

## **TRC SYNERGY BERHAD**

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

### **QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30<sup>TH</sup> JUNE 2024**

(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 2023. 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 2023.

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 2023, except for the adoption of the following Amendments to MFRSs:

		Effective date
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendment to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024

Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 And MFRS 7	Supplier Finance Arrangement	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 And MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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 2023 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 2024.

**7. *Dividend paid***

No dividend was paid in the current quarter.

## 8. *Segment Reporting*

Operating segment information for the current quarter is as follows:

	<b>Construction</b>	<b>Property</b>	<b>Hotel</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
	<b>activities</b>	<b>development</b>	<b>operations</b>			
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>						
<b>External revenue</b>	183,189	2,123	13,892	-	-	<b>199,204</b>
<b>Inter-segment revenue</b>	8,769	-	-	272	(9,041)	-
	191,958	2,123	13,892	272	(9,041)	<b>199,204</b>
<b>Results</b>						
<b>Segment operating profits</b>	11,057	(1,255)	(2,144)	(1,246)	107	<b>6,519</b>
<b>Share of profits of associate</b>						713
<b>Share of loss of joint venture</b>						991
<b>Finance income</b>						5,265
<b>Finance costs</b>						(3,317)
<b>Profit before tax</b>						<b>10,171</b>
<b>Taxation</b>						(4,655)
<b>Net profit for the period</b>						<b>5,516</b>

## 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 2024.

**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 and right-of-use asset for the quarter ended 30 June 2024.

**14. *Related Party Transactions***

There was no material related party transaction during the quarter ended 30 June 2024.

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

The Group recorded a profit before tax of RM7,345,957 in the current quarter as compared with a profit before tax of RM11,000,826 in the corresponding quarter.

Despite a decrease in revenue, a higher gross profit was registered for the current quarter when the Group realized its cost savings from the finalization of construction costs for certain projects upon completion.

The Group also have a much higher share of profit of associate and joint venture in the current quarter when compared to the corresponding quarter.

However, a substantially lower unrealized foreign currency exchange gain of the current quarter had brought down the higher profit resulted from the above mentioned, the Group ended up with reporting a lower profit before tax in the current quarter.

Nonetheless, the profit before tax excludes the unrealized foreign currency exchange gain was reported at RM7,194,530 and RM2,246,571 for the current and corresponding quarter respectively.

**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 RM7,345,957 in the current quarter as compared with a profit before tax of RM2,824,994 recorded in the immediate preceding quarter.

Higher gross profit resulting from the recognition of higher revenue in the current quarter had contributed to the much higher profit before tax being reported in the current quarter.

Despite a much lower unrealized foreign currency exchange gain in the quarter under review, the increase in the sharing of equity-accounted profit of joint venture as opposed to a loss in the immediate preceding quarter had also contributed to the much higher profit before tax being reported in the current quarter.

**17. *Prospects***

The Malaysian Gross Domestic Product (GDP) has shown robust growth, expanding by 5.9% in 2Q 2024, a significant increase from the 4.2% recorded in 1Q 2024 (Bank Negara 2Q 2024 report). This strong growth momentum in H1 2024 clearly indicates the country's robust economic fundamentals, which have greatly boosted investor confidence.

The construction sector, in particular, demonstrated remarkable double-digit growth of 17.2% in 2Q 2024, surpassing the 11.9% recorded in 1Q 2024. This growth trajectory reflects the sector's current strength and signals promising potential growth of the industry after the post-COVID pandemic.

With the strong economic backdrop, especially in the construction sectors, the Group Construction Division is unwavering in its commitment to the timely execution and completion of its strong order book of RM1.00 billion, of which RM736 million was secured in the 1H 2024. The projects secured in 1H 2024 include the Structural Strengthening Facility of Empangan Batu Gombak Selangor, Refurbishment of the main building and infrastructure works at Subang Engineering Complex A, Sultan Abdul Aziz Shah Airport, Architectural, Structural and Civil Works for the Proposed Transformation of the Sarawak State Legislative Building and Schedule and Corrective Maintenance Facilities at the Royal Malaysian Navy Submarine Base Sepangar Bay Kota Kinabalu.

For the rest of the year, the Construction Division will continue to actively participate in any business development and vigorously participate in selected tenders exercises to replenish its order book.

**17. Prospects - continued**

With the property market demonstrating significant growth and resilience due to a positive economic outlook for FY2024, the Property Division will commence the Ara Sentral Phase 2 construction in 4Q 2024, mainly for its basement structure up to the podium level. The launch of Phase 2 will be in 2Q 2026. Phase 2 comprises 134 retail units and 704 service apartment units with an expected Gross Development Value of RM500 million.

The Ara Sentral Phase 2 will keep property development busy for the next three years, boosting and enhancing the Group's revenue and earnings.

Therefore, for FY2024, the Group maintains a very positive outlook. This positive outlook is underpinned by our existing order book, which is further reinforced by our prudent and resilient financial management and robust balance sheet. This balanced approach clearly indicates our ability to undertake mega projects and replenish our order book in future.

**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 30.6.2024 RM'000	Preceding Year Corresponding Quarter 30.6.2023 RM'000	Current Year To Date 30.6.2024 RM'000	Preceding Year Corresponding Period 30.6.2023 RM'000
<b>Current tax</b>				
Current year	2,490	1,404	3,890	4,869
Prior year under Provision	-	17	-	17
<b>Deferred tax</b>				
Current year	( 453)	( 344)	1,193	(1,713)
Prior year over provision	-	-	( 428)	-
	<u>2,037</u>	<u>1,077</u>	<u>4,655</u>	<u>3,173</u>

The effective tax rate for the current period is substantially higher than the statutory tax rate due to certain expenses being disallowed for tax purpose and the reversal of deferred tax assets provision of a foreign 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 2024.

**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 2024 are as follows:-

<b>Security</b>	<b>Type</b>	<b>Amount (RM'000)</b>
Secured	Short Term	23,252
Secured	Long Term	87,663
Unsecured	Long Term	-

Currency exposure profile of borrowings is as follows:-

<b>Currency</b>	<b>Secured Short Term RM'000</b>	<b>Secured Long Term RM'000</b>
Malaysian Ringgit	22,097	1,974
Australian Dollar	1,155	85,689

**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 30 June 2024.

**26. Dividends**

The directors have not recommended the payment of any dividend for the quarter ended 30 June 2024.

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 RM5,507,683 (2023: RM12,388,538) and on the weighted average number of ordinary shares in issue of 471,288,703 (2023: 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 (2023: 471,288,703).

28. *Notes to Statement of Comprehensive Income*

	Second quarter		Cumulative 6 months	
	30/6/2024 RM'000	30/6/2023 RM '000	30/6/2024 RM'000	30/6/2023 RM'000
Depreciation of property, plant and equipment	1,934	2,578	3,928	5,435
Amortisation of right-of-use asset	597	476	1,031	892
Amortisation of investment in joint venture	770	-	770	-
Loss on disposal of investment property	-	56	-	56
Property, plant & equipment written off	1	3	1	3
Gain on disposal of property, plant & equipment	( 229)	(615)	(439)	( 786)
Gain on disposal of right-of-use asset	-	( 47)	-	( 47)