

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

	Current quarter ended 30/9/24 RM	Comparative quarter ended 30/9/23 RM	9 months cumulative to 30/9/24 RM	9 months cumulative to 30/9/23 RM
Revenue	154,301,450	144,894,398	353,505,282	552,379,315
Cost of sales	(130,065,692)	(135,258,086)	(309,015,214)	(520,308,002)
Gross Profit	24,235,758	9,636,312	44,490,068	32,071,313
Other income	966,263	4,822,559	1,849,180	5,952,938
Realised foreign currency exchange gain/(loss)	127	(20,334)	(400,892)	449,413
Unrealised foreign currency exchange (loss)/gain	(7,941,666)	(3,782,049)	(6,655,815)	3,917,801
Administrative expenses	(7,898,370)	(6,124,253)	(23,396,713)	(23,886,506)
Distribution expenses	-	-	(4,100)	(6,700)
Operating Profit	9,362,112	4,532,235	15,881,728	18,498,259
Finance income	2,508,561	2,845,508	7,773,693	7,562,684
Finance costs	(6,218,303)	(1,671,804)	(9,535,534)	(5,215,240)
Share of profit of associate	761,016	449,976	1,473,606	910,647
Share of profit/(loss) of joint venture	1,055,108	(68,833)	2,045,953	94,565
Profit before taxation	7,468,494	6,087,082	17,639,446	21,850,915
Taxation	(4,268,529)	(154,673)	(8,923,145)	(3,328,224)
Net profit for the period	3,199,965	5,932,409	8,716,301	18,522,691
Other comprehensive (loss)/income, net of tax				
Revaluation gain on property, plant & equipment	-	25,773,705	-	25,773,705
Foreign currency translation differences for foreign operations	(10,460,806)	34,129	(10,395,309)	(19,862)
Other comprehensive (loss)/income for the period net of tax	(10,460,806)	25,807,834	(10,395,309)	25,753,843
Total comprehensive (loss)/income for the period	(7,260,841)	31,740,243	(1,679,008)	44,276,534
Net profit attributable to:				
Equity holders of the Company	3,047,396	5,879,033	8,555,080	18,267,573
Non-controlling interests	152,569	53,376	161,221	255,118
Net profit for the period	3,199,965	5,932,409	8,716,301	18,522,691
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company	(7,268,901)	31,683,525	(1,695,497)	43,935,069
Non-controlling interests	8,060	56,718	16,489	341,465
Total comprehensive (loss)/income for the period	(7,260,841)	31,740,243	(1,679,008)	44,276,534
EPS attributable to equity holders of the Company:				
Basic (sen)	0.65	1.25	1.82	3.88
Diluted (sen)	0.65	1.25	1.82	3.88

(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 September 2024

	As at 30/9/2024 RM	As at 31/12/2023 RM
ASSETS		
NON-CURRENT ASSETS		
Investment properties	11,957,516	11,957,516
Property, plant & equipment	198,378,521	217,495,134
Inventories	23,532,268	23,283,596
Investment in associates	2,954,696	1,481,090
Investment in joint venture	31,674,923	38,347,551
Other investments	66,000	66,000
Deferred tax assets	2,628,165	559,841
Right-of-use assets	13,704,374	8,618,513
	<u>284,896,463</u>	<u>301,809,241</u>
CURRENT ASSETS		
Inventories	28,505,194	31,219,663
Contract cost assets	(0)	29,750
Trade & other receivables	249,366,709	198,651,605
Contract assets	40,743,422	37,884,579
Deposits, cash & bank balances	357,663,911	414,156,217
Current tax asset	987,395	1,315,136
	<u>677,266,631</u>	<u>683,256,950</u>
TOTAL ASSETS	<u>962,163,094</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	27,238,840	37,489,417
Retained earnings	271,719,373	268,819,757
Equity attributable to the equity holders of the Company	<u>536,955,258</u>	<u>544,306,219</u>
Non-controlling interests	8,853,125	8,836,636
Total Equity	<u>545,808,383</u>	<u>553,142,855</u>
NON-CURRENT LIABILITIES		
Provision	-	30,236,411
Borrowings	80,896,876	95,577,377
Deferred tax liabilities	4,277,195	5,037,137
	<u>85,174,071</u>	<u>130,850,925</u>
CURRENT LIABILITIES		
Provision	18,761,908	25,158,296
Borrowings	20,891,430	6,532,175
Trade & other payables	186,122,931	148,639,904
Contract liabilities	97,830,209	116,999,679
Current tax liabilities	7,574,162	3,742,357
	<u>331,180,640</u>	<u>301,072,411</u>
Total Liabilities	<u>416,354,711</u>	<u>431,923,336</u>
	<u>962,163,094</u>	<u>985,066,191</u>
Net assets per share attributable to the equity holders of the Company (RM)	1.14	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 September 2024

