

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

	Current quarter ended 30/6/22 RM	Comparative quarter ended 30/6/21 RM	6 months cumulative to 30/6/22 RM	6 months cumulative to 30/6/21 RM
Revenue	198,686,128	176,730,915	375,111,410	378,124,225
Cost of sales	(186,282,030)	(164,957,282)	(354,081,697)	(354,140,427)
Gross Profit	12,404,098	11,773,633	21,029,713	23,983,798
Other income	515,168	373,242	1,043,788	886,100
Realised foreign currency exchange gain	82,741	1,006	90,546	1,006
Unrealised foreign currency exchange (loss)/gain	(1,764,709)	(1,406,299)	3,049,076	1,568,923
Administrative expenses	(6,978,691)	(10,534,783)	(14,971,151)	(19,240,642)
Distribution expenses	(63,746)	(109,628)	(162,575)	(217,909)
Operating Profit	4,194,861	97,171	10,079,397	6,981,276
Finance income	1,057,620	1,174,822	2,207,829	2,361,256
Finance costs	(1,602,041)	(2,355,324)	(3,161,670)	(5,034,074)
Share of (losses)/profits of associate	(1,811)	98,283	65,543	97,247
Share of (losses)/profits of joint venture	(195,511)	4,471,410	(385,469)	6,971,708
Profit before taxation	3,453,118	3,486,362	8,805,630	11,377,413
Taxation	(5,741)	(105,909)	1,104,648	(2,200,028)
Net profit for the period	3,447,377	3,380,453	9,910,278	9,177,385
Other comprehensive Loss, net of tax				
Foreign currency translation differences for foreign operations	(1,093,165)	(92,845)	(953,369)	(252,147)
Other comprehensive Loss for the period net of tax	(1,093,165)	(92,845)	(953,369)	(252,147)
Total comprehensive income for the period	2,354,212	3,287,608	8,956,909	8,925,238
Net profit attributable to:				
Equity holders of the Company	3,319,123	3,463,129	9,804,425	9,082,089
Non-controlling interests	128,254	(82,676)	105,853	95,296
Net profit for the period	3,447,377	3,380,453	9,910,278	9,177,385
Total comprehensive income attributable to:				
Equity holders of the Company	2,259,996	3,369,157	8,897,203	8,819,365
Non-controlling interests	94,216	(81,549)	59,706	105,873
Total comprehensive Income for the period	2,354,212	3,287,608	8,956,909	8,925,238
EPS attributable to equity holders of the Company:				
Basic (sen)	0.70	0.73	2.08	1.93
Diluted (sen)	0.70	0.73	2.08	1.93

(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 June 2022

	As at 30/6/2022 RM	As at 31/12/2021 RM
ASSETS		
NON-CURRENT ASSETS		
Investment properties	10,292,581	10,292,581
Property, plant & equipment	186,734,044	191,835,474
Inventories	12,180,429	12,134,008
Investment in associates	1,600,934	1,494,924
Investment in joint venture	47,515,486	47,652,930
Other investments	66,000	66,000
Other receivables	385,818	759,828
Deferred tax assets	5,501,281	3,255,041
Right-of-use assets	9,006,360	9,710,738
	<u>273,282,933</u>	<u>277,201,524</u>
CURRENT ASSETS		
Inventories	115,528,800	132,167,179
Contract cost assets	51,615,485	15,844,284
Trade & other receivables	294,994,663	389,278,225
Contract assets	49,926,534	33,500,456
Deposits, cash & bank balances	307,823,225	313,958,896
Current tax asset	1,132,666	1,136,654
	<u>821,021,373</u>	<u>885,885,694</u>
TOTAL ASSETS	<u>1,094,304,306</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	9,807,543	10,714,765
Retained earnings	211,374,312	201,569,887
Equity attributable to the equity holders of the Company	<u>459,178,900</u>	<u>450,281,697</u>
Non-controlling Interests	4,820,255	4,760,549
Total Equity	<u>463,999,155</u>	<u>455,042,246</u>
NON-CURRENT LIABILITIES		
Provision	27,919,259	32,288,398
Borrowings	104,124,152	99,435,932
Deferred tax liabilities	2,981,435	5,205,098
	<u>135,024,846</u>	<u>136,929,428</u>
CURRENT LIABILITIES		
Provision	14,114,801	11,265,694
Borrowings	49,794,351	63,600,452
Trade & other payables	205,954,155	221,752,801
Contract liabilities	221,131,659	271,088,762
Current tax liabilities	4,285,339	3,407,835
	<u>495,280,305</u>	<u>571,115,544</u>
Total Liabilities	630,305,151	708,044,972
	<u>1,094,304,306</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 Cash Flows for the quarter ended 30 June 2022

