

TRC SYNERGY BERHAD (413192-D)  
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements  
31 December 2008

**TRC SYNERGY BERHAD**

(Incorporated in Malaysia)

**Statutory Financial Statements**

31 December

**2008**

Index	Pages No.
Directors' Report	1 - 8
Statement by Directors	9
Statutory Declaration	9
Auditors' Report	10 & 11
Income Statements	12
Balance Sheets	13 & 14
Statement of Changes in Equity - Group	15 & 16
Statement of Changes in Equity - Company	17 & 18
Cash Flow Statements	19 & 20
Notes to the Financial Statements	21 - 77

**413192-D**

**TRC Synergy Berhad**  
(Incorporated in Malaysia)

## **Corporate Information**

<b>Board of Directors</b>	:	Dato' Sri Sufri Bin Hj Mohd Zin Dato' Abdul Aziz Bin Mohamad Gen. (R) Dato' Seri Mohd Shahrom Bin Dato' Hj Nordin Abdul Rahman Bin Ali Noor Zilan Bin Mohamed Noor
<b>Secretary</b>	:	Abdul Aziz Bin Mohamed
<b>Auditors</b>	:	Kumpulan Naga Chartered Accountants (M)
<b>Bankers</b>	:	EON Bank Berhad Affin Bank Berhad AmBank (M) Berhad Malayan Banking Berhad United Overseas Bank Berhad RHB Bank Berhad CIMB Bank Berhad HSBC Bank Malaysia Berhad Public Bank Berhad RHB Investment Bank Berhad Standard Chartered Bank Malaysia Berhad Malaysian International Merchant Bankers Berhad
<b>Registered Office/ Principal Place of Business</b>	:	Wisma TRC 217 & 218, Jalan Negara 2, Taman Melawati, 53100 Ulu Klang, Selangor Darul Ehsan.

**TRC SYNERGY BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT**

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

**PRINCIPAL ACTIVITIES**

The principal activities of the Company are investment holding, general contractors for supplying labour and provision of corporate, administrative and financial support services to its subsidiaries.

The principal activities of the subsidiaries are as disclosed in Note 17 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

**RESULTS**

	<b>Group</b>	<b>Company</b>
	<b>RM</b>	<b>RM</b>
Profit for the year	<u>45,637,641</u>	<u>3,128,318</u>
Attributable to:		
Equity holders of the Company	45,637,641	3,128,318
Minority interest	-	-
	<u>45,637,641</u>	<u>3,128,318</u>

**RESERVES AND PROVISIONS**

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

**DIVIDENDS**

The amount of dividends paid by the Company since 31 December 2007, were as follows :

RM

In respect of the financial year ended 31 December 2007 as reported in the directors' report of that year:

Final dividend of 5 sen per share less 26% taxation, on 157,358,033 ordinary shares, paid on 18 July 2008.	<u>5,822,247</u>
--	------------------

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**DIVIDENDS (CONT'D)**

At the forthcoming Annual General Meeting, a provisional dividend in respect of the financial year ended 31 December 2008, of 6 sen per share less 25% taxation on 189,577,479 ordinary shares amounting to a dividend payable of RM8,530,986 (4.5 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2009.

**DIRECTORS**

The names of the directors of the Company in office since the date of the last report and at the date of this report are :

Dato' Sri Sufri Bin Hj Mohd Zin  
Dato' Abdul Aziz Bin Mohamad  
Gen. (R) Dato' Seri Mohd Shahrom Bin Dato' Hj Nordin  
Abdul Rahman Bin Ali  
Noor Zilan Bin Mohamed Noor

**DIRECTORS' BENEFITS**

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those share options granted pursuant to the Employee Share Option Scheme.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 9 of the financial statements or the fixed salary of a full time employee) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, as required by Section 169 (8) of the Companies Act, 1965.

**TRC SYNERGY BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' INTERESTS**

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows :

	Number of Ordinary Shares of RM1 Each				
	At 1.1.2008	Acquired	Bonus Issue	Sold	At 31.12.2008
<b>The Company</b>					
<b>Direct Interest :</b>					
Dato' Sri Sufri Bin Hj Mohd Zin	17,191,666	155,500	3,438,333	(1,728,000)	19,057,499
Dato' Abdul Aziz Bin Mohamad	441,070	88,214	-	-	529,284
<b>Deemed Interest :</b>					
Dato' Sri Sufri Bin Hj Mohd Zin #	48,640,000	9,728,000	-	(9,170,000)	49,198,000

# Deemed interested by virtue of his substantial shareholdings in TRC Capital Sdn. Bhd. and Kolektif Aman Sdn. Bhd.

	-----Number of Share Options-----			
	At 1.1.2008	Granted	Exercised	At 31.12.2008
<b>The Company</b>				
Dato' Sri Sufri Bin Hj Mohd Zin	900,000	-	-	900,000
Dato' Abdul Aziz Bin Mohamad	850,000	-	-	850,000

	-----Number of Warrants -----			
	At 1.1.2008	Bonus Adjustments	Sold	At 31.12.2008
<b>The Company</b>				
Dato' Sri Sufri Bin Hj Mohd Zin	4,206,333	841,266	-	5,047,599

Dato' Sri Sufri Bin Hj Mohd Zin and Dato' Abdul Aziz Bin Mohamad by virtue of their interest in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**ISSUE OF SHARES**

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM139,803,133 to RM189,577,479 by way of :

- (i) the issuance of 292,400 ordinary shares of RM1.00 each through exercise of 2007/2017 Warrants at an exercise price of RM1.00 per share for cash;
- (ii) the issuance of 16,652,200 ordinary shares of RM1.00 each converted at par value from conversion of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") for additional working capital purpose; and
- (iii) the issuance of 1,241,500 ordinary shares of RM1.00 each for cash pursuant to the Company's Employee Share Options Scheme ("ESOS") at an exercise price of RM1.47 per ordinary share.
- (iv) the issuance of 31,588,246 ordinary shares of RM1.00 each through Bonus Issue on a basis of one new bonus share for every five ordinary shares of RM1.00 held by the shareholders on 8 August 2008.

