

TRC SYNERGY BERHAD
Condensed Consolidated Statement of Comprehensive Income for the quarter ended 31 March 2022

	Current quarter ended 31/3/22 RM	Comparative quarter ended 31/3/21 RM	3 months cumulative to 31/3/22 RM	3 months cumulative to 31/3/21 RM
Revenue	176,425,282	201,393,310	176,425,282	201,393,310
Cost of sales	(167,799,667)	(189,183,145)	(167,799,667)	(189,183,145)
Gross Profit	8,625,615	12,210,165	8,625,615	12,210,165
Other income	528,620	512,858	528,620	512,858
Realised foreign currency exchange gain	7,806	-	7,806	-
Unrealised foreign currency exchange gain	4,813,785	2,975,222	4,813,785	2,975,222
Administrative expenses	(7,992,462)	(8,705,859)	(7,992,462)	(8,705,859)
Distribution expenses	(98,828)	(108,281)	(98,828)	(108,281)
Operating Profit	5,884,536	6,884,105	5,884,536	6,884,105
Finance income	1,150,208	1,186,434	1,150,208	1,186,434
Finance costs	(1,559,628)	(2,678,750)	(1,559,628)	(2,678,750)
Share of profits/(losses) of associate	67,354	(1,036)	67,354	(1,036)
Share of (losses)/profits of joint venture	(189,958)	2,500,298	(189,958)	2,500,298
Profit before taxation	5,352,512	7,891,051	5,352,512	7,891,051
Taxation	1,110,388	(2,094,120)	1,110,388	(2,094,120)
Net profit for the period	6,462,900	5,796,931	6,462,900	5,796,931
Other comprehensive Income/(Loss), net of tax				
Foreign currency translation differences for foreign operations	139,796	(159,302)	139,796	(159,302)
Other comprehensive Income/(Loss) for the period net of tax	139,796	(159,302)	139,796	(159,302)
Total comprehensive income for the period	6,602,696	5,637,629	6,602,696	5,637,629
Net profit attributable to:				
Equity holders of the Company	6,485,301	5,618,959	6,485,301	5,618,959
Non-controlling interests	(22,401)	177,972	(22,401)	177,972
Net profit for the period	6,462,900	5,796,931	6,462,900	5,796,931
Total comprehensive income attributable to:				
Equity holders of the Company	6,637,206	5,450,208	6,637,206	5,450,208
Non-controlling interests	(34,510)	187,421	(34,510)	187,421
Total comprehensive Income for the period	6,602,696	5,637,629	6,602,696	5,637,629
EPS attributable to equity holders of the Company:				
Basic (sen)	1.38	1.19	1.38	1.19
Diluted (sen)	1.38	1.19	1.38	1.19

(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 31 March 2022

	As at 31/3/2022 RM	As at 31/12/2021 RM
ASSETS		
NON-CURRENT ASSETS		
Investment properties	10,292,581	10,292,581
Property, plant & equipment	195,094,515	191,835,474
Inventories	12,180,429	12,134,008
Investment in associates	1,566,987	1,494,924
Investment in joint venture	49,417,668	47,652,930
Other investments	66,000	66,000
Other receivables	595,365	759,828
Deferred tax assets	5,343,842	3,255,041
Right-of-use assets	9,315,291	9,710,738
	<u>283,872,678</u>	<u>277,201,524</u>
CURRENT ASSETS		
Inventories	144,579,188	132,167,179
Contract cost assets	29,293,365	15,844,284
Trade & other receivables	306,503,515	389,278,225
Contract assets	18,554,025	33,500,456
Deposits, cash & bank balances	336,913,555	313,958,896
Current tax asset	998,044	1,136,654
	<u>836,841,692</u>	<u>885,885,694</u>
TOTAL ASSETS	<u>1,120,714,370</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	10,866,670	10,714,765
Retained earnings	208,055,188	201,569,887
Equity attributable to the equity holders of the Company	<u>456,918,903</u>	<u>450,281,697</u>
Non-controlling Interests	4,726,039	4,760,549
Total Equity	<u>461,644,942</u>	<u>455,042,246</u>
NON-CURRENT LIABILITIES		
Provision	30,103,828	32,288,398
Borrowings	98,673,928	99,435,932
Deferred tax liabilities	4,617,990	5,205,098
	<u>133,395,746</u>	<u>136,929,428</u>
CURRENT LIABILITIES		
Provision	11,440,247	11,265,694
Borrowings	54,621,719	63,600,452
Trade & other payables	200,267,366	221,752,801
Contract liabilities	255,971,887	271,088,762
Current tax liabilities	3,372,463	3,407,835
	<u>525,673,682</u>	<u>571,115,544</u>
Total Liabilities	<u>659,069,428</u>	<u>708,044,972</u>
	<u>1,120,714,370</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 31 March 2022