	6 months ended 30/6/2022 RM	6 months ended 30/6/2021 RM
Cash flows from operating activities		
Profit before tax	8,805,630	11,377,413
Adjustments for :		
Amortisation of investment in joint venture	-	1,943,684
Amortisation of right-of-use asset	1,096,452	1,255,046
Doubtful debts written off	-	4,821
Depreciation of property, plant & equipment	6,487,860	6,812,123
Interest expense	4,737,673	6,292,349
Interest income	(2,207,829)	(2,361,227)
Share of profit of associate	(65,543)	(97,247)
Share of loss/(profit) of joint venture	385,469	(6,971,708)
Gain on disposal of right-of-use asset	(10,368)	-
Gain on disposal of property, plant & equipment	(587,667)	(233,789)
Unrealised gain on foreign currency exchange	(3,049,076)	(1,568,923)
Property, plant & equipment written off	49,606	24
Operating profit before working capital changes	<u>15,642,207</u>	<u>16,452,566</u>
Working capital changes :-		
Changes in inventories	16,591,956	(7,148,621)
Changes in contract assets/liabilities	(66,383,184)	29,591,476
Changes in contract cost assets	(35,771,201)	4,157,048
Changes in receivables	97,283,806	17,564,548
Changes in payables	(22,559,223)	(26,581,643)
Cash generated from operating activities	<u>4,804,361</u>	<u>34,035,374</u>
Tax paid	(2,607,986)	(4,182,275)
Interest paid	(5,587)	(734,888)
Interest received	2,207,829	2,361,227
Net cash generated from operating activities	<u>4,398,617</u>	<u>31,479,438</u>
Cash flows from investing activities		
Purchase of property, plant & equipment	(175,572)	(556,894)
Purchase of right-of-use asset	(193,544)	-
Proceeds from disposal of property, plant & equipment	661,928	244,761
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>317,806</u>	<u>(342,130)</u>
Cash flows from financing activities		
Placement of pledged deposits	(5,854,689)	(11,156,994)
Repayment of short term borrowings	(8,089,178)	(12,033,458)
Proceeds from long term borrowings	-	10,400,000
Payment of lease liability	(76,000)	(103,420)
Interest paid	(3,746,610)	(4,492,233)
Net cash used in financing activities	<u>(17,766,477)</u>	<u>(17,386,105)</u>
Net (decrease)/increase in cash and cash equivalents	(13,050,054)	13,751,203
Effects of foreign exchange rate changes	35,024	13,823
Cash and cash equivalents at beginning of period	135,803,867	101,580,856
Cash and cash equivalents at end of period	<u>122,788,837</u>	<u>115,345,882</u>
Cash and cash equivalents at end of period comprise :		
Cash and bank balances	52,537,545	68,997,134
Fixed deposits with licensed banks	52,856,194	57,679,288
Short term deposit with licensed bank	21,147,400	-
Bank overdrafts	(3,752,302)	(11,330,540)
	<u>122,788,837</u>	<u>115,345,882</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 SECOND QUARTER ENDED 30TH JUNE 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 June 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	Others	Elimination	Total
	activities	development	operations			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External revenue	308,691	58,134	8,286	-		375,111
Inter-segment revenue	130,677	-	6,137	1,071	(137,885)	-
	439,368	58,134	14,423	1,071	(137,885)	375,111
Results						
Segment operating profits	9,461	1,108	(2,017)	5,336	(3,809)	10,079
Share of profits of associate						65
Share of losses of joint venture						(385)
Finance income						2,208
Finance costs						(3,161)
Profit before tax						8,806
Taxation						1,104
Net profit for the period						9,910

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 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 June 2022.

