRC SYNERGY BERHAD
Condensed Consolidated Statement of Changes in Equity for the period ended 30 September 2022

	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 2022	240,456,670	(2,459,625)	11,844,679	(1,129,914)	201,569,887	450,281,697	455,042,246
Dividend	-	-	-	(5,655,464)	(5,655,464)	-	(5,655,464)
<i>Foreign currency translation difference for foreign operations</i>							
	-	-	0	(1,726,951)	-	(1,726,951)	(1,809,404)
Other comprehensive income for the period	-	-	0	(1,726,951)	-	(1,726,951)	(1,809,404)
<i>Profit for the period</i>	-	-	-	12,820,737	12,820,737	230,901	13,051,638
Total comprehensive income for the period	-	-	0	(1,726,951)	12,820,737	11,093,786	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	460,629,016
At 1 January 2021	240,456,670	(2,459,625)	11,844,679	(624,195)	185,611,867	434,829,396	442,114,066
Dividend	-	-	-	-	(4,712,887)	(4,712,887)	(4,712,887)
<i>Foreign currency translation difference for foreign operations</i>							
	-	-	-	(510,574)	-	(510,574)	(502,793)
Other comprehensive income for the period	-	-	-	(510,574)	-	(510,574)	(502,793)
<i>Profit for the period</i>	-	-	-	14,950,146	14,950,146	79,718	15,029,864
Total comprehensive income for the period	-	-	-	(510,574)	14,950,146	14,439,572	14,527,071
At 30 September 2021	240,456,670	(2,459,625)	11,844,679	(1,134,769)	195,849,126	444,556,081	451,928,250

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 2021)

TRC SYNERGY BERHAD
Condensed Consolidated Statement of Cash Flows for the quarter ended 30 September 2022

	9 months ended 30/9/2022 RM	9 months ended 30/9/2021 RM
Cash flows from operating activities		
Profit before tax	11,496,366	19,305,512
Adjustments for :		
Amortisation of investment in joint venture	48,375	2,273,684
Amortisation of right-of-use asset	1,510,941	1,877,825
Doubtful debts written off	-	4,821
Depreciation of property, plant & equipment	9,640,573	10,187,299
Interest expense	7,084,732	9,427,012
Interest income	(3,306,073)	(3,281,889)
Share of profit of associate	(250,886)	(227,064)
Share of loss/(profit) of joint venture	508,537	(7,953,232)
Gain on disposal of right-of-use asset	(10,368)	-
Gain on disposal of property, plant & equipment	(621,001)	(236,209)
Unrealised gain on foreign currency exchange	(3,038,881)	1,291,527
Property, plant & equipment written off	49,606	24
Operating profit before working capital changes	<u>23,111,921</u>	<u>32,669,310</u>
Working capital changes :-		
Changes in inventories	36,732,833	7,503,152
Changes in contract assets/liabilities	(69,686,041)	44,825,023
Changes in contract cost assets	(51,778,462)	918,017
Changes in receivables	115,435,311	71,764,648
Changes in payables	(53,746,715)	(71,794,215)
Cash generated from operating activities	<u>68,847</u>	<u>85,885,935</u>
Tax paid	(5,232,823)	(5,368,894)
Interest paid	(13,771)	(836,580)
Interest received	3,306,073	3,281,889
Net cash (used in)/ generated from operating activities	<u>(1,871,674)</u>	<u>82,962,350</u>
Cash flows from investing activities		
Purchase of property, plant & equipment	(292,308)	(660,711)
Purchase of right-of-use asset	(346,937)	-
Proceeds from disposal of property, plant & equipment	701,078	247,183
Proceeds from disposal of right-of-use asset	24,994	-
Additional investment in associate	-	(29,997)
Net cash generated from/(used in) investing activities	<u>86,827</u>	<u>(443,525)</u>
Cash flows from financing activities		
Placement of pledged deposits	47,886,262	(10,698,222)
Repayment of short term borrowings	(13,074,794)	(16,196,042)
Proceeds from long term borrowings	-	10,400,000
Payment of lease liability	(76,000)	(155,130)
Dividend paid	(5,655,464)	(4,712,887)
Interest paid	(5,595,501)	(6,992,590)
Net cash generated from/(used in) financing activities	<u>23,484,503</u>	<u>(28,354,871)</u>
Net increase in cash and cash equivalents	21,699,656	54,163,954
Effects of foreign exchange rate changes	(71,782)	(129,519)
Cash and cash equivalents at beginning of period	135,803,867	101,580,856
Cash and cash equivalents at end of period	<u>157,431,741</u>	<u>155,615,291</u>
Cash and cash equivalents at end of period comprise :		
Cash and bank balances	23,772,869	71,373,549
Fixed deposits with licensed banks	95,047,140	57,787,539
Short term deposit with licensed bank	40,862,946	27,169,060
Bank overdrafts	(2,251,214)	(714,857)
	<u>157,431,741</u>	<u>155,615,291</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2021)

TRC SYNERGY BERHAD

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30TH SEPTEMBER 2022

(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 2021. 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 2021.

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 2021, except for the adoption of the following Amendments to MFRSs:

		Effective date
Amendment to MFRS 16	Covid-19 – Related Rent Concessions	1 April 2021
Amendments to MFRS 1, MFRS 9, MFRS 16 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
Amendments to MFRS 116	Property, Plant & Equipment - Proceeds before Intended Use	1 January 2022

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 2021 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 2022.

