

TRC SYNERGY BERHAD

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31ST DECEMBER 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
MFRS 17	Insurance Contracts	1 January 2023
Amendment to MFRS 17	Initial Application of MFRS 17 and MFRS 9-Comparative Information	1 January 2023
Amendment to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	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 December 2023.

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 2022 on 14 July 2023.

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	515,090	140,746	22,840	-		678,676
Inter-segment revenue	97,037	-	12,095	7,101	(116,233)	-
	612,127	140,746	34,935	7,101	(116,233)	678,676
Results						
Segment operating profits	17,282	4,327	(2,765)	6,869	(138)	25,575
Share of profits of associate						992
Share of loss of joint venture						(112)
Finance income						10,679
Finance costs						(4,921)
Profit before tax						32,213
Taxation						(6,547)
Net profit for the period						25,666

9. *Valuation of property, plant & equipment*

During the year, the Group revalued its property, plant & equipment and investment property by independent professional valuers with a revaluation gain of RM38,917,048 and a fair value gain on investment property of RM2,359,750 respectively.

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 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 commitment for the purchase of property, plant & equipment and Right-of-use asset for the year ended 31 December 2023:

	RM
Approved and contracted for	
Property, plant & equipment	1,135,383
Right-of-use asset	674,000

	1,809,383
	=====

14. Related Party Transactions

There was no material related party transaction during the quarter ended 31 December 2023.

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

The Group recorded a profit before tax of RM10,362,506 in the current quarter as compared with a profit before tax of RM47,006,032 in the corresponding quarter.

Higher revenue and gross profit margin reported in the corresponding quarter had partially contributed to 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 corresponding quarter.

**15. Review of performance of the Company and its Principal Subsidiaries
- continued**

In addition to the above, the substantially higher profit before tax of the corresponding quarter was also resulted from the settlement of the arbitration proceedings as below:

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.

The reduction in notional finance cost in relation to the provision of land cost of a property development project had resulted the negative finance costs being reported for both the quarters.

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 RM10,362,506 in the current quarter as compared with a profit before tax of RM6,087,082 recorded in the immediate preceding quarter.

Higher gross profit margin and the recognition of unrealized foreign currency exchange gain in the current quarter in comparison to a unrealized foreign currency exchange loss reported in the immediate preceding quarter, had resulted a higher profit before tax being reported in the current quarter.

The impact of higher administrative expenses of the current quarter have been compensated with the higher other income reported in the immediate preceding quarter.

17. Prospects

Amid a highly challenging global and domestic environment, the Malaysian Government is still confident of maintaining its economic growth forecast of 4.0% in 2023 based on good economic momentum seen so far especially after the launching of Malaysia Madani Economy by our Prime Minister on 27 July 2023 that focuses more on to restructure the economy to make Malaysia a leader among Asian Economies by positioning Malaysia as a globally competitive investment destination.

Based on the Department of Static of Malaysia (DoSM), our Malaysian economy is expected to grow by 3.4% in 4Q2023 against 3.3% in 3Q2023. Growth will continue to be supported by strong domestic demand amid improving employment and income in the labour market, further recovery in tourism activities and the higher construction activities are the factors that contributed to the economy growth in 4Q2023.

The Malaysian construction sector is expected to continue registering strong growth in the 4Q2023. The growth opportunities are underpinned by the government's expansionary fiscal spending on both large infrastructure and small-scale projects in private and public sector.

Despite near-term challenges in certain construction sectors, the medium to long-term growth story in Malaysia still remains intact especially with the roll-out of the mega infrastructural projects such as MRT Circle Line 3 ("MRT 3"), Penang light rail transit, the flood mitigation projects, the acceleration of ongoing projects, such as the East Coast Rail Link, 5G network rollout (digitalization project) and Rapid Transit System Link (RTS) project between Johore and Singapore and the Pan Borneo Highway that would spearhead the civil engineering subsector for the Malaysian Construction Industry.

With all these positive economic results in 4Q2023, 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 vast experiences and extensive track record in the mega railway's infrastructure projects such as MRT 1 & 2 and LRT 2 & 3, construction of large infrastructure roads, bridges high rise buildings and Airport projects.

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 31.12.2023 RM'000	Preceding Year Corresponding Quarter 31.12.2022 RM'000	Current Year To Date 31.12.2023 RM'000	Preceding Year Corresponding Period 31.12.2022 RM'000
Current taxation	179	6,363	8,368	11,500
Deferred taxation	3,150	(3,660)	673	(9,958)
Prior year over provision	(111)	262	(2,494)	(132)
	<u>3,218</u>	<u>2,965</u>	<u>6,547</u>	<u>1,410</u>
	=====	=====	=====	=====

The effective tax rate for the current year is lower than the statutory tax rate largely due to the availability of unabsorbed tax losses of a foreign subsidiary company.

20. Profit on sale of investments and properties

During the current year, a subsidiary company of the Group disposed off a leasehold building (investment property) with a loss of RM55,743.

21. Quoted Securities

The Company did not hold any quoted securities for the quarter ended 31 December 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 December 2023 are as follows:-

Security	Type	Amount (RM'000)
Secured	Short Term	6,532
Secured	Long Term	95,578
Unsecured	Long Term	-

Currency exposure profile of borrowings is as follows:-

Currency	Secured Short Term RM'000	Secured Long Term RM'000
Malaysian Ringgit	5,173	649
Australian Dollar	1,359	94,929

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 December 2023.

26. **Dividends**

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

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 RM25,331,966 (2022: RM53,291,757) 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 year 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*

	Fourth quarter		Cumulative 12 months	
	31/12/2023 RM'000	31/12/2022 RM '000	31/12/2023 RM'000	31/12/2022 RM'000
Depreciation of property, plant and equipment	1,905	3,046	9,850	12,687
Property, plant and equipment written off	1	13	5	63
Amortisation of right-of-use asset	433	421	1,740	1,932
Allowance for expected credit loss	1,395	7,770	1,395	7,770
Impairment loss of investment in an associate	-	1,395	-	1,395
Amortisation of investment in joint venture	19	19	915	67
Loss on disposal of investment property	-	162	56	162
Gain on disposal of property, plant & equipment	(334)	(391)	(3,335)	(1,012)
Gain on disposal of right-of-use asset	-	-	(47)	(10)
Provision for & write- off of inventories	-	-	-	-
Fair value (loss)/gain on investment property	140	-	(2,360)	-

