

10. ACCOUNTANTS' REPORT

(Prepared for inclusion in this Prospectus)

Private and Confidential

ACCOUNTANTS' REPORT (Prepared for inclusion in the Prospectus)

24 June 2002

The Board of Directors
TRC Synergy Berhad
Wisma TRC
217 & 218 Jalan Negara 2
Taman Melawati,
53100 Ulu Klang,
Selangor Darul Ehsan.

Gentlemen

1. INTRODUCTION

This report has been prepared by Kumpulan Naga, as the approved company auditors, for inclusion in the Prospectus to be dated 28 June 2002 in connection with the following:

- (a) Offer for sale of 3,500,000 existing ordinary shares of RM1.00 each in TRC Synergy Berhad (TRCS) to entitled employees of TRCS and its subsidiary companies (TRCS Group) by the existing shareholders of TRCS at an offer price of RM1.60;
- (b) Public Issue of 16,000,000 new ordinary shares of RM1.00 each of TRCS at an issue price of RM1.60; and
- (c) Listing of, and quotation for, the entire issued and paid-up capital of TRCS on the Main Board of the Kuala Lumpur Stock Exchange ("KLSE").

2. RESTRUCTURING SCHEME

Prior to the offer for sale and the public issue and the listing and quotation of its entire issued and paid-up on the Main Board of the KLSE, TRC Group made an acquisition of the entire issued and paid-up share capital of Trans Resources Corporation Sdn Bhd (TRC) for a consideration of RM54,448,781 satisfied by the issue of 49,052,252 ordinary shares of RM1.00 each at an issue price of approximately RM1.11 per share.

3. GENERAL INFORMATION

3.1. Background

The Company was incorporated as a private limited company in Malaysia under the Companies Act, 1965 on 11 December 1996 under the name TRC Synergy Sdn Bhd. On 8 January 1997, the Company changed its status from a private to public company and assumed its present name. TRCS is principally an investment holding company.



CHARTERED ACCOUNTANTS
Assurance and Advisory Business Services (AABS)

KUMPULAN NAGA

Co. No: AF-0024

25M, Jalan Thambi Abdullah Satu,
Jalan Tun Sambanthan (Brickfields),
50470 Kuala Lumpur, Malaysia
Tel: 603-2274 6359, 2274 6577, 2274 6360
2273 1724, 2273 1702
Fax: 603-2273 1710, 2272 2207
E-mail: kn@vip.com.my
E-mail: keconomy@pd.jaring.my

10. ACCOUNTANTS' REPORT (Cont'd)**3.2. Share capital**

Date of Allotment	Type of issue	Number of ordinary shares	Resultant issued and paid up capital (RM)
11/12/1996	Subscribers' ordinary shares of RM1.00 each	2	2
27/3/2002	Settlement for the acquisition of TRC	49,052,252	49,052,254
6/6/2002	Rights Issue of 101 ordinary shares of RM1.00 each for every 1000 shares	4,947,746	54,000,000

3.3. Subsidiary Companies

The details of the subsidiaries of TRCS, all of which are incorporated in Malaysia, are as follows:

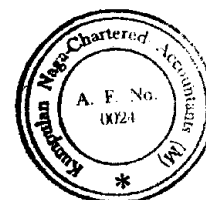
Name of Company	Date of incorporation	Effective equity interest	Issued and paid up capital	Principal activities
Trans Resources Corporation Sdn Bhd ("TRC")	23/5/84	100	15,000,000	General contractors
TRC Concrete Industries Sdn Bhd ("TRCCI")	28/2/86	100	2,200,000	Manufacturing and dealing in concrete piles and ready-mixed concrete
TRC Development Sdn Bhd ("TRCD")	26/7/94	100	500,000	Property development and project development management services

4. AUDITORS REPORTS

We were appointed as first auditors of TRCS and acted as auditors for its subsidiary companies for all financial years under review.

The auditors' report on the financial statement of TRCS and its subsidiary companies for all the financial years under review were reported without any qualification or emphasis of matter.

The summarized proforma consolidated income statement, summarized income statements, summarized balances sheets and disclosures dealt with in this report are in compliance with applicable accounting standards issued or approved by the Malaysian Accounting Standards Board (MASB)



10. ACCOUNTANTS' REPORT (Cont'd)

5. DIVIDENDS

No dividend has been paid or declared by TRCS and its subsidiary companies during the financial years covered in this report.

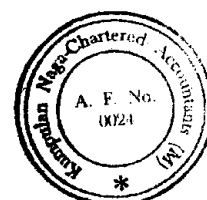
6. SUMMARISED INCOME STATEMENT

6.1. Proforma Consolidated Income Statement

The summarized proforma consolidated income statements of TRC Group for the five financial years ended 31 December 2001 are set out below for illustration purposes only and have been prepared on the assumption that the acquisition of the subsidiary companies under the restructuring mentioned in paragraph 2 of this report has been effected throughout the years under review.

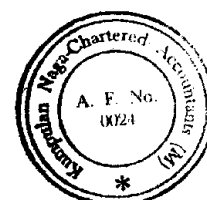
The summarized proforma consolidated profit and loss account of TRCS for the five years ended 31 December 2001 is based on the audited accounts of TRCS and its proposed group comprising TRC, TRCCI and TRCD collectively.

TRCS has yet to commence business operations. For the purpose of presentation in this report, the summarized profit and loss accounts of the proforma TRCS Group is equivalent to that of TRC and its subsidiary companies.