14. Recurrent Related Party Transactions

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

	Second quarter		Cumulative 6 months	
	30/6/2022	30/6/2021	30/6/2022	30/6/2021
	RM'000	RM'000	RM'000	RM'000
Transactions with a company related to a Director				
-Supply of construction materials	14	2,144	47	3,728

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 RM3,453,118 in the current quarter as compared with a profit before tax of RM3,486,362 in the corresponding quarter.

The Group recorded a similar profit before tax between the two quarters.

A marginally higher gross profit was rerecorded at the back of a higher revenue being reported in the current quarter.

The impact of the sharing of losses of joint venture in the current quarter as opposed to sharing of a substantial gain in the corresponding quarter had been compensated by the much lower administrative expenses being incurred in the current quarter. No amortization of investment in joint venture in the current quarter which was associated with the share of losses of the joint venture 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 RM3,453,118 in the current quarter as compared with a profit before tax of RM5,352,512 recorded in the immediate preceding quarter.

The recognition of an unrealized foreign currency exchange loss in the current quarter against the substantial unrealized foreign currency exchange gain in the immediate preceding quarter explained the lower profit before tax despite a higher revenue and gross profit being recognized in the current quarter.

17. *Prospects*

As our country transitioned towards endemicity in April 2022, majority of the economic activities have since been normalised, resultant in encouraging Gross Domestic Products (“GDP”) growth of 5.0% year-on-year (YoY) recorded in first quarter of 2022 (“Q1 2022”), followed by a stellar 8.9% YoY jump in Q2 2022, on the back of among others, strengthening domestic demand, improving labour market conditions, higher investments, continued policy support, strong exports performance, opening of international borders, etc. For the first half of 2022, Malaysia GDP grew 6.9% YoY and it is likely to achieve the upper end of annual GDP growth between 5.3% to 6.3% projected by Bank Negara Malaysia, barring any unforeseen circumstances.

For construction industry as a whole, the value of construction work done in Q2 2022 had rebounded 6.1% YoY to RM29.9 billion, with private sector took up 58.1% of the work done versus 41.9% contributed by public sector. As for growth by categories, non-residential buildings, special trades activities and residential buildings had all reported a positive growth of 18.1% ,11.9% and 7.9% respectively whereas civil engineering shrank by 4.4%, amidst a confluence of headwinds from depleting industrywide orderbooks, elevating material, energy and labour cost, rising financing rate, prolonged shortage of manpower, etc., while the upcoming MRT Circle Line (MRT3) project could potentially be a re-rating catalyst for the industry over medium-term.

Against the above backdrop and barring any further unforeseen developments, the Group is cautiously optimistic about the future outlook hence we shall remain focus 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	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	RM'000	RM'000	RM'000	RM'000
Current taxation	1,927	387	3,402	1,669
Deferred taxation	(1,921)	(281)	(4,507)	531
	<u>6</u>	<u>106</u>	<u>(1,105)</u>	<u>2,200</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 June 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 June 2022 are as follows:-

Security	Type	Amount (RM'000)
Secured	Short Term	49,794
Secured	Long Term	104,124
Unsecured	Long Term	-

Currency exposure profile of borrowings is as follows:-

Currency	Secured Short Term RM'000	Secured Long Term RM'000
Malaysian Ringgit	48,532	9,647
Australian Dollar	1,262	94,477

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 June 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 RM9,804,425 (2021: RM9,082,089) 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*

	Second quarter		Cumulative 6 months	
	30/6/2022	30/6/2021	30/6/2022	30/6/2021
	RM'000	RM '000	RM'000	RM'000
Depreciation of property, plant and equipment	3,247	3,327	6,488	6,812
Property, plant and equipment written off	15	24	50	24
Amortisation of right-of-use asset	493	627	1,096	1,255
Allowance for expected credit loss	-	-	-	-
Impairment loss of investment in an associate	-	-	-	-
Amortisation of investment in joint venture	-	1,207	-	1,943
Gain on disposal of property, plant & equipment	(246)	(159)	(588)	(234)
Gain on disposal of right-of-use asset	(10)	-	(10)	-
Provision for & write-off of inventories	-	-	-	-