The new ordinary shares issued during the financial year ranked pari passu in all respect with the existing ordinary shares of the Company.

**WARRANTS 2007/2017**

A total of 30,800,000 free warrants were issued by the Company in conjunction with the Rights Issue in 2007. Each warrant is convertible into one new ordinary share of RM1.00 each at the exercise price of RM1.00 per ordinary share.

Consequential to the Bonus Issue, the Company had issued an additional 6,101,520 new Warrants 2007/2017 pursuant to the adjustments in accordance with the provision under the Deed Poll executed by the Company on 15 November 2006 constituting the Warrants ('Deed Poll').

A total of 292,400 warrants were exercised during the current financial year with a balance of 36,609,120 outstanding warrants as at 31 December 2008.

The warrants are valid for a period of ten years and shall expire on 21 January 2017.

**TRC SYNERGY BERHAD**  
(Incorporated in Malaysia)

**EMPLOYEE SHARE OPTIONS SCHEME**

The TRC Synergy Berhad Employee Share Options Scheme ("ESOS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 30 April 2004. The ESOS was implemented on 22 June 2004 and is to be in force for a period of 5 years from the date of implementation. On 11 August 2008, the Board of Directors approved the extension of the duration of ESOS for another five years from the expiry date of the initial ESOS period.

Consequent to the Bonus Issue Exercise, the exercise price of the Company's Employees and Directors Share Options Scheme has been adjusted from RM1.47/share to RM1.23/share.

The salient features and other terms of the ESOS are disclosed in Note 33 to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders, including directors, who have been granted option to subscribe for less than 850,000 ordinary shares of RM1 each. The names of option holders granted option to subscribe for 850,000 or more ordinary shares of RM1 each during the financial year are as follows :-

Name	Grant Date	Expiry Date	Exercise Price RM	-----Number of Share Options-----		
				Granted	Exercised	31.12.2008
Abdul Aziz Bin Mohamed	22.06.2004	21.06.2014	1.23	990,000	(133,000)	857,000
Khoo Teng San	22.06.2004	21.06.2014	1.23	850,000	-	850,000
Loh Leh Wong	22.06.2004	21.06.2014	1.23	850,000	-	850,000
Yeoh Sook Keng	22.06.2004	21.06.2014	1.23	850,000	-	850,000

Details of options granted to directors are disclosed in the section on Directors' Interests in this report.



**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**OTHER STATUTORY INFORMATION**

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist :
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**OTHER STATUTORY INFORMATION (CONT'D)**

(f) In the opinion of the directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

**SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND EVENTS  
SUBSEQUENT TO THE BALANCE SHEET DATE**

The significant events during the financial year and events subsequent to the balance sheet date are disclosed in Note 40 and Note 41 to the financial statements respectively.

**413192-D**

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**AUDITORS**

The auditors, Kumpulan Naga, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 April 2009

DATO' SRI SUFRI BIN HJ MOHD ZIN

DATO' ABDUL AZIZ BIN MOHAMAD

Kuala Lumpur, Malaysia.

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**STATEMENT BY DIRECTORS**  
**PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965**

We, **DATO' SRI SUFRI BIN HJ MOHD ZIN** and **DATO' ABDUL AZIZ BIN MOHAMAD**, being the Directors of **TRC SYNERGY BERHAD**, state that, in the opinion of the Directors, the accompanying financial statements set out on pages 12 to 77 are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2008 and of the results and the cash flows of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 April 2009

DATO' SRI SUFRI BIN HJ MOHD ZIN

DATO' ABDUL AZIZ BIN MOHAMAD

Kuala Lumpur, Malaysia.

---

**STATUTORY DECLARATION**  
**PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, **DATO' SRI SUFRI BIN HJ MOHD ZIN**, being the Director primarily responsible for the financial management of **TRC SYNERGY BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 12 to 77 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the  
abovenamed **DATO' SRI SUFRI BIN HJ MOHD**  
**ZIN** at Kuala Lumpur in the Federal Territory on 30  
April 2009

**DATO' SRI SUFRI BIN HJ MOHD ZIN**

Before me,

.....  
Commissioner for Oath

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
TRC SYNERGY BERHAD**

(Incorporated in Malaysia)

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of TRC Synergy Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 12 to 77.

**Directors' Responsibility for the Financial Statements**

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the applicable Financial Reporting Standards in Malaysia and the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
TRC SYNERGY BERHAD (CONT'D)**

(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the applicable Financial Reporting Standards in Malaysia and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 17 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification or any adverse comment required to be made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

.....  
Kumpulan Naga  
A.F. No. 0024  
Chartered Accountants (M)

.....  
T. Nagarajan KMN  
No: 824/04/10 (J)

Kuala Lumpur, Malaysia

Date: 30 April 2009

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**INCOME STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
<b>Continuing Operations</b>					
Revenue	3	740,662,748	422,220,508	10,345,293	52,831,831
Cost of sales	4	(663,091,423)	(365,610,241)	(2,654,448)	(1,650,128)
<b>Gross profit</b>		<u>77,571,325</u>	<u>56,610,267</u>	<u>7,690,845</u>	<u>51,181,703</u>
Other income	5	8,040,043	5,678,601	3,269,872	3,254,298
Administrative expenses		(19,223,407)	(15,794,216)	(2,465,142)	(1,430,972)
Selling and marketing expenses		-	-	-	-
<b>Operating profit</b>		<u>66,387,961</u>	<u>46,494,652</u>	<u>8,495,575</u>	<u>53,005,029</u>
Finance costs	6	(4,659,522)	(4,752,972)	(3,690,953)	(3,518,827)
Share of loss of associate		(368,042)	(3,059)	-	-
<b>Profit before tax</b>	7	<u>61,360,397</u>	<u>41,738,621</u>	<u>4,804,622</u>	<u>49,486,202</u>
Income tax expense	10	(15,722,756)	(11,691,134)	(1,676,304)	(13,658,469)
<b>Profit for the year</b>		<u>45,637,641</u>	<u>30,047,487</u>	<u>3,128,318</u>	<u>35,827,733</u>
<b>Attributable to:</b>					
Equity holders of the Company		45,637,641	30,047,487	3,128,318	35,827,733
Minority interests		-	-	-	-
		<u>45,637,641</u>	<u>30,047,487</u>	<u>3,128,318</u>	<u>35,827,733</u>
<b>Earning per share attributable to equity holders of the Company (sen)</b>					
- Basic, for profit for the year	11	<u>24.83</u>	<u>17.53</u>		
- Diluted, for profit for the year	11	<u>24.81</u>	<u>15.84</u>		

The accompanying notes form an integral part of the financial statements.