10. ACCOUNTANTS' REPORT (Cont'd)

Proforma TRCS Group	2001 RM'000	2000 RM'000	1999 RM'000	1998 RM'000	1997 RM'000
Turnover (Note 2)	258,367	149,576	108,813	278,068	360,798
Consolidated operating profit before depreciation, interest and taxation	35,922	25,676	24,109	25,061	30,910
Depreciation	(7,763)	(7,869)	(7,857)	(8,470)	(8,295)
Consolidated operating profit Before interest and taxation	28,159	17,807	16,252	16,591	22,615
Interest	(7,275)	(5,288)	(6,111)	(9,331)	(10,293)
Consolidated profit before taxation	20,884	12,519	10,141	7,260	12,322
Share of profit /(loss) of associated company	13	(261)	(148)	-	-
Consolidated profit before Taxation	20,897	12,258	9,993	7,260	12,322
Taxation (Note 3)	(6,751)	(3,776)	147	(1,432)	(3,012)
Consolidated profit after taxation	14,146	8,482	10,140	5,828	9,310
Number of ordinary shares assumed in issue ('000)	49,052	49,052	49,052	49,052	49,052
Gross EPS (sen) #	42.6	25	20.4	14.8	25.1
Net EPS (sen) ##	28.8	17.3	20.7	11.9	19.0
Fully diluted Gross EPS (sen)@	29.9	17.5	14.3	10.4	17.6
Fully diluted Net EPS (sen)@@	20.2	12.1	14.5	8.3	13.3
Gross dividend (sen per share)	-	-	-	-	-



10. ACCOUNTANTS' REPORT (Cont'd)

Notes

- The issued and paid-up share capital of TRCS as at 31 December 2001 comprised two (2) ordinary shares of RM1.00 each.

For the purposes of presentation in the proforma accounts, the issued share capital of TRCS is stated as RM49,052,254, comprising 49,052,254 ordinary shares of RM1.00 each, as intended after the Proposed Acquisition mentioned in note (2), in accordance with Malaysian Accounting Standards Board Standard No. 13 (Earnings per Share).

- # Gross EPS is computed by dividing the profit before taxation by the number of ordinary shares assumed in issue.

@ Fully diluted Gross EPS is computed by dividing the profit before taxation by the proposed enlarged issued and paid up share capital of RM70,000,000.

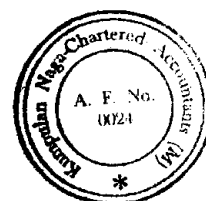
@@ Fully diluted Net EPS is computed by dividing the profit after taxation by the proposed enlarged issued and paid up share capital of RM70,000,000.

Commentary

1. The summarized proforma group results set out above, which have been prepared based on the assumption that the proposed TRCS Group has been in existence throughout the period under review and after making such adjustments that we considered necessary, are for illustrative purposes only. All inter-company transactions have been eliminated and the financial information reflects external transactions only.
2. Turnover and profit before taxation declined in 1998 due to the slowdown in the construction sector brought about by the regional economic crisis and keen competition within the industry. In 1999, despite turnover persisting in its declining trend as the effects of the regional crisis continued to plague the construction sector, the Group recorded a higher profit before taxation of approximately RM10 million as it managed to successfully secure and complete new higher margin projects and reign in project costs and overheads through various effective cost cutting measures.

Consequently, in tandem with the bustling domestic economic, the Group's turnover and profit before taxation grew as result of the Government's fiscal expansion policy which led to increased opportunities within the construction sector and the experienced management of the Group successfully procuring a number of major construction projects.

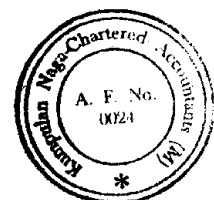
3. The effective tax rates for the financial years ended 31 December 1997 and 1998 were lower than the statutory rates mainly due to the utilization of unabsorbed tax benefits by a subsidiary company. A tax credit is reflected due to the over provision of taxation from the previous financial year. Effectively, there was no taxation for the financial year ended 31 December 1999 due to the tax-exempt year declared by the government.



10. ACCOUNTANTS' REPORT (Cont'd)

The effective tax rates for the financial years ended 31 December 2000 and 2001 were higher than the statutory rates mainly due to certain items of expense being disallowed for tax purposes.

4. There is no disclosure for segmental information as required by the International Accounting Standard No. 10 (Reporting Financial Information by Segment) ("IAS 10") as the Company and its proposed subsidiaries operate principally within one (1) industry and within the country.

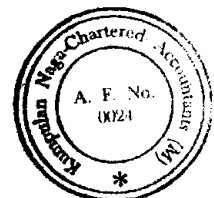


10. ACCOUNTANTS' REPORT (Cont'd)

TRCS Company	2001 RM'000	2000 RM'000	1999 RM'000	1998 RM'000
Turnover	-	-	-	-
Operating Loss	(4)	(9)	-	-
Number of ordinary share in Issue	2	2	2	2
Net EPS (sen)	*	*	*	*

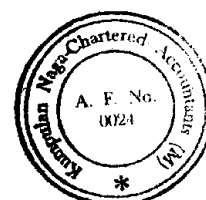
* not meaningful

TRCS has yet to commence business since its incorporation and as such does not report any meaningful results.



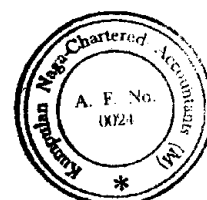
10. ACCOUNTANTS' REPORT (Cont'd)

TRC	2001 RM'000	2000 RM'000	1999 RM'000	1998 RM'000	1997 RM'000
Turnover	246,950	143,423	108,087	272,475	340,079
Operating profit before depreciation, interest and taxation	34,657	24,836	23,854	24,774	29,040
Depreciation	(7,234)	(7,312)	(7,269)	(7,944)	(7,664)
Operating profit before interest and taxation	27,423	17,524	16,585	16,830	21,376
Interest	(7,147)	(5,093)	(5,875)	(9,137)	(10,113)
Profit before taxation	20,276	12,431	10,710	7,693	11,263
Taxation	(6,635)	(3,735)	144	(1,413)	(2,943)
Profit after taxation	13,641	8,696	10,854	6,280	8,320
Number of ordinary shares in issue ('000)	15,000	15,000	15,000	10,000	5,000
Net EPS (sen)	90.9	58.0	72.4	62.8	166.4



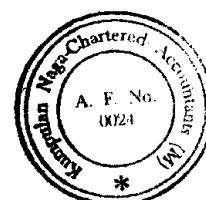
10. ACCOUNTANTS' REPORT (Cont'd)