	Attributable to equity holders of the Company				Non-controlling Interests	Total Equity		
	Share Capital RM	Treasury Shares RM	Asset Revaluation Reserve RM	Foreign Currency Translation Reserve RM			Retained Profits RM	Sub-Total RM
At 1 January 2024	240,456,670	(2,459,625)	39,297,862	(1,808,445)	268,819,757	544,306,219	8,836,636	553,142,855
Dividend Transaction with owner: -Dividend of subsidiary	-	-	-	-	(5,655,464)	(5,655,464)	-	(5,655,464)
<i>Revaluation gain on property, plant and equipment</i>	-	-	-	-	-	-	-	-
<i>Foreign currency translation difference for foreign operations</i>	-	-	(10,250,577)	-	-	(10,250,577)	(144,732)	(10,395,309)
Other comprehensive loss for the period	-	-	(10,250,577)	-	-	(10,250,577)	(144,732)	(10,395,309)
<i>Profit for the period</i>	-	-	-	-	8,555,080	8,555,080	161,221	8,716,301
Total comprehensive (loss)/income for the period	-	-	(10,250,577)	(10,250,577)	8,555,080	(1,695,497)	16,489	(1,679,008)
At 30 September 2024	240,456,670	(2,459,625)	39,297,862	(12,059,022)	271,719,373	536,955,258	8,853,125	545,808,383
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 Transaction with owner: -Dividend of subsidiary	-	-	-	-	(5,655,464)	(5,655,464)	-	(5,655,464)
<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)	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

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 2023)

TRC SYNERGY BERHAD
Condensed Consolidated Statement of Cash Flows for the quarter ended 30 September 2024

