

TRC SYNERGY BERHAD
Condensed Consolidated Statement of Comprehensive Income for the quarter ended 31 March 2023

	Current quarter ended 31/3/23 RM	Comparative quarter ended 31/3/22 RM	3 months cumulative to 31/3/23 RM	3 months cumulative to 31/3/22 RM
Revenue	143,493,118	176,425,282	143,493,118	176,425,282
Cost of sales	(130,271,482)	(167,799,667)	(130,271,482)	(167,799,667)
Gross Profit	13,221,636	8,625,615	13,221,636	8,625,615
Other income	302,562	528,620	302,562	528,620
Realised foreign currency exchange gain	485,387	7,806	485,387	7,806
Unrealised foreign currency exchange (loss)/gain	(1,054,405)	4,813,785	(1,054,405)	4,813,785
Administrative expenses	(8,365,201)	(7,992,462)	(8,365,201)	(7,992,462)
Distribution expenses	-	(98,828)	-	(98,828)
Operating Profit	4,589,979	5,884,536	4,589,979	5,884,536
Finance income	1,858,693	1,150,208	1,858,693	1,150,208
Finance costs	(1,678,403)	(1,559,628)	(1,678,403)	(1,559,628)
Share of profits of associate	386,730	67,354	386,730	67,354
Share of losses of joint venture	(393,992)	(189,958)	(393,992)	(189,958)
Profit before taxation	4,763,007	5,352,512	4,763,007	5,352,512
Taxation	(2,096,795)	1,110,388	(2,096,795)	1,110,388
Net profit for the period	2,666,212	6,462,900	2,666,212	6,462,900
Other comprehensive Income, net of tax				
Foreign currency translation differences for foreign operations	172,340	139,796	172,340	139,796
Other comprehensive Income for the period net of tax	172,340	139,796	172,340	139,796
Total comprehensive income for the period	2,838,552	6,602,696	2,838,552	6,602,696
Net profit attributable to:				
Equity holders of the Company	2,506,523	6,485,301	2,506,523	6,485,301
Non-controlling interests	159,689	(22,401)	159,689	(22,401)
Net profit for the period	2,666,212	6,462,900	2,666,212	6,462,900
Total comprehensive income attributable to:				
Equity holders of the Company	2,660,333	6,637,206	2,660,333	6,637,206
Non-controlling interests	178,219	(34,510)	178,219	(34,510)
Total comprehensive Income for the period	2,838,552	6,602,696	2,838,552	6,602,696
EPS attributable to equity holders of the Company:				
Basic (sen)	0.53	1.38	0.53	1.38
Diluted (sen)	0.53	1.38	0.53	1.38

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2022)

TRC SYNERGY BERHAD
Condensed Consolidated Statement of Financial Position as at 31 March 2023

	As at 31/3/2023 RM	As at 31/12/2022 RM
ASSETS		
NON-CURRENT ASSETS		
Investment properties	9,812,581	9,812,581
Property, plant & equipment	176,363,211	180,760,931
Inventories	12,254,432	12,207,160
Investment in associates	867,206	488,615
Investment in joint venture	41,467,406	42,347,861
Other investments	66,000	66,000
Deferred tax assets	11,648,025	10,196,669
Right-of-use assets	8,920,761	8,136,020
	<u>261,399,622</u>	<u>264,015,837</u>
CURRENT ASSETS		
Inventories	43,036,678	53,069,007
Contract cost assets	98,921,477	84,895,246
Trade & other receivables	262,483,317	435,533,859
Contract assets	23,610,677	10,265,013
Deposits, cash & bank balances	386,840,743	277,694,957
Current tax asset	1,068,805	1,005,287
	<u>815,961,697</u>	<u>862,463,369</u>
TOTAL ASSETS	<u>1,077,361,319</u>	<u>1,126,479,206</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	240,456,670	240,456,670
Treasury Shares	(2,459,625)	(2,459,625)
Other reserves	8,954,087	8,800,277
Retained earnings	251,712,704	249,206,181
Equity attributable to the equity holders of the Company	<u>498,663,836</u>	<u>496,003,503</u>
Non-controlling Interests	8,629,839	8,451,620
Total Equity	<u>507,293,675</u>	<u>504,455,123</u>
NON-CURRENT LIABILITIES		
Provision	34,282,331	36,561,395
Borrowings	92,081,887	96,807,119
Deferred tax liabilities	2,525,179	2,340,973
	<u>128,889,397</u>	<u>135,709,487</u>
CURRENT LIABILITIES		
Provisions	9,668,482	7,216,200
Borrowings	53,620,069	62,698,132
Trade & other payables	172,758,390	195,146,063
Contract liabilities	195,930,959	214,007,007
Current tax liabilities	9,200,347	7,247,194
	<u>441,178,247</u>	<u>486,314,596</u>
Total Liabilities	570,067,644	622,024,083
	<u>1,077,361,319</u>	<u>1,126,479,206</u>
Net assets per share attributable to the equity holders of the Company (RM)	1.06	1.05