TRCD	2001 RM'000	2000 RM'000	1999 RM'000	1998 RM'000	1997 RM'000
Turnover	4,993	3,800	3,956	4,129	2,555
Operating profit before depreciation, interest and taxation	421	161	186	170	240
Depreciation	(5)	(28)	(57)	(58)	(58)
Operating profit before interest and taxation	416	133	129	112	182
Interest	-	-	(6)	(11)	(11)
Profit before taxation	416	133	123	101	171
Taxation	(116)	(41)	3	(20)	(60)
Profit after taxation	300	92	126	81	111
Number of ordinary shares in issue ('000)	500	500	500	500	500
Net EPS (sen)	60.0	18.4	25.2	16.2	22.2



10. ACCOUNTANTS' REPORT (Cont'd)

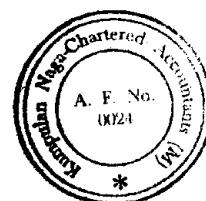
TRCCI	2001 RM'000	2000 RM'000	1999 RM'000	1998 RM'000	1997 RM'000
Turnover	10,735	5,282	3,593	5,273	22,104
Operating profit before depreciation, interest and taxation	844	681	76	118	1,630
Depreciation	(524)	(529)	(531)	(468)	(573)
Operating profit before interest and taxation	320	152	(455)	(350)	1,057
Interest	(128)	(195)	(237)	(184)	(169)
Profit before taxation	192	(43)	(692)	(534)	888
Taxation	-	-	-	1	(9)
Profit after taxation	192	(43)	(692)	(533)	879
Number of ordinary shares in issue ('000)	2,200	2,200	1,000	500	500
Net EPS (sen)	8.7	(2.0)	(69.2)	(106.6)	175.8



10. ACCOUNTANTS' REPORT (Cont'd)**7. SUMMARIZED BALANCE SHEETS****7.1. Proforma Group**

We set out below the proforma consolidated balance sheets of the Company as at 31 December 1997, 1998, 1999, 2000 and 2001. The proforma consolidated balance sheets as set out below are provided for illustrative purposes only on the assumption that the acquisition of the subsidiary companies under the restructuring mentioned in paragraph 2 of this report has been effected throughout the years under review.

	←-----As at 31 December-----→				
	1997	1998	1999	2000	2001
	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed Assets	72,723	65,052	56,846	63,473	64,902
Associated Company	-	-	547	565	5,203
Investment	255	254	254	254	254
Development Expenditure	-	-	-	-	276
Deferred Expenditure	-	-	178	328	696
Purchase Goodwill	27,123	21,295	11,155	-	-
	137,582	119,670	132,331	120,100	172,304
Current assets	170,763	150,206	146,351	120,654	166,411
Current liabilities	(33,181)	(30,536)	(14,020)	(554)	5,893
Net current (liabilities) / assets	66,920	56,065	54,960	64,066	77,224
Financed by:					
Share capital	49,052	49,052	49,052	49,052	49,052
Share Premium	5,396	5,396	5,396	5,396	5,396
Reserves	-	-	-	2,279	14,131
Shareholders' funds	54,448	54,448	54,448	56,727	68,579
Deferred and long term liabilities	12,472	1,617	512	7,339	8,645
	66,920	56,065	54,960	64,066	77,224
Net Tangible Assets * (RM'000)	27,325	33,153	43,115	56,399	67,883
Net Tangible Assets per ordinary Share (RM)	0.56	0.68	0.88	1.15	1.38

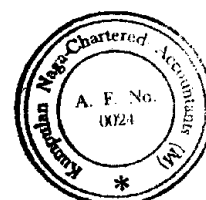


10. ACCOUNTANTS' REPORT (Cont'd)**TRCS**

	←-----As at 31 December-----→			
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Deferred Expenditure	-	178	328	696
Current Assets	*	*	*	*
Current Liabilities	-	(178)	(337)	(709)
Net Current Liabilities	*	(178)	(337)	(709)
	*	*	(9)	(13)
Financed by:				
Share capital	*	*	*	*
Reserves	-	-	(9)	(13)
	*	*	(9)	(13)
Net Tangible Assets * (RM'000)	*	*	*	*
Net Tangible Assets per ordinary Share (RM)	NM	NM	NM	NM

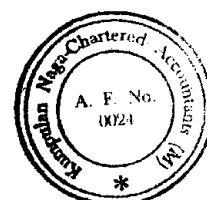
* RM2.00

NM : Not meaningful



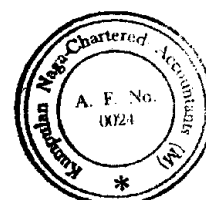
10. ACCOUNTANTS' REPORT (Cont'd)**TRC**

	←-----As at 31 December-----→				
	1997	1998	1999	2000	2001
	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed Assets	68,356	60,977	53,291	60,493	62,461
Subsidiary Companies	4,137	3,214	2,302	2,310	402
Associated Company	-	-	695	974	5,599
Investment	255	254	254	254	254
Current assets	130,958	116,943	128,304	116,193	169,602
Current liabilities	166,115	147,402	140,662	115,792	161,170
Net current (liabilities) / assets	(35,157)	(30,459)	(12,358)	401	8,432
	37,591	33,986	44,184	64,432	77,148
Financed by:					
Share capital	5,000	10,000	15,000	15,000	15,000
Reserves	21,539	22,819	28,672	42,329	53,680
Shareholders' funds	26,539	32,819	43,672	57,329	68,680
Deferred and long term liabilities	11,052	1,167	512	7,103	8,468
	37,591	33,986	44,184	64,432	77,148
Net Tangible Assets * (RM'000)	26,539	32,819	43,672	57,329	68,680
Net Tangible Assets per ordinary Share (RM)	5.31	3.28	2.91	3.82	4.58



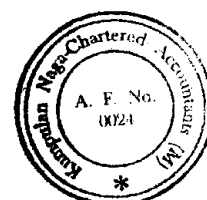
10. ACCOUNTANTS' REPORT (Cont'd)**TRCD**