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**BALANCE SHEETS**  
**AS AT 31 DECEMBER 2008**

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investment properties	12	6,186,500	6,186,500	-	-
Prepaid land lease payment	13	505,892	511,783	-	-
Property, plant and equipment	14	26,503,347	16,889,194	-	900,000
Properties held for development	15	19,957,924	19,957,924	-	-
Intangible assets	16	83,333	283,333	83,333	283,333
Investment in Subsidiaries	17	-	-	61,747,808	61,756,038
Investment in Associate	18	6,521,265	6,897,094	-	-
Other investments	19	24,655,702	6,340,616	4,000,000	4,000,000
Other receivables	21	-	-	175,077,537	177,890,557
Deferred tax assets	31	-	-	34,316	811,215
		<u>84,413,963</u>	<u>57,066,444</u>	<u>240,942,994</u>	<u>245,641,143</u>
<b>CURRENT ASSETS</b>					
Property development costs	15	14,788,418	23,678,075	-	-
Inventories	20	937,037	1,023,124	-	-
Trade and other receivables	21	135,770,412	109,346,537	27,519	42,969
Cash and bank balances	24	220,423,439	191,027,527	3,141,980	328,791
		<u>371,919,306</u>	<u>325,075,263</u>	<u>3,169,499</u>	<u>371,760</u>
Non-current asset classified as held for sale	25	-	1,558,610	-	-
		<u>371,919,306</u>	<u>326,633,873</u>	<u>3,169,499</u>	<u>371,760</u>
<b>TOTAL ASSETS</b>		<u>456,333,269</u>	<u>383,700,317</u>	<u>244,112,493</u>	<u>246,012,903</u>



**TRC SYNERGY BERHAD**  
(Incorporated in Malaysia)

**BALANCE SHEETS (CONT'D)**  
**AS AT 31 DECEMBER 2008**

		<b>Group</b>		<b>Company</b>	
	Note	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
		RM	RM	RM	RM
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	26	189,577,479	139,803,133	189,577,479	139,803,133
Share premium	26	-	6,535,663	-	6,535,663
ICULS - equity component	27	1,022,700	15,241,344	1,022,700	15,241,344
Other reserves	28	(7,633)	2,127	-	-
Retained earnings	29	76,274,736	61,007,386	12,860,459	40,102,432
<b>Total equity</b>		<b>266,867,282</b>	<b>222,589,653</b>	<b>203,460,638</b>	<b>201,682,572</b>
<b>NON-CURRENT LIABILITIES</b>					
ICULS - liability component	27	124,256	2,991,134	124,256	2,991,134
Borrowings	30	7,613,740	47,126,671	-	40,000,000
Deferred tax liabilities	31	243,780	691,368	-	-
		<b>7,981,776</b>	<b>50,809,173</b>	<b>124,256</b>	<b>42,991,134</b>
<b>CURRENT LIABILITIES</b>					
Borrowings	30	65,801,075	23,997,073	40,000,000	-
Trade and other payables	32	106,518,538	78,289,418	457,386	1,212,609
Current tax payable		9,145,682	7,995,523	51,297	107,111
Dividends payable		18,916	19,477	18,916	19,477
		<b>181,484,211</b>	<b>110,301,491</b>	<b>40,527,599</b>	<b>1,339,197</b>
<b>Total liabilities</b>		<b>189,465,987</b>	<b>161,110,664</b>	<b>40,651,855</b>	<b>44,330,331</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>456,333,269</b>	<b>383,700,317</b>	<b>244,112,493</b>	<b>246,012,903</b>

The accompanying notes form an integral part of the financial statements.

413192-D

**TRC SYNERGY BERHAD**  
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY - GROUP**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

	Attributable to Equity Holders of the Company							Minority Interest RM	Total Equity RM
	Non-Distributable			Distributable					
Note	Share Capital RM (Note 26)	Share Premium RM (Note 26)	ICULS (Equity Component) RM (Note 27)	Exchange Fluctuation Reserves RM (Note 28)	Retained Earnings RM (Note 29)	Total RM			
<b>At 1 January 2008</b>	139,803,133	6,535,663	15,241,344	2,127	61,007,386	222,589,653	-	222,589,653	
Issue of ordinary shares pursuant to :									
Bonus issue	31,588,246	(7,048,202)	-	-	(24,540,044)	-	-	-	
Warrants	292,400	-	-	-	-	292,400	-	292,400	
ESOS	1,241,500	583,505	-	-	-	1,825,005	-	1,825,005	
ICULS	16,644,200	-	-	-	-	16,644,200	-	16,644,200	
ICULS adjustment	8,000	-	-	-	(8,000)	-	-	-	
Arising during the year	-	-	-	(9,760)	-	(9,760)	-	(9,760)	
Equity component of ICULS	-	-	(14,218,644)	-	-	(14,218,644)	-	(14,218,644)	
Profit for the year	-	-	-	-	45,637,641	45,637,641	-	45,637,641	
Dividends	36	-	-	-	(5,822,247)	(5,822,247)	-	(5,822,247)	
Expenditure written off	-	(70,966)	-	-	-	(70,966)	-	(70,966)	
<b>At 31 December 2008</b>	<b>189,577,479</b>	<b>-</b>	<b>1,022,700</b>	<b>(7,633)</b>	<b>76,274,736</b>	<b>266,867,282</b>	<b>-</b>	<b>266,867,282</b>	

413192-D

**TRC SYNERGY BERHAD**  
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY - GROUP**  
**FOR THE YEAR ENDED 31 DECEMBER 2007 (CONT'D)**