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2022)

TRC SYNERGY BERHAD
Condensed Consolidated Statement of Changes in Equity for the period ended 31 March 2023

	Attributable to equity holders of the Company				Non-controlling Interests	Total Equity		
	Non-distributable		Distributable					
	Share Capital RM	Treasury Shares RM	Asset Revaluation Reserve RM	Foreign Currency Translation Reserve RM	Retained Profits RM	Sub-Total RM		
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
<i>Foreign currency translation difference for foreign operations</i>	-	-	-	153,810	-	153,810	18,530	172,340
Other comprehensive loss for the period	-	-	-	153,810	-	153,810	18,530	172,340
<i>Profit for the period</i>	-	-	-	-	2,506,523	2,506,523	159,689	2,666,212
Total comprehensive income for the period	-	-	-	153,810	2,506,523	2,660,333	178,219	2,838,552
At 31 March 2023	<u>240,456,670</u>	<u>(2,459,625)</u>	<u>11,844,680</u>	<u>(2,890,593)</u>	<u>251,712,704</u>	<u>498,663,836</u>	<u>8,629,839</u>	<u>507,293,675</u>
At 1 January 2022	240,456,670	(2,459,625)	11,844,680	(1,129,914)	201,569,887	450,281,697	4,760,549	455,042,246
<i>Foreign currency translation difference for foreign operations</i>	-	-	0	151,905	-	151,905	(12,109)	139,796
Other comprehensive income for the period	-	-	0	151,905	-	151,905	(12,109)	139,796
<i>Profit for the period</i>	-	-	-	-	6,485,301	6,485,301	(22,401)	6,462,900
Total comprehensive income for the period	-	-	0	151,905	6,485,301	6,637,206	(34,510)	6,602,696
At 31 March 2022	<u>240,456,670</u>	<u>(2,459,625)</u>	<u>11,844,680</u>	<u>(978,009)</u>	<u>208,055,188</u>	<u>456,918,903</u>	<u>4,726,039</u>	<u>461,644,942</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 2022)

	3 months ended 31/3/2023 RM	3 months ended 31/3/2022 RM
Cash flows from operating activities		
Profit before tax	4,763,007	5,352,512
Adjustments for :		
Amortisation of right-of-use asset	415,928	602,759
Depreciation of property, plant & equipment	2,857,376	3,241,181
Interest expense	2,418,751	2,332,189
Interest income	(1,858,693)	(1,150,208)
Share of profit of associate	(386,730)	(67,354)
Share of losses of joint venture	393,992	189,958
Gain on disposal of property, plant & equipment	(171,565)	(342,089)
Unrealised loss/(gain) on foreign currency exchange	1,054,405	(4,813,785)
Property, plant & equipment written off	-	34,558
Operating profit before working capital changes	<u>9,486,471</u>	<u>5,379,721</u>
Working capital changes :-		
Changes in inventories	9,985,058	(12,458,432)
Changes in contract assets/liabilities	(31,421,712)	(170,447)
Changes in contract cost assets	(14,026,231)	(13,449,082)
Changes in receivables	173,390,232	83,336,742
Changes in payables	(24,511,067)	(27,709,238)
Cash generated from operating activities	<u>122,902,751</u>	<u>34,929,264</u>
Tax paid	(1,605,049)	(1,392,475)
Interest paid	(25,669)	(2,720)
Interest received	1,858,693	1,150,208
Net cash generated from operating activities	<u>123,130,726</u>	<u>34,684,277</u>
Cash flows from investing activities		
Purchase of property, plant & equipment	(181,142)	(104,649)
Purchase of right-of-use asset	(250,740)	(55,000)
Proceeds from disposal of property, plant & equipment	175,301	388,620
Net cash (used in)/generated from investing activities	<u>(256,581)</u>	<u>228,971</u>
Cash flows from financing activities		
Placement of pledged deposits	(249,820)	(4,431,708)
Repayment of short term borrowings	(21,259,871)	(7,631,085)
Repayment of long term borrowings	(3,899,750)	-
Payment of lease liability	-	(57,000)
Interest paid	(2,393,081)	(1,835,355)
Net cash used in financing activities	<u>(27,802,522)</u>	<u>(13,955,148)</u>
Net increase in cash and cash equivalents	95,071,623	20,958,100
Effects of foreign exchange rate changes	(72,699)	292,481
Cash and cash equivalents at beginning of period	147,563,544	135,803,867
Cash and cash equivalents at end of period	<u>242,562,468</u>	<u>157,054,448</u>
Cash and cash equivalents at end of period comprise :		
Cash and bank balances	125,795,042	63,168,457
Fixed deposits with licensed banks	41,271,504	52,635,402
Money market funds placed with fund managers	90,524,962	41,250,589
Bank overdrafts	(15,029,040)	-
	<u>242,562,468</u>	<u>157,054,448</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2022)