	←-----As at 31 December-----→				
	1997	1998	1999	2000	2001
	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed Assets	188	128	72	25	22
Amount due to Holding Company	548	506	762	762	762
Development Expenditure	-	-	-	-	276
Current assets	678	812	919	1,100	990
Current liabilities	672	654	834	877	740
Net current (liabilities) / assets	6	158	85	223	250
	742	792	919	1,010	1,310
Financed by:					
Share capital	500	500	500	500	500
Reserves	211	292	419	510	810
Shareholders' funds	711	792	919	1,010	1,310
Deferred and long term liabilities	31	-	-	-	-
	742	792	919	1,010	1,310
Net Tangible Assets * (RM'000)	711	792	919	1,010	1,310
Net Tangible Assets per ordinary Share (RM)	1.42	1.58	1.84	2.02	2.62



10. ACCOUNTANTS' REPORT (Cont'd)**TRCCI**

	←-----As at 31 December-----→				
	1997	1998	1999	2000	2001
	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed Assets	4,179	3,947	3,483	2,955	2,419
Current assets	4,173	1,869	3,109	3,490	3,141
Current liabilities	5,888	4,824	6,243	4,702	3,683
Net current (liabilities) / assets	(1,715)	(2,955)	(3,134)	(1,212)	(542)
	2,464	992	349	1,743	1,877
Financed by:					
Share capital	500	500	1,000	2,200	2,200
Reserves	575	42	(651)	(693)	(501)
Shareholders' funds	1,075	542	349	1,507	1,699
Deferred and long term liabilities	1,389	450	-	236	178
	2,464	992	349	1,743	1,877
Net Tangible Assets * (RM'000)	1,075	542	349	1,507	1,699
Net Tangible Assets per ordinary Share (RM)	2.15	1.08	0.35	0.69	0.77

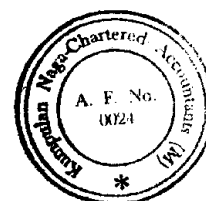


10. ACCOUNTANTS' REPORT (Cont'd)**8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES**

The statement of assets and liabilities of TRCS and the Proforma Group are based on the audited financial statements of TRC and TRCS as at 31 December 2001 and on the assumption that the restructuring scheme of the TRCS Group as stated in Paragraph 2 has been effective as at 31 December 2001 are prepared for illustration purposes and should be read in conjunction with the notes thereon.

		As at 31 December 2001	
	Note	Company Balance Sheet RM'000	Proforma Group Balance Sheet RM'000
Fixed Assets	8.2	-	64,902
Associated Companies	8.3		5,203
Investments			254
Development Expenditure			276
Deferred Expenditure		696	696
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Current assets			
Inventories	8.4	-	424
Trade and other receivables	8.5	-	126,706
Fixed deposits with licensed banks		-	41,494
Cash and cash equivalents		*	3,680
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			172,304
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Current liabilities			
Trade and other payables	8.6	709	42,772
Borrowings	8.7	-	116,335
Taxation		-	7,304
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		709	166,411
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Net current (liabilities)/assets		(709)	5,893
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		(13)	77,224
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Financed by:			
Capital and reserves			
Share capital	8.8	*	49,052
Share premium	8.9	-	5,396
Reserve	8.10	(13)	14,131
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Shareholders' funds		(13)	68,579
Long term and deferred liabilities			
Borrowings	8.11	-	8,645
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		(13)	77,224
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* RM2.00



10. ACCOUNTANTS' REPORT (Cont'd)

8.1. Notes to the Statement of Assets and Liabilities

8.1.1. Summary of Significant Accounting Policies

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years.

8.1.2. Basis of Accounting

The financial statements of the Group and of the Company are prepared in compliance with the provision of the Companies' Act, 1965 and applicable approved accounting standards in Malaysia.

8.1.3. Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to 31 December 2001. Subsidiary companies are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the results of the subsidiary companies are included in the consolidated financial statements from the date of their acquisition or up to the date of their disposal. Intra-group transactions and resulting unrealized profits or losses are eliminated fully on consolidation and the consolidated financial statements reflect external transactions only.

The excess of the cost of investment in the subsidiary companies over the attributable share of the net assets of the subsidiary companies at the date of acquisition is stated as goodwill on acquisition.

The excess of the fair value of the net assets acquired over the cost of investment at the date of acquisition is stated as reserve on consolidation.

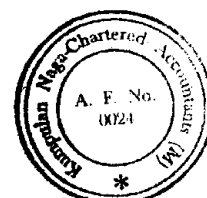
All significant inter-company transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

8.1.4. Fixed Assets

Fixed assets except for freehold land are stated at cost/valuation less accumulated depreciation.

The Group revalues its properties comprising land and buildings whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve only to the extent of the surplus credited from the previous revaluation and the excess deficit is charged to the income statement.



10. ACCOUNTANTS' REPORT (Cont'd)**8.1.5. Depreciation**

Freehold land is not depreciated.

Leasehold land is amortised over the periods of the respective leases, ranging from 55 to 99 years.

Buildings are depreciated on a straight-line basis over the shorter of 50 years or the lease period.

Depreciation on other fixed assets is calculated so as to write-off the cost of the assets on a straight-line basis over the estimated useful lives of the assets concerned. The principal annual rates used for this purpose are as follows :-

Plant and machinery	10% - 20%
Office equipment	10% - 20%
Furniture and fittings	10%
Motor vehicles	20%
Renovations	10%

8.1.6. Hire Purchase and Lease Assets

Assets held under hire purchase agreements are capitalised and depreciated over their estimated useful lives and the liabilities corresponding to the remaining capital payments are included within creditors. The interest element is amortised over the period of the agreement.

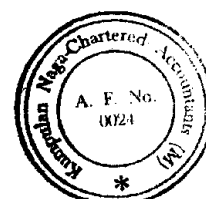
Assets under lease which in substance transfers the risks and benefits of ownership of the asset to the group are capitalised under fixed assets. The fixed assets and the corresponding lease obligations are recorded at the lower of the present value of the minimum lease payments and the fair value of the leased assets at the beginning of the respective lease terms. Leases which do not meet such criteria are classified as operating leases and the related rentals are charged to the income statement as incurred.

8.1.7. Trade Debtors

Known bad debts are written off and provisions are made for debts considered doubtful based on estimates of possible losses, which may arise from non-collection of certain receivable accounts.

8.1.8. Gross amount due from customers

Gross amount due from customers represents costs incurred plus attributable profits, less foreseeable losses and progress billings received and receivable. Costs comprise of direct labour, materials, direct overheads and a proportion of indirect overheads applicable to the stage of completion.



