

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

	Current quarter ended 31/12/22 RM	Comparative quarter ended 31/12/21 RM	12 months cumulative to 31/12/22 RM	12 months cumulative to 31/12/21 RM
Revenue	164,475,305	240,107,608	677,360,596	762,123,400
Cost of sales	(146,278,973)	(226,490,313)	(628,545,508)	(705,133,170)
Gross Profit	18,196,332	13,617,295	48,815,088	56,990,230
Other income	653,751	1,152,242	1,895,410	2,286,771
Realised foreign currency exchange (loss)/gain	(9)	408,255	90,531	409,250
Unrealised foreign currency exchange gain/(loss)	237,462	(270,961)	3,276,343	(1,562,488)
Administrative expenses	(10,089,187)	(9,878,314)	(31,677,475)	(37,471,653)
Distribution expenses	-	(98,828)	(162,575)	(416,365)
Operating Profit	8,998,349	4,929,689	22,237,322	20,235,745
Finance income	2,162,781	467,789	5,468,854	3,749,679
Finance costs	116,939	(1,224,312)	(4,674,090)	(8,687,042)
Share of profits/(losses) of associate	113,791	(87,190)	364,677	139,874
Share of (losses)/profits of joint venture	(326,185)	849,070	(834,722)	8,802,302
Profit before taxation	11,065,675	4,935,046	22,562,041	24,240,558
Taxation	(1,568,567)	(1,822,658)	(13,295)	(6,098,306)
Net profit for the year	9,497,108	3,112,388	22,548,746	18,142,252
Other comprehensive Income/(Loss), net of tax				
Foreign currency translation differences for foreign operations	111,026	1,608	(1,698,378)	(501,185)
Other comprehensive Income/(Loss) for the year net of tax	111,026	1,608	(1,698,378)	(501,185)
Total comprehensive income for the year	9,608,134	3,113,996	20,850,368	17,641,067
Net profit attributable to:				
Equity holders of the Company	9,480,666	5,720,761	22,301,403	20,670,907
Non-controlling interests	16,442	(2,608,373)	247,343	(2,528,655)
Net profit for the year	9,497,108	3,112,388	22,548,746	18,142,252
Total comprehensive income attributable to:				
Equity holders of the Company	9,622,852	5,725,615	20,716,638	20,165,188
Non-controlling interests	(14,718)	(2,611,619)	133,730	(2,524,121)
Total comprehensive Income for the year	9,608,134	3,113,996	20,850,368	17,641,067
EPS attributable to equity holders of the Company:				
Basic (sen)	2.01	1.21	4.73	4.39
Diluted (sen)	2.01	1.21	4.73	4.39