	Attributable to Equity Holders of the Company							Minority Interest RM	Total Equity RM
	Note	Share Capital RM (Note 26)	Share Premium RM (Note 26)	ICULS (Equity Component) RM (Note 27)	Exchange Fluctuation Reserves RM (Note 28)	Retained Earnings RM (Note 29)	Total RM		
<b>At 1 January 2007</b>		92,400,000	6,213,201	-	8,052	33,250,395	131,871,648	-	131,871,648
Issue of ordinary shares pursuant to :									
Rights Issue		30,800,000	-	-	-	-	30,800,000	-	30,800,000
ESOS		3,644,500	1,712,915	-	-	-	5,357,415	-	5,357,415
ICULS		12,958,633	-	-	-	-	12,958,633	-	12,958,633
Arising during the year		-	-	-	(5,925)	-	(5,925)	-	(5,925)
Equity component of ICULS		-	-	15,241,344	-	-	15,241,344	-	15,241,344
Profit for the year		-	-	-	-	30,047,487	30,047,487	-	30,047,487
Dividends	36	-	-	-	-	(2,290,496)	(2,290,496)	-	(2,290,496)
Expenditure written off		-	(1,390,453)	-	-	-	(1,390,453)	-	(1,390,453)
<b>At 31 December 2007</b>		<b>139,803,133</b>	<b>6,535,663</b>	<b>15,241,344</b>	<b>2,127</b>	<b>61,007,386</b>	<b>222,589,653</b>	<b>-</b>	<b>222,589,653</b>

413192-D

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**STATEMENT OF CHANGES IN EQUITY - COMPANY**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

	← Non - distributable →			Distributable	
	Share Capital RM (Note 26)	Share Premium RM (Note 26)	ICULS (Equity component) RM (Note 27)	Retained Earnings RM (Note 29)	Total Equity RM
Note					
<b>At 1 January 2008</b>	139,803,133	6,535,663	15,241,344	40,102,432	201,682,572
Profit for the year	-	-	-	3,128,318	3,128,318
Dividends	-	-	-	(5,822,247)	(5,822,247)
Issue of ordinary shares pursuant to :					
Bonus Issue	31,588,246	(7,048,202)	-	(24,540,044)	-
Warrants	292,400	-	-	-	292,400
ESOS	1,241,500	583,505	-	-	1,825,005
ICULS	16,644,200	-	-	-	16,644,200
ICULS Adjustment	8,000	-	-	(8,000)	-
Equity component of ICULS	-	-	(14,218,644)	-	(14,218,644)
Expenditure written off	-	(70,966)	-	-	(70,966)
<b>At 31 December 2008</b>	<b>189,577,479</b>	<b>-</b>	<b>1,022,700</b>	<b>12,860,459</b>	<b>203,460,638</b>

413192-D

**TRC SYNERGY BERHAD**  
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY - COMPANY**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

	← Non - distributable →			Distributable	
	Share Capital RM (Note 26)	Share Premium RM (Note 26)	ICULS (Equity component) RM (Note 27)	Retained Earnings RM (Note 29)	Total Equity RM
Note					
<b>At 1 January 2007</b>	92,400,000	6,213,201	-	6,565,195	105,178,396
Profit for the year	-	-	-	35,827,733	35,827,733
Dividends	-	-	-	(2,290,496)	(2,290,496)
Issue of ordinary shares pursuant to :					
Rights Shares	30,800,000	-	-	-	30,800,000
ESOS	3,644,500	1,712,915	-	-	5,357,415
ICULS	12,958,633	-	-	-	12,958,633
Equity component of ICULS	-	-	15,241,344	-	15,241,344
Expenditure written off	-	(1,390,453)	-	-	(1,390,453)
<b>At 31 December 2007</b>	<b>139,803,133</b>	<b>6,535,663</b>	<b>15,241,344</b>	<b>40,102,432</b>	<b>201,682,572</b>

**TRC SYNERGY BERHAD**  
(Incorporated in Malaysia)

**CASH FLOW STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before taxation		61,360,397	41,738,621	4,804,622	49,486,202
Adjustments for :-					
Unrealised loss on foreign exchange		311,823	-	-	-
Share of loss from joint venture		455	469	-	-
Dividend income		(593)	(329)	(6,520,270)	(50,000,000)
Doubtful advances written off		309,012	124,501	309,012	-
(Gain)/Loss on disposal of a subsidiary		(185,884)	-	8,229	-
Loss on disposal of quoted shares		-	69,553	-	-
Expenditure written off to share premium		(70,966)	-	(70,966)	-
Finance cost on ICULS		422,021	267,759	422,021	267,759
Amortisation of expenditure carried forward		200,000	200,000	200,000	200,000
Exchange reserve arising due to retranslation of financial statements in foreign currency		6,243	(5,925)	-	-
Depreciation of property, plant and equipment		5,393,506	4,890,153	-	-
Amortisation of leasehold land		5,891	5,891	-	-
Gain on disposal of property, plant and equipment		(735,759)	(401,151)	-	-
Share of results of an associate company		368,042	3,059	-	-
Interest expense		3,971,191	4,218,612	3,268,932	3,251,068
Interest income		(4,655,429)	(3,055,713)	(3,268,932)	(3,251,068)
Property, plant and equipment written off		5,233	-	-	-
<b>OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES</b>		<b>66,705,183</b>	<b>48,055,500</b>	<b>(847,352)</b>	<b>(46,039)</b>
Inventories		86,087	(461,135)	-	-
Receivables		(26,718,941)	58,374,507	(293,562)	(1,202)
Payables		28,120,339	19,464,372	(865,571)	(157,207)
Property development project costs		8,889,657	3,496,901	-	-
<b>Cash generated from/(used in) operations</b>		<b>77,082,325</b>	<b>128,930,145</b>	<b>(2,006,485)</b>	<b>(204,448)</b>
Taxation paid		(15,787,580)	(7,596,804)	(1,708,214)	(72,860)
Interest paid		(3,971,191)	(4,218,612)	(3,268,932)	(3,251,068)
Interest received		4,655,429	3,055,713	3,268,932	3,251,068
<b>Net cash generated from/(used in) operating activities</b>		<b>61,978,983</b>	<b>120,170,442</b>	<b>(3,714,699)</b>	<b>(277,308)</b>