	Attributable to equity holders of the Company					Non-controlling Interests	Total Equity
	Non-distributable		Distributable				
	Treasury Shares	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Retained Profits	Sub-Total		
	RM	RM	RM	RM	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
<i>Foreign currency translation difference for foreign operations</i>	-	-	0	151,905	-	151,905	(12,109)
Other comprehensive income for the period	-	-	0	151,905	-	151,905	139,796
<i>Profit for the period</i>	-	-	-	-	6,485,301	6,485,301	6,462,900
Total comprehensive income for the period	-	-	0	151,905	6,485,301	6,637,206	6,602,696
At 31 March 2022	<u>240,456,670</u>	<u>(2,459,625)</u>	<u>11,844,679</u>	<u>(978,009)</u>	<u>208,055,188</u>	<u>456,918,903</u>	<u>461,644,942</u>
At 1 January 2021	240,456,670	(2,459,625)	11,844,679	(624,195)	185,611,867	434,829,396	442,114,066
<i>Foreign currency translation difference for foreign operations</i>	-	-	-	(168,751)	-	(168,751)	(159,302)
Other comprehensive income for the period	-	-	-	(168,751)	-	(168,751)	(159,302)
<i>Profit for the period</i>	-	-	-	-	5,618,959	5,618,959	5,796,931
Total comprehensive income for the period	-	-	-	(168,751)	5,618,959	5,450,208	5,637,629
At 31 March 2021	<u>240,456,670</u>	<u>(2,459,625)</u>	<u>11,844,679</u>	<u>(792,946)</u>	<u>191,230,826</u>	<u>440,279,604</u>	<u>447,751,695</u>

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 31 March 2022

	3 months ended 31/3/2022 RM	3 months ended 31/3/2021 RM
Cash flows from operating activities		
Profit before tax	5,352,512	7,891,051
Adjustments for :		
Amortisation of investment in joint venture	-	736,172
Amortisation of right-of-use asset	602,759	627,558
Doubtful debts written off	-	4,821
Depreciation of property, plant & equipment	3,241,181	3,484,543
Interest expense	1,559,628	2,678,750
Interest income	(1,150,208)	(1,186,415)
Share of (profit)/loss of associate	(67,354)	1,036
Share of (loss)/profit of joint venture	189,958	(2,500,298)
Gain on disposal of property, plant & equipment	(342,089)	(74,863)
Unrealised gain on foreign currency exchange	(4,813,785)	(2,975,222)
Property, plant & equipment written off	34,558	12
Operating profit before working capital changes	4,607,160	8,687,145
Working capital changes :-		
Changes in inventories	(12,458,432)	(8,806,646)
Changes in contract assets/liabilities	(170,447)	14,243,682
Changes in contract cost assets	(13,449,082)	(235,904)
Changes in receivables	83,336,742	31,616,575
Changes in payables	(27,709,238)	(36,046,767)
Cash generated from operating activities	34,156,703	9,458,085
Tax paid	(1,392,475)	(2,528,217)
Interest paid	(2,720)	(395,623)
Interest received	1,150,208	1,186,415
Net cash generated from operating activities	33,911,716	7,720,660
Cash flows from investing activities		
Purchase of property, plant & equipment	(104,649)	(150,256)
Purchase of right-of-use asset	(55,000)	-
Proceeds from disposal of property, plant & equipment	388,620	74,871
Additional investment in associate	-	(29,997)
Net cash generated from/(used in) investing activities	228,971	(105,382)
Cash flows from financing activities		
Placement of pledged deposits	(4,431,708)	(12,024,031)
(Repayment of)/Proceeds from short term borrowings	(7,631,085)	11,918,805
Payment of lease liability	(57,000)	(51,710)
Interest paid	(1,062,794)	(1,750,513)
Net cash used in financing activities	(13,182,587)	(1,907,449)
Net increase in cash and cash equivalents	20,958,100	5,707,829
Effects of foreign exchange rate changes	292,481	41,867
Cash and cash equivalents at beginning of period	135,803,867	101,580,856
Cash and cash equivalents at end of period	157,054,448	107,330,552
Cash and cash equivalents at end of period comprise :		
Cash and bank balances	63,168,457	61,695,773
Fixed deposits with licensed banks	52,635,402	60,190,059
Short term deposit with licensed bank	41,250,589	5,513,906
Bank overdrafts	-	(20,069,186)
	157,054,448	107,330,552

(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 FIRST QUARTER ENDED 31st MARCH 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 31 March 2022.