(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 December 2022

	As at 31/12/2022 RM	As at 31/12/2021 RM
ASSETS		
NON-CURRENT ASSETS		
Investment properties	9,812,581	10,292,581
Property, plant & equipment	180,529,052	191,835,474
Inventories	12,207,160	12,134,008
Investment in associates	1,900,940	1,494,924
Investment in joint venture	42,347,861	47,652,930
Other investments	66,000	66,000
Other receivables	-	759,828
Deferred tax assets	8,012,843	3,255,041
Right-of-use assets	8,136,020	9,710,738
	<u>263,012,457</u>	<u>277,201,524</u>
CURRENT ASSETS		
Inventories	55,160,714	132,167,179
Contract cost assets	82,183,949	15,844,284
Trade & other receivables	375,722,046	389,278,225
Contract assets	17,143,933	33,500,456
Deposits, cash & bank balances	274,919,151	313,958,896
Current tax asset	1,004,598	1,136,654
	<u>806,134,391</u>	<u>885,885,694</u>
TOTAL ASSETS	<u>1,069,146,848</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	9,130,000	10,714,765
Retained earnings	218,215,826	201,569,887
Equity attributable to the equity holders of the Company	<u>465,342,871</u>	<u>450,281,697</u>
Non-controlling Interests	4,894,279	4,760,549
Total Equity	<u>470,237,150</u>	<u>455,042,246</u>
NON-CURRENT LIABILITIES		
Provision	36,561,395	32,288,398
Borrowings	92,907,369	99,435,932
Deferred tax liabilities	2,283,016	5,205,098
	<u>131,751,780</u>	<u>136,929,428</u>
CURRENT LIABILITIES		
Provisions	7,216,253	11,265,694
Borrowings	66,597,882	63,600,452
Trade & other payables	171,978,083	221,752,801
Contract liabilities	217,585,150	271,088,762
Current tax liabilities	3,780,550	3,407,835
	<u>467,157,918</u>	<u>571,115,544</u>
Total Liabilities	<u>598,909,698</u>	<u>708,044,972</u>
	<u>1,069,146,848</u>	<u>1,163,087,218</u>
Net assets per share attributable to the equity holders of the Company (RM)	0.99	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 year ended 31 December 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
Dividend	-	-	-	(5,655,464)	(5,655,464)	-	(5,655,464)
<i>Foreign currency translation difference for foreign operations</i>	-	-	0	(1,584,765)	-	(1,584,765)	(1,698,378)
Other comprehensive loss for the year	-	-	0	(1,584,765)	-	(1,584,765)	(1,698,378)
<i>Profit for the year</i>	-	-	-	22,301,403	22,301,403	22,301,403	22,548,746
Total comprehensive (loss)/income for the year	-	-	0	(1,584,765)	22,301,403	20,716,638	20,850,368
At 31 December 2022	240,456,670	(2,459,625)	11,844,679	(2,714,679)	218,215,826	465,342,871	470,237,150
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>	-	-	-	(505,719)	-	(505,719)	(501,185)
Other comprehensive (loss)/income for the year	-	-	-	(505,719)	-	(505,719)	(501,185)
<i>Profit for the year</i>	-	-	-	20,670,907	20,670,907	20,670,907	18,142,252
Total comprehensive income for the year	-	-	-	(505,719)	20,670,907	20,165,188	17,641,067
At 31 December 2021	240,456,670	(2,459,625)	11,844,679	(1,129,914)	201,569,887	450,281,697	455,042,246

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 December 2022

	12 months ended 31/12/2022 RM	12 months ended 31/12/2021 RM
Cash flows from operating activities		
Profit before tax	22,562,041	24,240,558
Adjustments for :		
Allowance for expected credit loss	-	27,500
Amortisation of investment in joint venture	66,815	2,541,879
Amortisation of right-of-use asset	1,922,869	4,136,193
Bad debts written off	-	31,539
Depreciation of property, plant & equipment	12,648,707	11,517,764
Interest expense	7,546,837	11,225,218
Interest income	(5,220,180)	(3,755,382)
Share of profit of associate	(364,677)	(139,874)
Share of loss/(profit) of joint venture	834,722	(8,802,302)
Gain on disposal of right-of-use asset	(10,368)	-
Gain on disposal of property, plant & equipment	(1,012,058)	(420,280)
(Gain)/Loss on disposal of investment property	(60,000)	40,000
Unrealised gain on foreign currency exchange	(3,276,343)	1,562,488
Property, plant & equipment written off	63,186	1,051
Reversal of amortisation of right-of-use assets	-	(35,955)
Operating profit before working capital changes	35,701,551	42,170,398
Working capital changes :-		
Changes in inventories	76,933,311	11,772,402
Changes in contract assets/liabilities	(37,147,091)	119,772,575
Changes in contract cost assets	(66,339,665)	3,645,983
Changes in land held for preperly development	-	(68,963)
Changes in receivables	18,772,948	4,773,465
Changes in payables	(52,903,101)	(45,042,377)
Cash (used in)/generated from operating activities	(24,982,047)	137,023,483
Tax paid	(7,336,676)	(8,026,457)
Interest paid	(47,340)	(847,639)
Interest received	5,220,180	3,755,382
Net cash (used in)/ generated from operating activities	(27,145,883)	131,904,769
Cash flows from investing activities		
Purchase of property, plant & equipment	(1,207,937)	(445,718)
Purchase of right-of-use asset	(401,340)	-
Proceeds from disposal of property, plant & equipment	1,114,728	872,221
Proceeds from disposal of right-of-use asset	24,994	-
Proceeds from disposal of investment properties	540,000	180,000
Distribution of profit from joint venture	3,971,206	1,751,255
Reversal of investment properties	-	13,367
Additional investment in associate	-	(29,997)
Net cash generated from investing activities	4,041,651	2,341,128
Cash flows from financing activities		
Placement of pledged deposits	46,457,244	(22,184,976)
Repayment of short term borrowings	(1,054,699)	(68,064,752)
Proceeds from long term borrowings	-	4,160,000
Payment of lease liability	(76,000)	(228,000)
Dividend paid	(5,655,464)	(4,712,887)
Interest paid	(7,493,988)	(9,145,801)
Net cash generated from/(used in) financing activities	32,177,093	(100,176,416)
Net increase in cash and cash equivalents	9,072,861	34,069,480
Effects of foreign exchange rate changes	(59,731)	153,528
Cash and cash equivalents at beginning of year	135,803,867	101,580,856
Cash and cash equivalents at end of year	144,816,997	135,803,864
Cash and cash equivalents at end of year comprise :		
Cash and bank balances	31,013,162	65,760,753
Fixed deposits with licensed banks	89,092,834	57,413,311
Short term deposit with licensed bank	25,843,000	15,357,432
Bank overdrafts	(1,131,999)	(2,727,632)
	144,816,997	135,803,864