**TRC SYNERGY BERHAD**  
(Incorporated in Malaysia)

**CASH FLOW STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Dividend received		-	240	4,825,000	36,500,000
Associate company		7,786	(6,900,153)	-	-
Additional investment in subsidiaries		-	-	-	(7,299,008)
Purchase of investment properties		-	(1,317,425)	-	-
Purchase of quoted investment		(18,315,086)	(2,196,616)	-	-
Purchase of property, plant and equipment		(13,584,877)	(5,551,399)	-	(900,000)
Purchase of land held for development		-	(7,986,266)	-	-
Proceeds from disposal of property, plant and equipment		866,354	5,186,097	-	-
Other receivables		-	-	5,408,290	(91,566,796)
Proceeds from disposal of quoted investments		-	36,317	-	-
Net cash (used in)/generated from investing activities		(31,025,823)	(18,729,205)	10,233,290	(63,265,804)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Disposal of a subsidiary	17	168,314	-	1	-
Proceeds from exercise of warrants		292,400	-	292,400	-
Proceeds on share premium from ESOS exercised		583,505	1,712,915	583,505	1,712,915
Proceeds from ESOS exercised		1,241,500	3,644,500	1,241,500	3,644,500
Proceeds from Rights Issue		-	30,800,000	-	30,800,000
Proceeds from Issuance of ICULS		-	30,800,000	-	30,800,000
Fixed deposits		3,601,724	(52,994,319)	-	-
Proceeds/(Repayment) of short term borrowings		29,175,969	(8,185,510)	-	-
(Repayment)/Proceeds from long term borrowings		(39,512,931)	6,532,678	-	-
Intangible assets		-	(845,229)	-	(845,229)
Dividend paid		(5,822,215)	(2,288,972)	(5,822,808)	(2,288,972)
Net cash (used in)/generated from financing activities		(10,271,734)	9,176,063	(3,705,402)	63,823,214
<b>Net increase in cash and cash equivalents</b>		20,681,426	110,617,300	2,813,189	280,102
<b>Effects of foreign exchange rate changes</b>		(311,823)	-	-	-
<b>Cash and cash equivalents at the beginning of the year</b>		102,841,270	(7,776,030)	328,791	48,689
<b>Cash and cash equivalents at the end of the year</b>	24	123,210,873	102,841,270	3,141,980	328,791

The accompanying notes form an integral part of the financial statements.

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2008**

**1. CORPORATE INFORMATION**

The principal activities of the Company are investment holding, general contractors for supplying labour and provision of corporate, administrative and financial support services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 17 to the financial statements.

The number of employees of the Company as at year end is 51 (2007: 51). The number of employees of the Group as at year end is 589 (2007: 510).

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The Company is listed on the Main Board of Bursa Malaysia Securities Berhad and produces financial statements available for the public use.

The registered office and principal place of business of the Company is located at Wisma TRC, 217 & 218, Jalan Negara 2, Taman Melawati, 53100 Ulu Klang, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 April 2009.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of Preparations of Financial Statements**

The financial statements of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable Financial Reporting Standards in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in the summary of significant accounting policies.

The financial statements are presented in Ringgit Malaysia (RM).

The preparation of financial statements in conformity with Financial Reporting Standards, requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.



**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.2 Summary of Significant Accounting Policies**

**(a) Subsidiaries and Basis of Consolidation**

**(i) Subsidiaries**

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less any impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

**(ii) Basis of Consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.2 Summary of Significant Accounting Policies (Cont'd)**

**(a) Subsidiaries and Basis of Consolidation (Cont'd)**

**(ii) Basis of Consolidation (Cont'd)**

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

**(b) Intangible Assets**

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

**(c) Property, Plant and Equipment**

**(i) Cost**

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.2 Summary of Significant Accounting Policies (Cont'd)**

**(c) Property, Plant and Equipment (Cont'd)**

**(i) Cost (Cont'd)**

Certain freehold and leasehold buildings are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

**(ii) Depreciation and residual value**

Freehold land has an unlimited useful life and therefore is not depreciated. Buildings-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates :

Renovation	10%
Buildings	2%
Plant, machinery and tools	10%
Furniture and fittings	10%
Motor vehicles	20%
Office equipment and computers	20%
Telecommunication equipment	20%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.2 Summary of Significant Accounting Policies (Cont'd)**

**(c) Property, Plant and Equipment (Cont'd)**

**(iii) Impairment**

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying value of the assets is fully recoverable. A write down is made if the carrying value exceeds the recoverable amount (see significant policies note 2.2(f) on impairment of non-financial assets).

**(iv) Gains or losses on disposal**

Gains or losses on disposal are determined by comparing the proceeds with the carrying amount of the related asset and are included in the Income Statement.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

**(d) Financial Instruments**

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

**(i) Cash and Cash Equivalents**

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and placement with cash management trusts which have an insignificant risk of changes in value, net off outstanding bank overdrafts. These placements are with cash management trusts and are viewed as an alternative to short term placements with licensed financial institutions.

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.2 Summary of Significant Accounting Policies (Cont'd)**

**(d) Financial Instruments (Cont'd)**

**(ii) Trade Receivables**

Trade receivables are carried at anticipated realisable value. Bad debts are written off and specific allowances are made for trade receivables considered to be doubtful of collection. The allowances is established when there is objective evidence that the Group and the Company will not be able to collect all amounts due according to the original terms of receivables.

**(iii) Trade Payables**

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

**(iv) Interest Bearing Loans and Borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

**(v) Equity Instruments**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

**(vi) Irredeemable Convertible Unsecured Loan Stocks ("ICULS")**

The ICULS are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible borrowings. The difference between the proceeds of issue of the ICULS and the fair value assigned to the liability component, representing the conversion option is included in equity. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or redemption, whilst the value of the equity component is not adjusted in subsequent periods.

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.2 Summary of Significant Accounting Policies (Cont'd)**

**(d) Financial Instruments (Cont'd)**

**(vi) Irredeemable Convertible Unsecured Loan Stocks ("ICULS") (Cont'd)**

Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing market interest rate for a similar non-convertible borrowings to the instrument at the date of issue. The difference between this amount and the interest paid is added to the carrying amount of the ICULS.