10. ACCOUNTANTS' REPORT (Cont'd)

8.1.9. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Cost consists of the original cost of purchase and incidental costs incurred in bringing the stocks to location. Cost, in the case of work-in-progress and finished goods, included direct materials, labour and attributable production overheads.

8.1.10. Cash and cash equivalents

Cash equivalents are short-term highly liquid balances or deposits with financial institutions that are readily convertible to cash with insignificant risk of changes in value. These also include borrowings, which are not subject to a term facility and are integral to the cash management function of the Group.

8.1.11. Taxation

The tax expense in the income statement represents taxation at current tax rates based on profit earned during the year.

Deferred taxation is provided on the liability method for all material timing differences except where no liability is expected to arise in the foreseeable future and there are no indication the timing differences will reverse thereafter. Deferred tax benefits are only recognised where there is a reasonable expectation of realisation in the near future.

8.1.12. Revenue recognition

8.1.12.1. Construction contracts

Revenue from long term fixed price construction contracts is recognised on the percentage of completion method where the outcome of the construction contract can be reliably estimated. The stage of completion is calculated by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Where the outcome of the construction contract cannot be estimated reliably, the construction contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable, and no profit is recognised.

8.1.12.2. Goods sold and services rendered

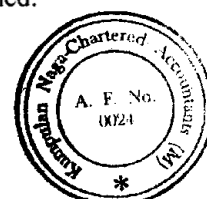
Revenue from the sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and benefits of ownership have been transferred to the buyer.

8.1.12.3 Interest Income

Interest income is recognised in the income statement as it accrues.

8.1.12.4. Dividend Income

Dividend income is recognised when the right to receive payment is established.



10. ACCOUNTANTS' REPORT (Cont'd)**8.1.13. Foreign Currency Conversions**

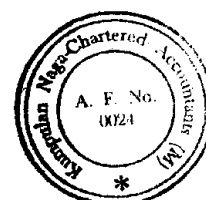
Transactions in foreign currencies are converted into Ringgit Malaysia at the exchange rates prevailing at the transaction dates or, where settlement of assets and liabilities has not yet taken place at the end of the financial year, at approximate exchange rates prevailing at that date or, if covered by forward exchange contract, at the contracted exchange rates. Foreign exchange gain or losses are taken up in the income statement.

8.2. Fixed Assets

At Cost	At 1.1.2001	Additions	Disposals/ Write off	Revaluation	At 31.12.2001
	RM'000	RM'000	RM'000	RM'000	RM'000
Freehold land	20,770	-	(905)	(2,005)	17,860
Freehold buildings	3,412	-	-	(285)	3,127
Leasehold land and buildings	3,630	220	-	-	3,850
Plant and machinery	54,787	9,537	(951)	-	63,373
Motor vehicles	12,304	2,431	(310)	-	14,425
Furniture and fittings	710	25	(2)	-	733
Office equipment	2,985	478	(13)	-	3,450
Renovation	1,150	80	-	-	1,230
	99,748	12,771	(2,181)	(2,290)	108,048

Representing items at:-

Cost	73,799	12,771	(2,181)	-	84,389
Valuation	25,949	-	-	(2,290)	23,659
	99,748	12,771	(2,181)	(2,290)	108,048

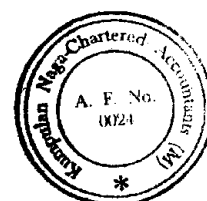


10. ACCOUNTANTS' REPORT (Cont'd)

Accumulated Depreciation	At 1.1.2001 RM'000	Depreciation RM'000	Disposals/ Write off RM'000	Revaluation RM'000	At 31.12.2001 RM'000
Freehold land	-	-	-	-	-
Freehold buildings	27	125	-	-	152
Leasehold land and Buildings	9	107	-	-	116
Plant and machinery	23,086	5,774	(569)	-	28,291
Motor vehicles	10,090	1,219	(310)	-	10,999
Furniture and fittings	341	69	(2)	-	408
Office equipment	2,271	350	(11)	-	2,610
Renovation	451	119	-	-	570
	36,275	7,763	(892)	-	43,146

Net Book Value	At 1.1.2001 RM'000	Additions (Net) RM'000	Depreciation (Net) RM'000	Revaluation RM'000	At 31.12.2001 RM'000
Freehold land	20,770	(905)	-	(2,005)	17,860
Freehold buildings	3,385	-	(125)	(285)	2,975
Leasehold land and buildings	3,621	220	(107)	-	3,734
Plant and machinery	31,701	8,586	(5,205)	-	35,082
Motor vehicles	2,214	2,121	(909)	-	3,426
Furniture and fittings	369	23	(67)	-	325
Office equipment	714	465	(339)	-	838
Renovation	699	80	(119)	-	660
	63,473	10,590	(6,871)	(2,290)	64,902

The downward revaluation of freehold land and building arose due to the difference between the valuation done by professional valuers and that of the Security Commission on certain freehold land and building own by TRC. The surplus on the revaluation was recorded in the financial year ended 31 December 2000.



10. ACCOUNTANTS' REPORT (Cont'd)**8.3. Associated Company**

	RM'000
Unquoted shares, at cost	200
Less: Share of post acquisition loss	(396)

	(196)
Due from associated company	5,399

	<u>5,203</u>

8.4. Inventories

Inventories comprises raw material of construction materials.

8.5. Trade and Other Receivables

	RM'000
Trade debtors	72,358
Gross amount due from customers	49,532
Other debtors and deposits	4,816

	<u>126,706</u>

8.6. Trade and Other Payables

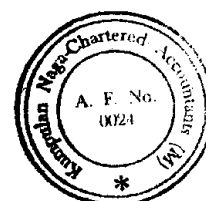
	RM'000
Trade creditors	30,069
Other creditors and accruals	12,703

	<u>42,772</u>

8.7. Short term borrowings

	RM'000
Bankers' acceptances	41,389
Bank overdraft	25,075
Revolving credit facility	5,000
Medium term credit	14,965
Overdraft-non chequing	16,532
Domestic factoring facility	6,621
Term loans payable not later than one year	352
Hire purchase creditors due within one year	6,401

	<u>116,335</u>



10. ACCOUNTANTS' REPORT (Cont'd)

8.8 Share Capital

The share capital represents the issue of 49,052,252 new ordinary shares of RM1.00 each for the acquisition of Trans Resources Corporation Sdn Bhd.