(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 FOURTH QUARTER ENDED 31ST DECEMBER 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 December 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 activities	Property development	Hotel operations	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External revenue	573,598	83,970	19,792	-		677,360
Inter-segment revenue	219,123	-	12,210	1,989	(233,322)	-
	792,721	83,970	32,002	1,989	(233,322)	677,360
Results						
Segment operating profits	21,031	5,544	(2,509)	4,874	(6,703)	22,237
Share of profits of associate						365
Share of losses of joint venture						(835)
Finance income						5,469
Finance costs						(4,674)
Profit before tax						22,562
Taxation						(13)
Net profit for the period						22,549

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 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

The Group has the following commitments for the acquisition of the Right-of-use assets:

	RM
Approved and contracted for	-
Approved but not contracted for	1,085,000
	=====

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 31 December 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 RM11,065,675 in the current quarter as compared with a profit before tax of RM4,935,046 in the corresponding quarter.

Despite a lower revenue recorded in the current quarter, the higher gross profit margin reported in the current quarter has resulted the Group to report a much higher profit before tax in the current quarter when compared to the corresponding quarter.

The higher gross profit margin was largely attributed to the recognition of final account of a completed project that performed better than anticipated together with the revision of budgeted costs of certain projects that progressed nearing completion where profit margin can be measured with more certainty.

These had resulted the recognition of additional profits 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 RM11,065,675 in the current quarter as compared with a profit before tax of RM2,690,740 recorded in the immediate preceding quarter.

The reason for the much higher profit before tax reported in the current quarter was largely similar to that explained under note 15 above.

17. *Prospects*

Further to the strong economic activities for the first three quarters, our country's Gross Domestic Products ("GDP") grew by 7.0% in 4Q2022, on reduced low base effect amid an increasingly challenging macro-economic outlook. Overall, Malaysia's economy registered an encouraging performance with annual GDP growth for 2022 of 8.7%, higher than the official forecast made in last October of between 6.5% to 7.0%. This stellar performance was attributed to improvements in all economic sectors and it was the highest annual growth recorded in 22 years.

For construction industry, the value of construction work done continued to perform favourably in 4Q2022 with growth of 15.7%, backed by positive growth in all sub-sectors namely civil engineering, non-residential building, special trade activities and residential buildings while the overall industry posted a rebound of 8.8% in 2022, after two years in declining trend.