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	142,204	31,251	2,970	-		176,425
Inter-segment revenue	67,430	-	3,031	550	(71,011)	-
	209,634	31,251	6,001	550	(71,011)	176,425
Results						
Segment operating profits	2,548	684	(1,486)	4,322	(183)	5,885
Share of profit of associates						67
Share of loss of joint venture						(190)
Finance income						1,150
Finance costs						(1,559)
Profit before tax						5,353
Taxation						1,110
Net profit for the period						6,463

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 March 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 31 March 2022.

14. Recurrent Related Party Transactions

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

	First quarter		Cumulative 3 months	
	31/3/2022	31/3/2021	31/3/2022	31/3/2021
	RM'000	RM'000	RM'000	RM'000
Transactions with a company related to a Director				
-Supply of construction materials	33	1,584	33	1,584

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 RM5,352,512 in the current quarter as compared with a profit before tax of RM7,891,051 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.

However, the much higher unrealized foreign currency exchange gain of the current quarter had mitigated the impact of the lower revenue, gross profit and share of joint venture loss brought about to the Group.

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 RM5,352,512 in the current quarter as compared with a profit before tax of RM5,515,832 recorded in the immediate preceding quarter.

The profit before tax reported in the current quarter is only marginally lower than the immediate preceding quarter despite a lower revenue and gross profit being reported in the current quarter. The recognition of the much higher unrealized foreign currency exchange gain in the current quarter had largely resulted the marginal difference in profit before tax between the two quarters.

17. *Prospects*

As the economic activities continued to normalise with the easing of Covid-19 driven containment measures, our country had reported a Gross Domestic Products (“GDP”) growth of 5.0% year-on-year (Y-o-Y) in first quarter of 2022 (“Q1 2022”), on the back of among others, improving domestic demand, gradual recovery in labour market, continued policy support, strong external sector, etc.

After suffering from the adverse impact brought by the Covid-19 pandemic over past two (2) years, our country had finally transitioned into an endemic phase effective April 2022, with the Bank Negara Malaysia’s projection for annual GDP growth at 5.3% to 6.3% for the current year.

For construction sector, the value of construction work done in Q1 2022 continued to improve albeit still in contraction of 6.1% Y-o-Y to RM29.5 billion (versus a more severe contraction of 12.9% in fourth quarter of 2021) as more construction activities resumed in tandem with the easing measures, with the full year sector’s output projected to rebound by 11.5% Y-o-Y.

Though our country’s economy continues its recovery path post pandemic, our Group is cautiously optimistic about the prospects moving forward amidst the lingering industry headwinds such as elevated construction & building material prices, acute shortage of foreign workers, depleting orderbook among the contractors, scarcity of new infrastructure projects, high compliance cost, etc.

Barring any unforeseen circumstances, we would continue to capitalizing on the inherent strength of our group with proven track record in project implementation, prudent cashflow management and 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 31.3.2022 RM'000	Preceding Year Corresponding Quarter 31.3.2021 RM'000	Current Year To Date 31.3.2022 RM'000	Preceding Year Corresponding Period 31.3.2021 RM'000
Current taxation	1,475	1,282	1,475	1,282
Deferred taxation	(2,585)	812	(2,585)	812
	<u>(1,110)</u>	<u>2,094</u>	<u>(1,110)</u>	<u>2,094</u>

The provision for deferred tax asset in the current quarter 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 31 March 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 31 March 2022 are as follows:-

Security	Type	Amount (RM'000)
Secured	Short Term	54,621
Secured	Long Term	98,673
Unsecured	Long Term	-

Currency exposure profile of borrowings is as follows:-

Currency	Secured Short Term RM'000	Secured Long Term RM'000
Malaysian Ringgit	53,324	478
Australian Dollar	1,297	98,195

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 March 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 RM6,485,301 (2021: RM5,618,959) 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

	First quarter		Cumulative 3 months	
	31/3/2022 RM'000	31/3/2021 RM '000	31/3/2022 RM'000	31/3/2021 RM'000
Depreciation of property, plant and equipment	3,241	3,485	3,241	3,485
Property, plant and equipment written off	35	-	35	-
Amortisation of right-of-use asset	603	628	603	628
Allowance for expected credit loss	-	-	-	-
Impairment loss of investment in an associate	-	-	-	-
Amortisation of investment in joint venture	-	736	-	736
Gain on disposal of property, plant & equipment	(342)	(75)	(342)	(75)
Provision for & write- off of inventories	-	-	-	-