

TRC SYNERGY BERHAD
Condensed Consolidated Statement of Comprehensive Income for the quarter ended 31 December 2021

	Current quarter ended 31/12/21 RM	Comparative quarter ended 31/12/20 RM	12 months cumulative to 31/12/21 RM	12 months cumulative to 31/12/20 RM
Revenue	240,740,895	286,852,370	762,756,687	753,853,670
Cost of sales	(226,638,578)	(265,460,959)	(705,281,435)	(699,222,234)
Gross Profit	14,102,317	21,391,411	57,475,252	54,631,436
Other income	1,142,991	1,267,392	2,277,521	2,073,708
Realised foreign currency exchange gain/(loss)	-	(3,048)	995	(4,129)
Unrealised foreign currency exchange gain/(loss)	137,375	3,691,243	(1,154,152)	8,305,310
Administrative expenses	(9,775,732)	(15,579,298)	(37,369,071)	(35,059,955)
Distribution expenses	(98,828)	(452,482)	(416,365)	(452,482)
Operating Profit	5,508,123	10,315,218	20,814,180	29,493,888
Finance income	467,253	2,038,757	3,749,143	6,274,080
Finance costs	(1,224,311)	(4,025,883)	(8,687,042)	(9,332,065)
Share of (losses)/profits of associate	(84,303)	415,641	142,761	1,286,111
Share of profits of joint venture	849,070	2,979,512	8,802,302	8,946,124
Profit before taxation	5,515,832	11,723,245	24,821,344	36,668,138
Taxation	(1,929,885)	(485,263)	(6,205,533)	(9,042,340)
Profit for the year	3,585,947	11,237,982	18,615,811	27,625,798
Other comprehensive (Loss)/Income, net of tax				
Foreign currency translation differences for foreign operations	(53,935)	(89,540)	(556,728)	75,840
Other comprehensive (Loss)/ Income for the year net of tax	(53,935)	(89,540)	(556,728)	75,840
Total comprehensive income for the year	3,532,012	11,148,442	18,059,083	27,701,638
Profit attributable to:				
Owners of the parent	6,176,612	10,751,274	21,126,758	27,259,671
Non-controlling interests	(2,590,665)	486,708	(2,510,947)	366,127
Profit for the year	3,585,947	11,237,982	18,615,811	27,625,798
Total comprehensive income attributable to:				
Owners of the parent	6,124,448	10,659,898	20,564,021	27,332,553
Non-controlling interests	(2,592,436)	488,544	(2,504,938)	369,085
Total comprehensive Income for the year	3,532,012	11,148,442	18,059,083	27,701,638
EPS attributable to owners of the parent:				
Basic (sen)	1.31	2.28	4.48	5.76
Diluted (sen)	1.31	2.28	4.48	5.76

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2020)

TRC SYNERGY BERHAD
Condensed Consolidated Statement of Financial Position as at 31 December 2021

	As at 31/12/2021 RM	As at 31/12/2020 RM
ASSETS		
NON-CURRENT ASSETS		
Investment properties	10,292,581	10,525,948
Property, plant & equipment	200,629,850	220,263,014
Inventories	12,134,008	12,065,045
Investment in associates	1,497,811	1,299,325
Investment in joint venture	47,652,930	44,293,308
Other investments	66,000	66,000
Other receivables	759,828	25,912,939
Deferred tax assets	1,828,070	1,298,242
Right-of-use asset	64,161	256,644
	<u>274,925,239</u>	<u>315,980,465</u>
CURRENT ASSETS		
Inventories	131,443,677	143,939,586
Contract cost assets	13,287,893	19,490,266
Trade & other receivables	392,365,861	368,977,525
Contract assets	43,074,311	53,747,366
Deposits, cash & bank balances	301,486,753	272,198,687
Current tax asset	1,131,914	1,014,136
	<u>882,790,409</u>	<u>859,367,566</u>
TOTAL ASSETS	<u>1,157,715,648</u>	<u>1,175,348,031</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share Capital	240,456,670	240,456,670
Treasury Shares	(2,459,625)	(2,459,625)
Other reserves	10,657,747	11,220,484
Retained earnings	202,025,738	185,611,867
Equity attributable to owners of the Parent	<u>450,680,530</u>	<u>434,829,396</u>
Non-controlling Interests	4,779,732	7,284,670
Total Equity	<u>455,460,262</u>	<u>442,114,066</u>
NON-CURRENT LIABILITIES		
Provision	32,288,398	41,393,930
Borrowings	102,402,888	103,034,052
Deferred tax liabilities	3,655,795	5,371,458
	<u>138,347,081</u>	<u>149,799,440</u>
CURRENT LIABILITIES		
Provision	11,265,694	5,949,544
Borrowings	63,542,941	140,729,914
Trade & other payables	201,049,466	262,120,886
Contract liabilities	284,414,991	171,563,100
Current tax liabilities	3,635,213	3,071,081
	<u>563,908,305</u>	<u>583,434,525</u>
Total Liabilities	702,255,386	733,233,965
	<u>1,157,715,648</u>	<u>1,175,348,031</u>
Net assets per share (RM)	0.97	0.93