TRC SYNERGY BERHAD

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31ST MARCH 2023

(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 2022. 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 2022.

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 2022, except for the adoption of the following Amendments to MFRSs:

		Effective date
Amendment to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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 2022 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 2023.

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 activities	Property development	Hotel operations	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External revenue	132,240	4,937	6,316	-		143,493
Inter- segment revenue	35,562	-	3,006	386	(38,954)	-
	167,802	4,937	9,322	386	(38,954)	143,493
Results						
Segment operating profits	5,193	(533)	(77)	(1,506)	1,513	4,590
Share of profits of associate						387
Share of losses of joint venture						(394)
Finance income						1,858
Finance costs						(1,678)
Profit before tax						4,763
Taxation						(2,097)
Net profit for the period						2,666

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 2023.

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	280,000
	=====

14. Recurrent Related Party Transactions

There was no material recurrent related party transactions during the quarter ended 31 March 2023.

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

The Group recorded a profit before tax of RM4,763,007 in the current quarter as compared with a profit before tax of RM5,352,512 in the corresponding quarter.

Despite a lower revenue, the Group managed to report a slight lower profit before tax in the current quarter. The higher gross profit margin had largely contributed to the slight lower profit before tax being reported in the current quarter.

However, the unrealized foreign currency exchange loss recognized in the current quarter as opposed to a unrealized foreign currency exchange gain in the corresponding quarter and higher administrative expenses and finance costs had mitigated the positive impact the higher gross profit margin brought about to the Group 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 RM4,763,007 in the current quarter as compared with a profit before tax of RM11,065,675 recorded in the immediate preceding quarter as initially announced on 28 February 2023.

Higher revenue and gross profit margin reported in the immediate preceding quarter had resulted the higher profit before tax being reported in that 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 immediate preceding quarter.

The unrealized foreign currency exchange gain of the immediate preceding quarter in comparison to a unrealized foreign currency exchange loss in the current quarter had further enhanced the profit before tax being reported in the immediate preceding quarter.

Subsequently, the profit before tax of the immediate preceding quarter was revised from RM11,065,675 to RM47,006,032 due to the arbitration settlement award was treated as an adjusting event in the audited financial statements for the financial year ended 31 December 2022.

The results of the immediate preceding quarter would have been as below if the arbitration settlement award was taken into accounts when the announcement was made on 28 February 2023:

	As announced on 28/2/2023	Revised to incorporate the arbitration settlement award
	RM	RM
Revenue	164,475,305	165,506,246
Cost of sales	(146,278,973)	(136,543,070)
Gross profit	18,196,332	28,963,176
Other income	653,751	24,724,043
Realised forex loss/(gain)	(9)	15,248
Unrealised forex gain	237,462	252,584
Administrative expenses	(10,089,187)	(23,537,135)
Operating profit	8,998,349	30,417,916
Finance income	2,162,781	16,723,352
Finance costs	116,939	123,091
Share of profit of associate	113,791	67,858
Share of losses of joint venture	(326,185)	(326,185)
Profit before taxation	11,065,675	47,006,032

The substantial increase in the profit before tax was largely resulted from:

1. the recovery of liquidated ascertained damages expensed off previously of RM10,983,368, reflected under cost of sales;
2. the reversal of allowance for expected credit loss on receivables of RM16,422,500 and legal & other costs recovered of RM7,629,101, included under other income;
3. the allowance for expected credit loss on trade and other receivables amounting to RM7,770,106 and impairment of investment in associate of RM1,394,739 and the recognition of additional administrative expenses of RM4,778,133, recorded under administrative expenses; and
4. the recognition of interest income from receivable amounting to RM14,522,767 taken up under finance income.