8.9 Share Premium

The share premium arose from the issue of 49,052,252 new ordinary shares of RM1.00 each at RM1.11 each for the consideration of the acquisition of Trans Resources Corporation Sdn Bhd.

8.10 Reserve

	RM'000
Net assets acquired	68,592
Less: Purchase consideration	(54,448)

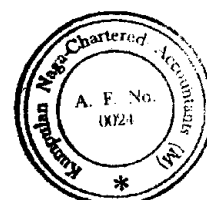
Reserve on consolidation	14,144
Accumulated loss	(13)

	<u>14,131</u>
	=====

8.11 Long term borrowings

	RM'000
Term loan	1,035
Hire purchase and lease creditors	7,610

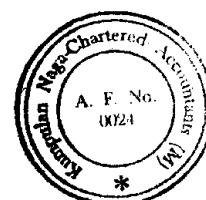
	<u>8,645</u>
	=====



10. ACCOUNTANTS' REPORT (Cont'd)**9. PROFORMA CONSOLIDATED CASHFLOW STATEMENT**

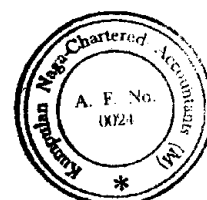
The proforma consolidated cash flow statement of TRC Group, prepared for illustration purposes is based on the audited financial statements of TRCS and TRC for the year ended 31 December 2001 and on the assumption that the Group has been in existence throughout the year.

	RM'000
Cash Flows Used In Operating Activities	
Profit before taxation	20,897
Adjustments for :-	
Depreciation of fixed assets	7,763
Fixed asset written off	-
Interest expense	7233
Interest income	(1,438)
Gain on disposal of fixed assets	(1,236)
Share of (profit) / loss of associated company	(13)
Operating profit before working capital changes	<u>33,206</u>
Working capital changes :-	
Gross amount due from customers	(20,511)
Stocks	276
Debtors	(37,816)
Development expenditure	(276)
Creditors	9,206
Cash generated from / (used in) operating activities	<u>(15,915)</u>
Interest received	1,438
Interest paid	(7,233)
Tax paid	(5,996)
Net cash used in operating activities	<u><u>(27,706)</u></u>



10. ACCOUNTANTS' REPORT (Cont'd)

	RM'000
Cash Flows Used In Investing Activities	
Purchase of fixed assets	(12,771)
Proceeds from disposal of fixed assets	2,525
Associated company	(4,625)
Net cash used in investing activities	<u>(14,871)</u>
Cash Flows Generated From Financing Activities	
Hire purchase and lease creditors	4,645
Term loans	(610)
Net cash generated from financing activities	<u>4,035</u>
Net decrease in cash and cash equivalents	(38,542)
Cash and cash equivalents at beginning of year	(25,866)
Cash and cash equivalents at end of year	<u><u>(64,408)</u></u>
Cash and cash equivalents at end of year comprise of:	
Cash and bank balances	3,680
Fixed deposits	41,494
Bankers' acceptance	(41,389)
Bank overdrafts	(25,075)
Revolving credit	(5,000)
Trust receipts	-
Domestic factoring	(6,621)
Medium term credit	(14,965)
Overdraft – non chequing	(16,532)
	<u>(64,408)</u>

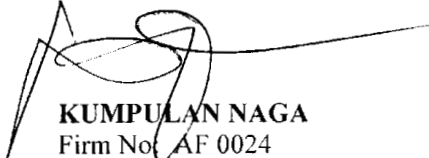


10. ACCOUNTANTS' REPORT (Cont'd)

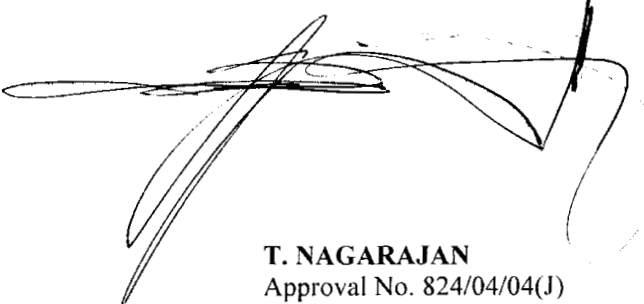
10. AUDITED FINANCIAL

No audited financial statements have been prepared in respect of any period subsequent to 31 December 2001.

Yours faithfully,



KUMPULAN NAGA
Firm No. AF 0024
Chartered Accountants (M)



T. NAGARAJAN
Approval No. 824/04/04(J)

11. VALUATION CERTIFICATE

(Prepared for inclusion in this Prospectus)

24 June 2002

The Board of Directors
TRC Synergy Berhad
Wisma TRC
217 & 218 Wisma TRC
Jalan Negara 2
Taman Melawati
53100 Ulu Kelang
Selangor Darul Ehsan

Dear Sir

VALUATION OF PROPERTIES BELONGING TO TRC SYNERGY BERHAD

This letter has been prepared for inclusion in the prospectus of TRC Synergy Berhad to be dated 28 June 2002 in connection with the Public Issue of 16,000,000 new ordinary shares of RM1.00 each in TRC Synergy Berhad and an Offer for Sale of 3,500,000 ordinary shares of RM1.00 each in TRC Synergy Berhad at an issue/offer price of RM1.60 per ordinary share.

We have valued the undermentioned properties and the valuation details are shown in our reports dated October 4, 19, 23, 25 and 31, 2000 as mentioned in Section 8.2 of the Prospectus. These Reports have been prepared in accordance with the Guidelines on Asset Valuations for submission to the Securities Commission and are in compliance with the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents.


The basis of valuation is the Market Value. We have adopted the Comparison Approach of Valuation either solely or together with the Residual Method/Investment Approach where appropriate in arriving at the Market Value.