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2020)

TRC SYNERGY BERHAD
Condensed Consolidated Statement of Changes in Equity for the year ended 31 December 2021

	Attributable to owners of the parent		Non-controlling Interests	Total Equity				
	Non-distributable							
	Share Capital RM	Treasury Shares RM	Asset Revaluation Reserve RM	Foreign Currency Translation Reserve RM	Retained Profits RM	Sub-Total RM	Non-controlling Interests RM	Total Equity RM
At 1 January 2021	240,456,670	(2,459,625)	11,844,679	(624,195)	185,611,867	434,829,396	7,284,670	442,114,066
Dividend Share-Buy-Back	-	-	-	-	(4,712,887)	(4,712,887)	-	(4,712,887)
Foreign currency translation difference for foreign operations	-	-	-	(562,737)	-	(562,737)	6,009	(556,728)
Other comprehensive income for the year	-	-	-	(562,737)	-	(562,737)	6,009	(556,728)
Profit for the year	-	-	-	-	21,126,758	21,126,758	(2,510,947)	18,615,811
Total comprehensive income for the year	-	-	-	(562,737)	21,126,758	20,564,021	(2,504,938)	18,059,083
At 31 December 2021	240,456,670	(2,459,625)	11,844,679	(1,186,932)	202,025,738	450,680,530	4,779,732	455,460,262
At 1 January 2020 - as previously stated	240,456,670	-	6,586,691	(697,077)	167,154,719	413,501,003	5,819,740	419,320,743
Prior year adjustment	-	-	5,257,988	-	(3,618,347)	1,639,641	1,095,845	2,735,486
At 1 January 2020 - as restated	240,456,670	-	11,844,679	(697,077)	163,536,372	415,140,644	6,915,585	422,056,229
Dividend Share-Buy-Back	-	(2,459,625)	-	-	(5,184,176)	(5,184,176)	-	(5,184,176)
Foreign currency translation difference for foreign operations	-	-	(0)	72,882	-	72,882	2,958	75,840
Other comprehensive income for the year	-	-	(0)	72,882	-	72,882	2,958	75,840
Profit for the year	-	-	-	-	27,259,671	27,259,671	366,127	27,625,798
Total comprehensive income for the year	-	-	(0)	72,882	27,259,671	27,332,553	369,085	27,701,638
At 31 December 2020	240,456,670	(2,459,625)	11,844,679	(624,195)	185,611,867	434,829,396	7,284,670	442,114,066

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 2020)

TRC SYNERGY BERHAD
Condensed Consolidated Statement of Cash Flows for the quarter ended 31 December 2021