Notwithstanding the above, the GDP growth is however expected to moderate in 2023, in line with softer global economic outlook projected by World Bank and International Monetary Fund.

Barring any further unforeseen developments, the Group is cautiously optimistic about the outlook for the coming financial year 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 31.12.2022 RM'000	Preceding Year Corresponding Quarter 31.12.2021 RM'000	Current Year To Date 31.12.2022 RM'000	Preceding Year Corresponding Period 31.12.2021 RM'000
Current taxation	2,841	3,105	7,977	7,430
Deferred taxation	(1,535)	(2,079)	(7,832)	(2,099)
Prior year over/ (under) provision	262	796	(132)	767
	<u>1,568</u>	<u>1,822</u>	<u>13</u>	<u>6,098</u>

The provision for deferred tax asset in the current year was largely related to the unutilized tax losses of a subsidiary company.

20. *Profit on sale of investments and properties*

During the current quarter, a subsidiary company of the Group disposed off two leasehold buildings (investment properties) with a gain of RM60,000.

21. *Quoted Securities*

The Company did not hold any quoted securities for the quarter ended 31 December 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 December 2022 are as follows:-

Security	Type	Amount (RM'000)
Secured	Short Term	66,598
Secured	Long Term	92,907
Unsecured	Long Term	-

Currency exposure profile of borrowings is as follows:-

Currency	Secured Short Term RM'000	Secured Long Term RM'000
Malaysian Ringgit	65,334	425
Australian Dollar	1,264	92,482

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.

TRC had received on 21 January 2023 the Final Award dated 16 January 2023 from Singapore International Arbitration Centre ('Tribunal'), where the Tribunal has issued the following orders for TRC as 1st Claimant:

- (a) The BEDB is not entitled to levy any liquidated damages under the contract.
- (b) That BEDB shall within 14 days of the Final Award pay to the Claimants the following sums:
 - (i) B\$13,000,000 together with simple interest at the rate of 5.33% per annum from 23 October 2017 until the date of full payment;
 - (ii) B\$3,344,000 together with simple interest at the rate of 5.33% per annum from 23 May 2018 until the date of full payment;
 - (iii) S\$2,247,518.81 being the legal and other costs awarded to the claimants. If the sum of S\$2,247,518.81 is not paid within 14 days of the Final Award, simple interest at the rate of 5.33% per annum shall be payable immediately thereafter until the date of full payment.
 - (iv) S\$75,239.99 being the Respondent's share of the Claimants' costs of arbitration. If the sum of S\$75,239.99 is not paid within 14 days of the Final Award, simple interest at the rate of 5.33% per annum shall be payable immediately thereafter until the date of full payment.
 - (v) The Claimants' claim for Prolongation Cost is dismissed; and
 - (vi) All other requests, reliefs and claims are hereby dismissed.

26. Dividends

The directors have not recommended the payment of any dividend for the quarter ended 31 December 2022.

27. Earnings/(Loss) per share

The basic earnings per share was calculated based on the net profit for the year attributable to equity holders of the Company of RM22,301,403 (2021: RM20,670,907) 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 year 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

	Fourth quarter		Cumulative 12 months	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM '000	RM'000	RM'000
Depreciation of property, plant and equipment	3,008	1,330	12,649	11,517
Property, plant and equipment written off	13	1	63	1
Amortisation of right-of-use asset	412	2,258	1,923	4,136
Allowance for expected credit loss	-	-	-	-
Impairment loss of investment in an associate	-	-	-	-
Amortisation of investment in joint venture	19	269	67	2,542
Gain on disposal of property, plant & equipment	(391)	(184)	(1,012)	(420)
Gain on disposal of right-of-use asset	-	-	(10)	-
(Gain)/Loss on disposal of investment properties	(60)	40	(60)	40
Provision for & write-off of inventories	-	-	-	-