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 2021 on 15 July 2022.

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	425,566	73,648	13,671	-		512,885
Inter-segment revenue	173,690	-	9,204	1,462	(184,356)	-
	599,256	73,648	22,875	1,462	(184,356)	512,885
Results						
Segment operating profits	15,874	387	(2,623)	5,775	(6,175)	13,238
Share of profits of associate						251
Share of losses of joint venture						(508)
Finance income						3,306
Finance costs						(4,791)
Profit before tax						11,496
Taxation						1,555
Net profit for the period						13,051

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 September 2022.

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 September 2022.

14. *Recurrent Related Party Transactions*

The Shareholders' mandate on Recurrent Related Party Transactions obtained on 29 June 2021 had expired on 22 June 2022. For the quarter ended 30 September 2022, there was no material recurrent related party transactions.

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

The Group recorded a profit before tax of RM2,690,740 in the current quarter as compared with a profit before tax of RM7,928,100 in the corresponding quarter.

The lower revenue and gross profit recognized in the current quarter had resulted the Group reporting a lower profit before tax in the current quarter. The sharing of loss of the joint venture as opposed to a profit in the corresponding quarter had contributed further to the lower profit before tax being reported in the current quarter.

The negative impact of the sharing of losses of joint venture in the current quarter as opposed to sharing of a gain in the corresponding quarter had been compensated by the lower administrative expenses being incurred 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 RM2,690,740 in the current quarter as compared with a profit before tax of RM3,453,118 recorded in the immediate preceding quarter.

The lower profit before tax reported in the current quarter was largely due to the lower revenue and gross profit being recognized in the current quarter.

17. Prospects

Following our country transitioned into endemicity in April 2022, majority of the economic activities have since been normalised, translated into decent Gross Domestic Products (“GDP”) growth of 8.9% year-on-year (YoY) in Q2 followed by an impressive 14.2% YoY jump in Q3, partly due to the favourable base effect and also driven by robust domestic demand as a result of continued recovery in employment, higher investments, continued policy support, resilient external sector, opening of international borders, etc. For the first 9 months of the year, Malaysia GDP had climbed 9.3% YoY and the better- than expected expansion means full year performance is likely to exceed the earlier official forecast of 6.5% to 7.0%.

For construction industry as a whole, the value of construction work done in Q3 had surged by 23.2% YoY, again due to low base effect (vs +6.1% YoY growth achieved in Q2). The stronger number reported in Q3 was driven by Non-Residential Building as well as Special Trade Activities, where both segments spiked above 30% while Civil Engineering and Residential Buildings grew moderately between 14.6% to 17.8%, amidst a confluence of headwinds impacted the industry players.

Barring any further unforeseen developments, the Group is cautiously optimistic about the outlook for the coming quarter and we shall remain focusing on reinforcing our business fundamental, strengthening our core capability and capacity in project implementation while continue to managing our costs and cashflow.

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 30.9.2022 RM'000	Preceding Year Corresponding Quarter 30.9.2021 RM'000	Current Year To Date 30.9.2022 RM'000	Preceding Year Corresponding Period 30.9.2021 RM'000
Current taxation	1,733	2,655	5,136	4,325
Deferred taxation	(1,790)	(551)	(6,297)	(20)
Prior year over provision	(394)	(29)	(394)	(29)
	<u>(451)</u>	<u>2,075</u>	<u>(1,555)</u>	<u>4,276</u>
	=====	=====	=====	=====

The provision for deferred tax asset in the current period was largely related to the unutilized tax losses of a 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 September 2022.

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 2022 are as follows:-

Security	Type	Amount (RM'000)
Secured	Short Term	48,788
Secured	Long Term	98,263
Unsecured	Long Term	-

Currency exposure profile of borrowings is as follows:-

Currency	Secured Short Term RM'000	Secured Long Term RM'000
Malaysian Ringgit	47,540	5,929
Australian Dollar	1,248	92,334

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 trial was duly convened in early November 2021 and all parties have submitted their case submission in January 2022.

The Arbitrator is expected to give his award in due course.

26. **Dividends**

The directors have not recommended the payment of any dividend for the quarter ended 30 September 2022.

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 RM12,820,737 (2021: RM14,950,146) and on the weighted average number of ordinary shares in issue of 471,288,703 (2021: 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 (2021: 471,288,703).

28. Notes to Statement of Comprehensive Income

	Third quarter		Cumulative 9 months	
	30/9/2022	30/9/2021	30/9/2022	30/9/2021
	RM'000	RM '000	RM'000	RM'000
Depreciation of property, plant and equipment	3,153	3,375	9,641	10,187
Property, plant and equipment written off	-	-	50	24
Amortisation of right-of-use asset	415	623	1,511	1,878
Allowance for expected credit loss	-	-	-	-
Impairment loss of investment in an associate	-	-	-	-
Amortisation of investment in joint venture	48	330	48	2,273
Gain on disposal of property, plant & equipment	(33)	(2)	(621)	(236)
Gain on disposal of right-of-use asset	-	-	(10)	-
Provision for & write-off of inventories	-	-	-	-