It is our opinion that the Market Value of the undermentioned properties with vacant possession and subject to the titles being free from all encumbrances, good, marketable and registerable as at the respective dates of valuation are as follows:

Classification of Properties	Market Value as at the Date of Valuation
(A) Properties held for owner occupation	RM 4,805,000
(B) Properties held as investment	RM 8,120,000
(C) Properties being developed	RM13,025,000
Total	RM25,950,000

The details of the properties valued are appended for easy reference.

Yours faithfully


ANTHONY CHUA KIAN BENG
B Surv (Hons) Pty Mgmt, MIS (M)
(Registered Valuer V445)
Director (Valuation)

/cs

**KGV-Lambert
Smith Hampton**

Property Valuers
Machinery Valuers
Property Managers
Project Managers
Auctioneers
Property Consultants
Real Estate Agents

Other Offices:
Malaysia
Johor Bahru
Tel: (60)7-224 2022
Fax: (60)7-223 1366

Overseas
Athens
Atlanta
Belfast
Beverly Hills
Birmingham
Bristol
Cambridge
Clearwater
Dublin
Glasgow
Guildford
Hemel Hempstead
Leeds
Leicester
London
Luton
Maidenhead
Manchester
Milton Keynes
Northampton
Nottingham
Oxford
Peterborough
Reading
San Diego
Sheffield
Slough
Smyrna
Wellingborough



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Peninsular
(VE(1)0098)

KGV-LAMBERT SMITH HAMPTON (M) SDN BHD

(125852-D)

B-9-9, BLOK B, MEGAN PHILEO AVENUE, 12, JALAN YAP KWAN SENG, 50450 KUALA LUMPUR, MALAYSIA.
TEL: (60)3-2161 5355 TELEFAX: (60)3-2164 5355, 2164 1355.
E-mail: kgv-ish@tm.net.my
Internet: http://www.realty.com.my

11. VALUATION CERTIFICATE (Cont'd)
**KGV-Lambert
Smith Hampton**
(A) PROPERTIES WHICH ARE HELD FOR OWNER OCCUPATION

REF. NO, LOT NO, MUKIM, DISTRICT (PROPRIETOR)	LOCALITY/ ADDRESS	DESCRIPTION (TENURE)	VALUATION APPROACH	MARKET VALUE (VALUATION DATE)
KGV- LSH 001057 Lot No 3626 Section 16 Kuching Central Land District Sarawak (Trans Resources Corporation Sdn Bhd)	Located along Lorong Rock 2, within Taman Timberland, Kuching, Sarawak. Postal Address : Lot No 3626, Block 16, KCLD, Taman Timberland, Lorong Rock 2, 93200 Kuching, Sarawak	A corner 4-storey shop-office with a land area of approximately 205.7sm (2,214.2sf). The building has a total gross floor area of approximately 822.8sm (8,856.8 sf) (60-year leasehold expiring on April 18 2059)	1. Comparison Approach 2. Investment Approach	RM 965,000 (15-9-2000)
KGV – LSH 001066 Developer's Parcel No 47 (218) First and Second Floors of an Intermediate 4-storey Shop-office Building, Taman Melawati Metro 1 Phase 4 Town Centre Selangor Darul Ehsan. (Trans Resources Corporation Sdn Bhd)	Located on the first and second floors of an intermediate 4-storey shop/office building sited along Jalan Negara 2 within the commercial centre of Taman Melawati Metro 1 Phase 4 Town Centre, Selangor Darul Ehsan. Postal Address : Nos 218A (1st Floor) and 218B (2 nd Floor) Jalan Negara 2, Taman Melawati, 53100 Ulu Kelang, Selangor Darul Ehsan	First and second floor office lots of an intermediate 4-storey shop-office building. The office lots have a gross floor area of approximately 163.5sm (1,760.0sf) each. (Freehold)	1. Comparison Approach 2. Investment Approach	RM 525,000 (26-8-2000)


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11. VALUATION CERTIFICATE (Cont'd)

**KGV-Lambert
Smith Hampton**

(A) PROPERTIES WHICH ARE HELD FOR OWNER OCCUPATION

REF. NO, LOT NO, MUKIM, DISTRICT (PROPRIETOR)	LOCALITY/ ADDRESS	DESCRIPTION (TENURE)	VALUATION APPROACH	MARKET VALUE (VALUATION DATE)
KGV- LSH 001073 Lot Nos PT 8904 and Part of PT 8905 Mukim of Klang District of Klang Selangor Darul Ehsan <u>PT 8904</u> (Trans Resources Corporation Sdn Bhd) <u>PT 8905</u> (Trans Resources Corporation Sdn Bhd - ½ share Lee Eng Fe - ½ share)	Located in a locality known as Telok Gong, Klang, Selangor Darul Ehsan.	Two adjoining pieces of unconverted land with site areas as follows :- PT 8904 : 1.184 hectares (2.925 acres) Part of PT 8905 : 1.030 hectares (2.544 acres) The land is generally flat in terrain. The boundaries of the subject land are demarcated with metal deck/zinc sheet claddings. <u>PT 8904</u> (99-year leasehold expiring on August 25 2068) <u>PT 8905</u> (99-year leasehold expiring on August 23 2069)	Comparison Approach	RM 1,680,000 (15-9-2000)
KGV- LSH 001075 Lot No PT 9259 Mukim of Setapak District of Gombak Selangor Darul Ehsan (Trans Resources Corporation Sdn Bhd)	Located along Jalan Negara 2, within the commercial centre of Taman Melawati Metro 1 Phase 4 Town Centre, Selangor Darul Ehsan. Postal Address : No 217, Jalan Negara 2, Taman Melawati Metro 1, 53100 Ulu Kelang Selangor Darul Ehsan	An end-lot 4-storey shop- office building with a land area of approximately 163.5sm (1,760.0sf). The building has a gross floor area of approximately 654.0sm (7,040.0sf) (Freehold)	1. Comparison Approach 2. Investment Approach	RM 1,220,000 (23-8-2000)



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11. VALUATION CERTIFICATE (Cont'd)