	9 months ended 30/9/2024 RM	9 months ended 30/9/2023 RM
Cash flows from operating activities		
Profit before tax	17,639,446	21,850,915
Adjustments for :		
Amortisation of investment in joint venture	1,423,015	896,101
Amortisation of right-of-use asset	1,593,006	1,307,325
Depreciation of property, plant & equipment	5,740,595	7,944,936
Interest expense	10,665,273	7,390,566
Interest income	(7,740,678)	(7,562,684)
Share of profit of associate	(1,473,606)	(910,647)
Share of profit of joint venture	(2,045,953)	(94,565)
Fair value gain on investment property	-	(2,500,000)
Gain on disposal of right-of-use asset	-	(47,375)
Gain on disposal of property, plant & equipment	(1,190,243)	(3,000,583)
Loss on disposal of investment property	-	55,743
Unrealised loss/(gain) on foreign currency exchange	6,655,815	(3,917,801)
Property, plant & equipment written off	1,609	3,618
Operating profit before working capital changes	<u>31,268,279</u>	<u>21,415,549</u>
Working capital changes :-		
Changes in inventories	2,714,469	2,578,457
Changes in contract assets/liabilities	(27,681,642)	(76,250,182)
Changes in contract cost assets	29,750	84,895,250
Changes in receivables	(57,107,826)	211,331,733
Changes in payables	4,588,651	(33,309,894)
Changes in land held for property development	(248,672)	-
Cash (used in)/generated from operating activities	<u>(46,436,991)</u>	<u>210,660,913</u>
Tax paid	(7,280,243)	(6,041,859)
Interest paid	(8,747)	(52,837)
Interest received	7,740,678	7,562,684
Net cash (used in)/generated from operating activities	<u>(45,985,303)</u>	<u>212,128,901</u>
Cash flows from investing activities		
Purchase of property, plant & equipment	(1,895,293)	(839,154)
Purchase of right-of-use asset	(2,398,525)	-
Proceeds from disposal of property, plant & equipment	1,253,337	3,008,037
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	4,002,807	3,094,000
Net cash generated from investing activities	<u>962,326</u>	<u>5,567,515</u>
Cash flows from financing activities		
Withdrawal/(Placement) of pledged deposits	1,261,594	(1,981,330)
Net proceeds from/(repayment of) short term borrowings	6,541,269	(61,354,100)
Repayment of long term borrowings	(8,577,443)	-
Dividend paid	(5,655,464)	(5,655,464)
Dividend of subsidiary paid to non-controlling interests	-	(55,555)
Interest paid	(5,019,364)	(7,337,728)
Net cash used in financing activities	<u>(11,449,408)</u>	<u>(76,384,177)</u>
Net (decrease)/ increase in cash and cash equivalents	(56,472,385)	141,312,239
Effects of foreign exchange rate changes	552,017	66,653
Cash and cash equivalents at beginning of period	286,871,036	147,563,544
Cash and cash equivalents at end of period	<u>230,950,668</u>	<u>288,942,436</u>
Cash and cash equivalents at end of period comprise :		
Cash and bank balances	80,871,870	114,138,265
Fixed deposits with licensed banks	46,948,147	68,387,366
Money market funds placed with fund managers	103,893,032	107,890,365
Bank overdrafts	(762,381)	(1,473,560)
	<u>230,950,668</u>	<u>288,942,436</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 THIRD QUARTER ENDED 30TH SEPTEMBER 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 September 2024.

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 2023 on 15 July 2024.

8. *Segment Reporting*

Operating segment information for the current quarter is as follows:

	Construction activities RM'000	Property development RM'000	Hotel operations RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue						
External revenue	331,120	2,864	19,521	-		353,505
Inter-segment revenue	30,931	-	-	5,660	(36,591)	-
	362,051	2,864	19,521	5,660	(36,591)	353,505
Results						
Segment operating profits/(loss)	13,159	13,020	(2,656)	(1,377)	(6,264)	15,882
Share of profit of associate						1,474
Share of profit of joint venture						2,046
Finance income						7,773
Finance costs						(9,536)
Profit before tax						17,639
Taxation						(8,923)
Net profit for the period						8,716

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 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 September 2024.

14. Related Party Transactions

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

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

The Group recorded a profit before tax of RM7,468,494 in the current quarter as compared with a profit before tax of RM6,087,082 in the corresponding quarter.

The Group reported a substantially higher gross profit in the current quarter due to the reversal of property development cost of a completed property development project amounting to approximately RM15,102,073, following the tax decision of the Inland Revenue Board ('IRB') on the computation of land cost. There would not be a substantial increase in the gross profit if not because of this reversal.

The Group reported a much lower other income but a much higher unrealized foreign currency exchange loss and finance cost in the current quarter in comparison to the corresponding quarter.

Included in the other income of the corresponding quarter were fair value gain on investment property and gain on disposal of property, plant & equipment that contributed to the higher other income in that quarter. See Note 28 for more information.

A notional finance cost amounting to RM4,956,843 in relation to the long-term provision for land cost for a completed property development project was expensed off in the current quarter. This was in association with the reversal of the property development cost in deriving the gross profit following the tax decision of IRB as mentioned above.

On the contrary, the Group recorded a higher share of profit of associate and joint venture in the current quarter when compared to the corresponding quarter.

With all the above mentioned, the Group reported a higher profit before tax in the current quarter than the corresponding quarter.

The profit before tax excludes the unrealized foreign currency exchange loss was reported at RM15,410,160 and RM9,869,131 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 RM7,468,494 in the current quarter as compared with a profit before tax of RM7,345,957 recorded in the immediate preceding quarter.