17. Prospects

Despite these global economic challenges and uncertainty, the Government is confident of achieving our economic growth forecast of 4.0% – 5.0% for 2023, supported by strong economic fundamentals and the implementation of Belanjawan 2023 measures.

The Malaysian economy grew by 5.6% in the first quarter of 2023 (4Q 2022: 7.1%) mainly driven by strong and sustained domestic demand reflecting confidence in the economy and improvement in labour market conditions, continued investment activity, and higher tourism activities.

Construction activity rose by 9.4 percent from a year earlier in Q1 of 2023, easing from a 25.7 percent growth in the previous quarter. Despite near-term challenges in certain construction sectors, the medium to long-term growth story in Malaysia remains intact. The construction industry in Malaysia is expected to grow steadily over the next four quarters with the roll-out of the MRT Circle Line (“MRT 3”), the acceleration of ongoing projects, such as the East Coast Rail Link, 5G network rollout and Rapid Transit System Link (RTS) project between Johore and Singapore would spearhead the civil engineering subsector for the Malaysian Construction Industry.

With all these positive economic results in Q12023, the Group will benefit directly or indirectly from the spillover effect of the construction growth once the projects have been rollout by the Government due to the Group’s past experiences and extensive track record in the mega railway’s infrastructure projects such as MRT 1 & 2 and LRT 2 & 3.

In addition, the Group’s outstanding order book of RM710 million for the construction segment and the launch of Phase 2 of the Ara Sentral project with a GDV of RM500 million for the property segment will keep the Group busy for FY2023.

Therefore, for FY2023, the Group is cautiously optimistic about registering positive growth based on our existing order book and we shall remain focused on reinforcing our business fundamentals, strengthening our core capability and capacity in project implementation while continuing to manage our cost and our Group's prudent financial management.

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 31.3.2023 RM'000	Preceding Year Corresponding Quarter 31.3.2022 RM'000	Current Year To Date 31.3.2023 RM'000	Preceding Year Corresponding Period 31.3.2022 RM'000
Current taxation	3,465	1,475	3,465	1,475
Deferred taxation	(1,369)	(2,585)	(1,369)	(2,585)
	<u>2,096</u>	<u>(1,110)</u>	<u>2,096</u>	<u>(1,110)</u>

The effective tax rate for the quarter is higher than the statutory tax rate due to certain expenses being disallowed for tax purpose and the provision of tax payable for foreign source interest income received in the current quarter.

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 2023.

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 2023 are as follows:-

Security	Type	Amount (RM'000)
Secured	Short Term	53,620
Secured	Long Term	92,082
Unsecured	Long Term	-

Currency exposure profile of borrowings is as follows:-

Currency	Secured Short Term RM'000	Secured Long Term RM'000
Malaysian Ringgit	52,361	993
Australian Dollar	1,259	91,089

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 31 March 2023.

26. **Dividends**

The directors have not recommended the payment of any dividend for the quarter ended 31 March 2023.

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 RM2,506,523 (2022: RM6,485,301) and on the weighted average number of ordinary shares in issue of 471,288,703 (2022: 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 (2022: 471,288,703).

28. *Notes to Statement of Comprehensive Income*

	First quarter		Cumulative 3 months	
	31/3/2023	31/3/2022	31/3/2023	31/3/2022
	RM'000	RM '000	RM'000	RM'000
Depreciation of property, plant and equipment	2,857	3,241	2,857	3,241
Property, plant and equipment written off	-	35	-	35
Amortisation of right-of-use asset	416	603	416	603
Allowance for expected credit loss	-	-	-	-
Impairment loss of investment in an associate	-	-	-	-
Amortisation of investment in joint venture	-	-	-	-
Gain on disposal of property, plant & equipment	(172)	(342)	(172)	(342)
Gain on disposal of right-of-use asset	-	-	-	-
Provision for & write-off of inventories	-	-	-	-