**KGV-Lambert
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(A) PROPERTIES WHICH ARE HELD FOR OWNER OCCUPATION

REF. NO, LOT NO, MUKIM, DISTRICT (PROPRIETOR)	LOCALITY/ ADDRESS	DESCRIPTION (TENURE)	VALUATION APPROACH	MARKET VALUE (VALUATION DATE)
KGV- LSH 001077 Developer's Shoplot Lot No 27 Commerce Square Bintulu Park City Off Jalan Tun Ahmad Zaidi Bintulu Town District Sarawak (Trans Resources Corporation Sdn Bhd)	Located off Jalan Tun Ahmad Zaidi, within Commerce Square, Bintulu Park City, Kuching, Sarawak. Postal Address : No 27 Commerce Square, Bintulu Park City, Off Jalan Tun Ahmad Zaidi, 97000 Bintulu, Sarawak	An intermediate 3-storey shop-office with a land area of approximately 122.61sm (1,319.77sf). The building has a gross floor area of approximately 367.7sm (3,959.6sf) (57-year leasehold)	Comparison Approach	RM 415,000 (16-9-2000)



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11. VALUATION CERTIFICATE (Cont'd)

**KGV-Lambert
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(B) PROPERTIES WHICH ARE HELD AS INVESTMENT

REF. NO, LOT NO, MUKIM, DISTRICT (PROPRIETOR)	LOCALITY/ ADDRESS	DESCRIPTION (TENURE)	VALUATION APPROACH	MARKET VALUE (VALUATION DATE)
KGV- LSH 001076 Lot No PT 60849 to PT 60860 Mukim of Klang District of Klang Selangor Darul Ehsan (Trans Resources Corporation Sdn Bhd)	Located a short distance off the northern side of the 32.0 km (20.0 milestone) Jalan Bukit Kemuning, Klang, Selangor Darul Ehsan.	12 pieces of industrial land with a total site area of 14,361sm (154,587sf). The land is cleared and levelled. (Freehold)	Comparison Approach	RM 6,645,000 (18-9-2000)
KGV- LSH 001078 Lot No 886 Mukim of Ampangan District of Seremban Negeri Sembilan Darul Khusus (Trans Resources Corporation Sdn Bhd)	Located off Jalan Panchor, within Perumahan Rakyat Panchor, Paroi, Seremban.	A piece of unconverted land with a nett area of approximately 5.644 hectares (13.948 acres). The land is cleared and terraced. It is planted with fruit trees. (Freehold)	Comparison Approach	RM 905,000 (21-9-2000) Note: The subject property was compulsorily acquired by the government under Gazette Notification WKNS.627/30. 8.2001 dated August 30 2001. The compensation received was RM1,887,130.
KGV- LSH 001079 Lot No PT 19447 Mukim of Ampangan District of Seremban Negeri Sembilan Darul Khusus (Trans Resources Corporation Sdn Bhd)	Located off the approximate 2.1 km (1.3 mile) post of Jalan Kuala Pilah, Seremban.	A piece of residential land with a provisional area of 3.851 hectares (9.516 acres). The land has frontage along its south-western boundary onto an unmade access reserve. The land is hilly in terrain and covered with natural vegetation. (99-year leasehold expiring on September 18 2095)	Comparison Approach	RM 570,000 (21-9-2000)

Note :

The above properties are development lands as at the date of our valuation and hence no rental income were received.



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11. VALUATION CERTIFICATE (Cont'd)

KGV-Lambert
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(C) PROPERTIES BEING DEVELOPED

REF. NO, LOT NO, MUKIM, DISTRICT (PROPRIETOR) LOCALITY/ ADDRESS	DESCRIPTION (TENURE)	PRE LET/ PRE SALE	ESTIMATED COMPLETION DATE	VALUATION APPROACH MARKET VALUE (VALUATION DATE)	MARKET VALUE WHEN COMPLETED (WHERE APPLICABLE)																		
KGV-LSH 001052 Lot Nos PT 9598 to PT 9734 (Subdivided Lots of Parent Lot No 492) Mukim of Ulu Klang District of Gombak Selangor Darul Ehsan (Trans Resources Corporation Sdn Bhd) Located off the eastern side of the approximate 11.2 km (7.0 mile) Jalan Ulu Klang, Selangor Darul Ehsan.	137 sub-divided lots forming a housing scheme of approximately 5.982 hectares (14.781 acres). The subject lots have been issued with Qualified Titles. The proposed development is planned as follows :- <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Type</th> <th style="text-align: right;">No of Lots</th> </tr> </thead> <tbody> <tr> <td>1) Double-storey terrace house (22' x 80')</td> <td style="text-align: right;">93</td> </tr> <tr> <td>2) Double-storey terrace house (22' x 90')</td> <td style="text-align: right;">12</td> </tr> <tr> <td>3) Double-storey semi-detached house (45' x 80')</td> <td style="text-align: right;">10</td> </tr> <tr> <td>4) Double-storey detached House</td> <td style="text-align: right;">5</td> </tr> <tr> <td>5) Double-storey shophouse (22' x 70')</td> <td style="text-align: right;">6</td> </tr> <tr> <td>6) Part lots</td> <td style="text-align: right;">9</td> </tr> <tr> <td>7) TNB substation</td> <td style="text-align: right;">1</td> </tr> <tr> <td>8) Oxidation Pond</td> <td style="text-align: right;">1</td> </tr> </tbody> </table> <p style="text-align: center;">(Freehold)</p> Stage of completion : preliminary	Type	No of Lots	1) Double-storey terrace house (22' x 80')	93	2) Double-storey terrace house (22' x 90')	12	3) Double-storey semi-detached house (45' x 80')	10	4) Double-storey detached House	5	5) Double-storey shophouse (22' x 70')	6	6) Part lots	9	7) TNB substation	1	8) Oxidation Pond	1	Not Applicable	36 months	1. Comparison Approach 2. Residual Approach RM 13,025,000 (15-9-2000)	Not Applicable
Type	No of Lots																						
1) Double-storey terrace house (22' x 80')	93																						
2) Double-storey terrace house (22' x 90')	12																						
3) Double-storey semi-detached house (45' x 80')	10																						
4) Double-storey detached House	5																						
5) Double-storey shophouse (22' x 70')	6																						
6) Part lots	9																						
7) TNB substation	1																						
8) Oxidation Pond	1																						



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