	12 months ended 31/12/2021 RM	12 months ended 31/12/2020 RM
Cash flows from operating activities		
Profit before tax	24,821,344	36,668,138
Adjustments for :		
Allowance for expected credit loss	16,500	3,046,350
Amortisation of investment in joint venture	2,541,879	2,421,859
Amortisation of right-of-use asset	192,483	192,483
Doubtful debts written off	4,821	-
Depreciation of property, plant & equipment	16,279,267	16,955,400
Interest expense	8,687,042	9,332,066
Interest income	(3,749,143)	(6,274,080)
Share of profits of associate	(142,761)	(1,286,111)
Share of profits of joint venture	(8,802,302)	(8,946,124)
Impairment loss of investment in an associate	-	1,875,777
Gain on disposal of property, plant & equipment	(420,280)	(353,849)
Loss on disposal of investment property	40,000	-
Unrealised loss/(gain) on foreign currency exchange	1,154,152	(8,305,310)
Loss on disposal of an associate	-	322,777
Lease discount received	-	(38,000)
Property, plant & equipment written off	1,021	14,511
Operating profit before working capital changes	40,624,023	45,625,887
Working capital changes :-		
Changes in inventories	12,426,946	29,171,027
Changes in contract assets/liabilities	123,524,941	(40,519,824)
Changes in contract cost	6,202,373	(19,490,266)
Changes in receivables	3,169,842	(24,301,355)
Changes in payables	(63,584,346)	(9,943,710)
Cash generated from/(used in) operating activities	122,363,779	(19,458,241)
Tax paid	(8,026,454)	(8,848,590)
Interest paid	(841,934)	(1,160,145)
Interest received	3,749,143	6,274,080
Net cash generated from/(used in) operating activities	117,244,534	(23,192,896)
Cash flows from investing activities		
Purchase of property, plant & equipment	(445,563)	(2,677,148)
Proceeds from disposal of property, plant & equipment	614,782	389,587
Proceeds from disposal of investment property	180,000	-
Proceeds from disposal of an associate	-	2,584,560
Payment for share buy back	-	(2,459,625)
Reversal of investment properties	13,367	-
Additional investment in associate	(29,997)	-
Net cash generated from/(used in) investing activities	332,589	(2,162,626)
Cash flows from financing activities		
(Placement of)/Withdrawal from pledged deposits	(22,032,982)	12,877,636
(Repayment of)/Proceeds from short term borrowings	(68,856,869)	8,397,950
Proceeds from long term borrowings	4,160,000	7,319,852
Payment of lease liability	(228,000)	(190,000)
Dividend paid	(4,712,887)	(5,184,176)
Interest paid	(6,613,330)	(6,201,433)
Net cash (used in)/generated from financing activities	(98,284,068)	17,019,829
Net increase/(decrease) in cash and cash equivalents	19,293,055	(8,335,693)
Effects of foreign exchange rate changes	(98,126)	214,647
Cash and cash equivalents at beginning of year	101,580,857	109,701,903
Cash and cash equivalents at end of year	120,775,786	101,580,857
Cash and cash equivalents at end of year comprise :		
Cash and bank balances	54,416,043	48,293,682
Fixed deposits with licensed banks	56,437,873	65,173,672
Short term deposit with licensed bank	15,357,432	5,488,911
Bank overdrafts	(5,435,562)	(17,375,408)
	120,775,786	101,580,857

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2020)

TRC SYNERGY BERHAD

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31st DECEMBER 2021

(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 2020. 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 2020.

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 2020, except for the adoption of the following Amendments to MFRSs that are effective for the Group from 1 January 2021:

Amendments to	Interest Rate Benchmark Reform
MFRS 9, MFRS 139, MFRS	- Phase 2
7, MFRS 4 and MFRS 16	

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 2020 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 31 December 2021.

7. *Dividend paid*

The Company paid a single tier dividend of 1.00 sen per share amounting to RM4,712,887 in respect of the financial year ended 31 December 2020 on 15 July 2021.

8. *Segment Reporting*

Segment revenue and profit before taxation were as follows:

GROUP (BY ACTIVITIES)	TURNOVER RM'000	PROFIT/(LOSS) BEFORE TAX RM'000
Investment holding and the provision of corporate, administrative and financial support services.	2,519	4,928
Construction works	774,368	17,652
Project development management services and property development	124,125	(1,546)
Manufacturing and dealing in concrete piles and ready-mixed concrete	13,330	443
Hotel operations	41,797	(316)
	956,139	21,161
Share of profits of Associates	-	143
Share of profits of Joint Venture	-	8,802
	956,139	30,106
Intra-group items	(193,382)	(5,285)
	762,757	24,821

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 31 December 2021.

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 31 December 2021.

14. Recurrent Related Party Transactions

The Group's recurrent related party transactions are as follows:-

	Fourth quarter		Cumulative 12 months	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM	RM	RM	RM
Transactions with a company related to a Director				
-Supply of construction materials	918,960	2,016,512	2,578,983	4,998,959

Recurrent Related Party Transactions have been entered into in the ordinary course of business based on normal commercial terms and at arm's length. The total amount transacted for the period under review is within the Shareholders' mandate obtained on 29 June 2021.

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

The Group recorded a profit before tax of RM5,515,832 in the current quarter as compared with a profit before tax of RM11,723,245 in the corresponding quarter.

The Group recorded a lower revenue and gross profit in the current quarter. The recognition of lower unrealized forex gain, finance income and share of profits of joint venture in the current quarter had further mitigated the favorable impact a much lower administrative expenses and finance costs had brought about to the Group in the current quarter.

There was no provision for impairment loss of investment in an associate in the current quarter. A minimum allowance for expected credit loss for trade receivables and a lesser amortization of investment in joint venture explained the substantial reduction in the administrative expenses in the current quarter (see note 28).