**(vii) Warrants**

Warrants issued in conjunction with the Rights Issue in financial year ended 31 December 2007 are not recognised on the date of issue.

The issue of ordinary shares upon exercise of the warrant are treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

**(e) Construction Contracts**

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.2 Summary of Significant Accounting Policies (Cont'd)**

**(f) Impairment of Non-Financial Assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually, and as and when events or circumstances occur indicating that an impairment may exist. Property, plant and equipment and other non-current assets, including intangible assets with definite useful life, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal at each reporting date.

The impairment loss is charged to Income Statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the Income Statement unless it reverses an impairment loss on revalued assets in which case it is taken to revaluation surplus.

**(g) Inventories**

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and applicable variable selling expenses. In arriving at the net realisable value, due allowances is made for all obsolete and slow moving items.

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.2 Summary of Significant Accounting Policies (Cont'd)**

**(h) Land Held for Property Development and Property Development Costs**

**(i) Land Held for Property Development**

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as development properties at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

**(ii) Property Development Costs**

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.



**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.2 Summary of Significant Accounting Policies (Cont'd)**

**(h) Land Held for Property Development and Property Development Costs (Cont'd)**

**(ii) Property Development Costs (Cont'd)**

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

**(i) Leases**

**(i) Classification**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance lease in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

**(ii) Finance leases - the Company as lessee**

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings.

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.2 Summary of Significant Accounting Policies (Cont'd)**

**(i) Leases (Cont'd)**

**(ii) Finance leases - the Company as lessee (Cont'd)**

In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the income statement over the term of the relevant lease so as produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(c).

**(iii) Operating leases - the Company as lessee**

Operating lease payments are recognised as an expense on a straight -line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight -line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payment made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.2 Summary of Significant Accounting Policies (Cont'd)**

**(j) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**(k) Investment Properties**

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

**(l) Income Tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.2 Summary of Significant Accounting Policies (Cont'd)**

**(l) Income Tax (Cont'd)**

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

**(m) Employee Benefits**

**(i) Short Term Benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.2 Summary of Significant Accounting Policies (Cont'd)**

**(m) Employee Benefits (Cont'd)**

**(ii) Defined Contribution Plans**

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

**(n) Foreign Currencies**

**(i) Functional and presentation currency**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

**(ii) Foreign currency transactions**

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.2 Summary of Significant Accounting Policies (Cont'd)**

**(n) Foreign Currencies (Cont'd)**

**(ii) Foreign currency transactions (Cont'd)**

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

**(iii) Foreign operations**

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows :

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

The principal exchange rates used for every unit of foreign currency ruling at the balance sheet date are as follows :-

	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
United States Dollar	3.46	3.31
Euro	4.88	4.88
Brunei Dollar	2.41	2.31

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.2 Summary of Significant Accounting Policies (Cont'd)**

**(o) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

**(i) Sale of Properties**

Revenue from sale of properties is accounted for by the stage of completion method.

**(ii) Construction Contracts**

Revenue from construction contracts is accounted for by the stage of completion method.

**(iii) Sale of Goods**

Revenue is recognised net off sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

**(iv) Rental Income**

Rental income is recognised on an accrual basis.

**(v) Interest income**

Interest income is recognised on an accrual basis using the effective interest method.

**(vi) Dividend income**

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

**(vii) Management Fees**

Management fees are recognised when services are rendered.

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.2 Summary of Significant Accounting Policies (Cont'd)**

**(p) Share Based Payments**

The Group and the Company recognised an increase in share capital and share premium when the options were exercised.

**(q) Investments**

**(i) Subsidiaries and associates**

The investments in subsidiaries and associates are shown at cost. Where an indication of impairment exists, the carrying value of the investment is assessed and written down immediately to its recoverable amount. (see significant accounting policy note 2.2. (f) on impairment of non-financial assets).

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is charged or credited to the Income Statement.

**(ii) Other non-current investments**

Other non-current investments are shown at cost and an allowances for diminution in value other than temporary is made for each non current investment individually where, in the opinion of the Directors, there is a decline other than temporary in the value of the investments, and recognised as an expense in the financial year in which the decline is identified.

**(iii) Marketable securities**

Marketable securities are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investment. Cost is derived at the weighted average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Increase/decrease in the carrying amount of marketable securities is credited or charged to the Income Statement.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is credited or charged to the Income Statement.



**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.2 Summary of Significant Accounting Policies (Cont'd)**

**(r) Share capital**

**(a) Classification**

Ordinary share with discretionary dividend are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Distribution to holders of a financial instrument classified as an equity instrument is charged directly to equity.

**(b) Share issue costs**

Incremental external costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net off tax from the proceeds.

**(c) Dividend to shareholders of the Company**

Dividends are recognised as an equity in the period in which they are declared.

**(s) Impairment of Assets**

At each balance sheet date, the Company reviews the carrying amounts of its assets (other than inventories, deferred tax assets, assets arising from employee benefits and financial assets which are reviewed pursuant to the relevant accounting policies) to determine whether there are any indications that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is possible, for the cash-generating unit to which the asset belongs.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any available previously recognised revaluation surplus for the same asset.

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.2 Summary of Significant Accounting Policies (Cont'd)**

**(s) Impairment of Assets (Cont'd)**

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net off amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is stated at revaluation, in which case it is taken to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised in the income statement.

**2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSS**

On 1 January 2008, the Group adopted the following FRSS mandatory for financial periods beginning on or after 1 January 2008:

- (a) Standards, amendments to published standards and interpretation to existing standards that are not yet effective and have not been early adopted :-

The new standards and IC Interpretation that is applicable to the Group, but which the Group has not early adopted :

- (i) FRS 8 Operating segments (effective for annual period beginning on or after 1 July 2009). FRS 8 replaces FRS 114 Segment Reporting. The new standard requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.
- (ii) The following standards will be effective for annual period beginning on or after 1 January 2010. The Group will apply these standards from financial periods beginning on 1 January 2010. The Group applied the transitional provision in the respective standards which exempt entities from disclosing the possible impact arising from the initial application of the standards on the financial statements of the Group.