The reason that the Group reported a much higher gross profit in the current quarter is similar to that mentioned under Note 15 above.

Further, the substantial unrealized foreign currency exchange loss as opposed to a gain in the immediate preceding quarter together with the expense-off of the notional finance cost as mentioned in Note 15 above had mitigated the substantial increase in gross profit resulting the Group reporting a marginally higher profit before tax in the current quarter.

17. *Prospects*

In Q3 2024, Malaysia's economy saw a 5.3% growth, a slight dip from the 5.9% growth recorded in Q2 2024. This growth was primarily fuelled by strong domestic demand and a rebound in exports. The headline inflation of 1.8% in September 2024 remained moderate amid contained cost pressures and demand conditions. Additionally, BNM's decision to keep interest rates unchanged at 3.0% in Q3 implies a data-dependent approach to future monetary policy decisions.

In line with our economic growth, the construction sector continues to advance its momentum growth by 22.9% year-on-year in Q3 2024, accelerating from a 20.2% rise in 2Q 2024. This growth trajectory reflects the sector's current strength and signals promising potential growth of the industry after the post-COVID pandemic.

17. Prospect - continued

With the solid economic backdrop, the Group Construction Division is unwavering in its commitment to the timely execution and completion of its existing projects, of which RM736 million was secured in the first half (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.

The Group Construction Division will continue actively participating in business development and vigorously participating in selected tender exercises called by the government or quasi-government agencies to replenish the current order book of RM860.00 million.

As for the Group Property Division, the recent budget 2025 tabled by the government gave the property sector a very positive and bright outlook moving forward. The government gave various initiatives to first-time home buyers, such as government guarantee loans of up to RM500,000 and tax relief of RM7,000 (property under RM500,000) and RM5,000 (property price between RM500,000 and RM750,000), respectively.

With the bright and positive outlook in the property market, the Group Property Division has decided to commence construction of the Ara Sentral Phase 2 in 4Q 2024, primarily 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.

With the Ara Sentral Phase 2, property development will be 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, further reinforced by our prudent and resilient financial management and robust balance sheet. This balanced approach 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 30.9.2024 RM'000	Preceding Year Corresponding Quarter 30.9.2023 RM'000	Current Year To Date 30.9.2024 RM'000	Preceding Year Corresponding Period 30.9.2023 RM'000
Current tax				
Current year	1,705	3,319	5,595	8,188
Prior year	5,950	(2,401)	5,950	(2,383)
Deferred tax				
Current year	(1,363)	(763)	(171)	(2,477)
Prior year	(2,023)	-	(2,451)	-
	<u>4,269</u>	<u>155</u>	<u>8,923</u>	<u>3,328</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 (notably the substantial unrealized foreign currency exchange loss and notional finance cost) 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 September 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 September 2024 are as follows:-

Security	Type	Amount (RM'000)
Secured	Short Term	20,891
Secured	Long Term	80,897
Unsecured	Long Term	-

Currency exposure profile of borrowings is as follows:-

Currency	Secured Short Term RM'000	Secured Long Term RM'000
Malaysian Ringgit	20,153	2,985
Australian Dollar	738	77,912

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 2024.

26. **Dividends**

The directors have not recommended the payment of any dividend for the quarter ended 30 September 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 RM8,555,080 (2023: RM18,267,573) 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*

	Third quarter		Cumulative 9 months	
	30/9/2024	30/9/2023	30/9/2024	30/9/2023
	RM'000	RM '000	RM'000	RM'000
Depreciation of property, plant and equipment	1,813	2,510	5,741	7,945
Amortisation of right-of-use asset	562	415	1,593	1,307
Amortisation of investment in joint venture	653	59	1,423	896
Loss on disposal of investment property	-	-	-	56
Property, plant & equipment written off	1	1	2	4
Gain on disposal of property, plant & equipment	(751)	(2,215)	(1,190)	(3,001)
Gain on disposal of right-of-use asset	-	-	-	(47)
Fair value gain on investment property	-	(2,500)	-	(2,500)