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 RM5,515,832 in the current quarter as compared with a profit before tax of RM7,928,100 recorded in the immediate preceding quarter.

Despite the recognition of an unrealized foreign exchange gain as opposed to an unrealized foreign exchange loss in the immediate preceding quarter together with a lower finance costs being recorded in the current quarter, the lower gross profit and higher administrative expenses recorded in the current quarter when compared to the immediate preceding quarter had resulted a lower profit before tax being reported in the current quarter.

17. *Prospects*

In the fourth quarter of 2021, Malaysia's economy, as measured by Gross Domestic Products (GDP) saw an uptick of 3.6% year-on-year (y-o-y) and a remarkable hike of 6.6% quarter on quarter (q-o-q), resultant in annual growth of 3.1% for 2021.

For construction sector, the value of construction work done in fourth quarter of 2021 continued the slid albeit with a lower y-o-y decline of 12.9% while its q-o-q growth staged a rebound of 11.7%, which helped to narrow the sector's annual contraction to 5% in 2021.

As for 2022, the economy is expected to remain on its recovery path, supported by continued expansion in global economic and trade activities, higher private-sector expenditure given improving labour market conditions, on-going policy support as well as the acceleration of Covid-19 vaccination.

As the global as well as our country economy show signs of improvement, our Group is cautiously optimistic of the prospects moving forward amid the spiking of the Covid-19 cases across the world brought by the Omicron variant, not to forget the immense industry challenges among others the scarcity of new infrastructure projects, intense competition for contracts among local and foreign players for a smaller slice of the pie, material price escalation, workers shortage, higher compliance cost, etc.

Barring any unforeseen circumstances, we would continue to capitalizing on our inherent strength of our business model and strong track record in project implementation, prudent cost containment, strict compliant to Standard Operating Procedures (SOPs), etc. so as to deliver a sustainable medium-long term value proposition.

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 31.12.2021 RM'000	Preceding Year Corresponding Quarter 31.12.2020 RM'000	Current Year To Date 31.12.2021 RM'000	Preceding Year Corresponding Period 31.12.2020 RM'000
Current taxation	3,333	934	7,658	8,180
Prior year under provision	796	2	767	43
Deferred taxation	(2,199)	(451)	(2,219)	819
	<u>1,930</u>	<u>485</u>	<u>6,206</u>	<u>9,042</u>

The marginally higher effective tax rate for the current year is due to certain expenses being disallowed for tax purposes.

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 RM40,000.

21. Quoted Securities

The Company did not hold any quoted securities for the quarter ended 31 December 2021.

22. Status of Corporate Proposal

There was no outstanding corporate proposal.

23. **Group Borrowings and Debt Securities**

Total borrowings of the Group as at 31 December 2021 are as follows:-

Security	Type	Amount (RM'000)
Secured	Short Term	63,543
Secured	Long Term	102,403
Unsecured	Long Term	-

Currency exposure profile of borrowings is as follows:-

Currency	Secured Short Term RM'000	Secured Long Term RM'000
Malaysian Ringgit	62,307	4,809
Australian Dollar	1,236	97,594

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 within 3 to 6 months' time from January 2022.

26. **Dividends**

The directors have not recommended the payment of any dividend for the quarter ended 31 December 2021.

27. *Earnings/(Loss) per share*

The basic earnings per share was calculated based on the net profit for the year attributable to owners of the parent of RM21,126,758 (2020: RM27,259,671) and on the weighted average number of ordinary shares in issue of 471,288,703 (2020: 473,286,253) shares.

The fully diluted earnings per share for the year have been computed using a weighted average number of shares of 471,288,703 (2020: 473,286,253).

28. *Notes to Statement of Comprehensive Income*

	Fourth quarter		Cumulative 12 months	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM	RM	RM	RM
Depreciation of property, plant and equipment	4,358,505	4,817,466	16,279,267	16,955,400
Property, plant and equipment written off	997	7,774	1,021	14,511
Amortisation of right-of-use asset	48,121	48,121	192,483	192,483
Allowance for expected credit loss	16,500	1,523,550	16,500	3,046,350
Impairment loss of investment in an associate	-	926,401	-	1,875,777
Amortisation of investment in joint venture	268,195	1,984,898	2,541,879	2,421,859
Loss on disposal of an associate	-	322,777	-	322,777
Gain on disposal of property, plant & equipment	(184,071)	(151,647)	(420,280)	(353,849)
Loss on disposal of investment property	40,000	-	40,000	-
Provision for & write-off of inventories	-	-	-	-