- FRS 139 Financial Instruments : Recognition and Measurement
- FRS 7 Financial Instruments : Disclosures

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Cont'd)**

- (a) Standards, amendments to published standards and interpretation to existing standards that are not yet effective and have not been early adopted :- (Cont'd)
- (ii) FRS 139 "Financial Instruments : Recognition and Measurement" is a new standards which establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances.
  - (iii) IC interpretation 9 Reassessment of Embedded Derivatives (effective for annual period beginning on or after 1 January 2010). IC Interpretation 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The Group will apply this standards from financial periods beginning on  
1 January 2010.
  - (iv) IC interpretation 10 Interim Financial Reporting and Impairment (effective for annual period beginning on or after 1 January 2010). IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply this standard from financial periods beginning on 1 January 2010.

With the exception of FRS 139, the above standards, amendments to published standards and interpretations to existing standards are not anticipated to have any significant impact to the financial position of the Group.

- (b) Standards, amendments to published standards and interpretations to existing standards that are not yet effective and not relevant for the Group's operations

FRS 4 Insurance Contracts is mandatory for the Group's financial periods beginning on 1 January 2010 but not relevant for the Group's operations.

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**3. REVENUE**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Construction contracts	647,475,045	386,230,874	-	-
Sales of construction material	79,033,082	28,391,295	-	-
Development revenue	9,019,786	2,973,858	-	-
Rental of motor vehicle and machinery	4,970,954	4,350,048	-	-
Servicing of motor vehicle	163,881	213,118	-	-
Rendering of services	-	61,315	2,805,023	1,811,831
Dividend income from subsidiaries	-	-	6,520,270	50,000,000
Management fees from subsidiaries	-	-	1,020,000	1,020,000
	<b>740,662,748</b>	<b>422,220,508</b>	<b>10,345,293</b>	<b>52,831,831</b>

**4. COST OF SALES**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Construction contract costs	580,866,780	334,084,151	-	-
Sales of construction materials	68,242,800	24,550,968	-	-
Property development costs	13,910,543	6,944,739	-	-
Cost of services rendered	71,300	30,383	2,654,448	1,650,128
	<b>663,091,423</b>	<b>365,610,241</b>	<b>2,654,448</b>	<b>1,650,128</b>

Included in the property development costs is interest on bridging loan amounting RM413,456 (2007: RM105,916).

**5. OTHER INCOME**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Gain on disposal of a subsidiary	185,884	-	-	-
Interest from subsidiary company	-	-	3,268,932	3,251,068
Gain on disposal of property, plant and equipment	735,759	401,151	-	-
Interest income	4,655,429	3,055,713	-	-
Rental income	331,940	140,100	-	-
Dividend income on equity investment, quoted in Malaysia	593	329	-	-
Miscellaneous	2,130,438	2,081,308	940	3,230
	<b>8,040,043</b>	<b>5,678,601</b>	<b>3,269,872</b>	<b>3,254,298</b>

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**6. FINANCE COSTS**

Included in finance costs are :

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Interest on irredeemable unsecured loan stocks (ICULS)	422,021	267,759	422,021	267,759
Bank overdraft interest	56,308	361,569	-	-
Term loan interest	480,000	440,000	-	-
Hire purchase interest	154,360	116,021	-	-
Bankers acceptance interest	9,012	48,008	-	-
Loan interest - others	2,579	1,946	-	-
Interest on unsecured term loan	3,268,932	3,251,068	3,268,932	3,251,068

**7. PROFIT BEFORE TAXATION**

The following amounts have been included in arriving at profit before tax :

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Loss on disposal of quoted shares	-	69,553	-	-
Amortisation charges	200,000	200,000	200,000	200,000
Directors' remuneration	2,035,884	1,194,092	-	-
Auditors' remuneration				
- statutory audit	123,300	96,300	12,000	12,000
- other services	19,350	18,675	19,350	18,675
Depreciation of property, plant and equipment	5,393,506	4,890,153	-	-
Property, plant and equipment written off	5,233	-	-	-
Rental of premises	1,083,929	788,159	-	-
Doubtful advances written off	309,012	124,501	309,012	-
Rental of vehicle, heavy machinery and equipment	934,670	1,430,420	-	-
Amortisation of prepaid land lease payments	5,891	5,891	-	-
Rental of land	-	6,000	-	-
Unrealised loss on foreign exchange	311,823	-	-	-
Employees benefits expense	24,016,674	13,018,525	4,136,360	2,614,028
Non - executive directors' remuneration	105,000	84,000	105,000	84,000
Loss on termination of project	42,336	-	-	-

**TRC SYNERGY BERHAD**  
(Incorporated in Malaysia)

**8. EMPLOYEE BENEFITS EXPENSES**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Wages and salaries	22,012,193	11,819,272	3,737,164	2,355,387
Social security contributions	180,162	122,860	22,564	21,576
Contributions to defined contribution plan	1,824,319	1,076,393	376,632	237,065
	<u>24,016,674</u>	<u>13,018,525</u>	<u>4,136,360</u>	<u>2,614,028</u>

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,035,884 (2007: RM1,194,092) and RM NIL (2007: RM NIL) respectively as further disclosed in Note 9.

**9. DIRECTORS' REMUNERATION**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Executive directors' remuneration				
(Note 8):				
Salary	1,185,600	1,065,600	-	-
Other emoluments	850,284	128,492	-	-
	<u>2,035,884</u>	<u>1,194,092</u>	<u>-</u>	<u>-</u>
Non-executive directors' remuneration (Note 7):				
Fees	105,000	84,000	105,000	84,000
Other emoluments - Bonus	-	-	-	-
	<u>105,000</u>	<u>84,000</u>	<u>105,000</u>	<u>84,000</u>

The number of directors of the Company whose total salary during the year fell within the following bands is analysed below :

	<b>Number of Directors</b>	
	<b>2008</b>	<b>2007</b>
<b>Executive directors:</b>		
RM800,000 - RM850,000	1	1
RM350,000 - RM400,000	1	1
<b>Non-Executive directors:</b>		
RM20,000 - RM30,000	2	2
RM31,000 - RM45,000	1	1

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**10. INCOME TAX EXPENSE**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Continuing operations</b>				
Current income tax	(16,940,002)	(12,460,424)	(1,648,875)	(13,509,420)
Transferred (from)/to deferred taxation (Note 31)	1,200,583	730,225	(23,904)	(150,437)
Over/(under) provision in prior years:				
Malaysian income tax	16,663	39,065	(3,525)	1,388
Total income tax expense	<u>(15,722,756)</u>	<u>(11,691,134)</u>	<u>(1,676,304)</u>	<u>(13,658,469)</u>

Current income tax is calculated at the statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. The statutory tax rate will be reduced to 25% from the current year's rate of 26% in year of assessment 2009 and remaining as 25% in subsequent years. The computation of deferred tax as at 31 December 2008 has reflected these changes.

Subject to the agreement of the Inland Revenue Board, the Company has unabsorbed losses of approximately RM78,758 (2007: RM78,758) as at 31 December 2008 for offsetting against future taxable income.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
<b>Group</b>		
Profit before taxation	<u>61,360,397</u>	<u>41,738,621</u>
Taxation at Malaysian statutory tax rate of 20% and 26% (2007: 20% and 27%)	(15,948,355)	(13,786,605)
Overprovision in prior years	16,663	39,065
Effect of changes in tax rates	(11,839)	35,000
Income not subject to tax	155,088	4,276,123
Expenses not deductible for tax purposes	(2,734,284)	(2,292,559)
Group relief claim	2,174,690	334,868
Underprovision of deferred tax in prior years	-	(12,496)
Deferred tax asset not recognised in respect of current year's tax losses	(1,100)	(284,530)
Utilisation of previously unabsorbed capital allowance and unrecognised tax losses	626,381	-
Income tax expense for the year	<u>(15,722,756)</u>	<u>(11,691,134)</u>

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**10. INCOME TAX EXPENSE (CONT'D)**

	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
<b>Company</b>		
Profit before taxation	4,804,622	49,486,202
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	(1,249,202)	(13,361,274)
Group relief claim	(152,879)	-
(Under)/Over provision in prior years	(3,525)	1,388
Expenses not deductible for tax purposes	(270,698)	(298,583)
Income tax expense for the year	<u>(1,676,304)</u>	<u>(13,658,469)</u>

**11. EARNINGS PER SHARE**

**(a) Basic**

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Profit attributable to ordinary equity holders of the Company	45,637,641	30,047,487
Weighted average number of ordinary shares in issue	<u>183,785,454</u>	<u>171,399,379</u>
	<b>2008</b>	<b>2007</b>
	<b>sen</b>	<b>sen</b>
Basic earning per share for:		
Profit for the year	<u>24.83</u>	<u>17.53</u>

The comparative basic earnings per share has been restated to take into account the effect of the diluted shares during the financial year.



**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**11. EARNINGS PER SHARE (CONT'D)**

**(b) Diluted**

For the purposes of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. Irredeemable Convertible Unsecured Loan Stocks ("ICULS"), Warrants, Bonus Issue and share options granted to employees and directors.

	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Profit from continuing operations attributable to ordinary equity holders of the Company	45,637,641	30,047,487
After-tax effect of interest on ICULS	<u>312,296</u>	<u>195,464</u>
Profit attributable to ordinary equity holders of the Company	<u>45,949,937</u>	<u>30,242,951</u>
Weighted average number of ordinary shares in issue	183,785,454	171,399,379
Effects of dilution :		
ICULS	1,436,600	16,765,997
Share options	-	2,782,439
Warrants	-	-
Adjusted weighted average number of ordinary shares in issue and issuable	<u>185,222,054</u>	<u>190,947,815</u>
	<b>2008</b>	<b>2007</b>
	<b>sen</b>	<b>sen</b>
Diluted earnings per share for :		
Profit for the year	<u>24.81</u>	<u>15.84</u>

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**12. INVESTMENT PROPERTIES**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	RM	RM
At 1 January	6,186,500	-
Additions	-	1,317,425
Transfer from property, plant and equipment	-	4,869,075
At 31 December	<u>6,186,500</u>	<u>6,186,500</u>

**13. PREPAID LAND LEASE PAYMENT**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	RM	RM
At 1 January	511,783	517,674
Amortisation for the year	(5,891)	(5,891)
At 31 December	<u>505,892</u>	<u>511,783</u>
Analysed as :		
Long term leasehold land	<u>505,892</u>	<u>511,783</u>

The leasehold land was revalued in 2000 by an independent professional valuer using the open market valuation basis.

The leasehold land is amortised over the maximum period of 99 years.

Had the land been carried at their historical costs less accumulated depreciation, the carrying amounts of the revalued asset that would have been included in the financial statements at the end of the year is as follows :-

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	RM	RM
Leasehold land	<u>487,279</u>	<u>498,767</u>

413192-D

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

14. PROPERTY, PLANT AND EQUIPMENT

At 31 December 2008 - Group

Cost/Valuation	Freehold	Leasehold	Leasehold	Freehold	Capital	Plant and	Motor	Office	Furniture	Telecommunication			Total
	land	land	buildings	buildings	work-in-progress	machinery	vehicles	equipment	and fittings	Renovation	Computers	equipment	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2008	114,740	-	965,000	1,264,800	1,025,002	36,820,014	13,252,998	1,941,445	347,898	571,165	90,472	13,877	56,407,411
Additions	1,071,328	-			5,038,490	2,814,072	4,464,583	172,010	13,000	-	11,394	-	13,584,877
Reclassification from assets held for sale	-	-	-	-	-	5,886,245	807,426	-	-	-	-	-	6,693,671
Disposals/Written off /Transfer	-	-	-	-	-	(1,007,211)	(1,822,433)	(186,388)	(1,700)	(3,080)	-	-	(3,020,812)
At 31 December 2008	1,186,068	-	965,000	1,264,800	6,063,492	44,513,120	16,702,574	1,927,067	359,198	568,085	101,866	13,877	73,665,147
Accumulated Depreciation													
At 1 January 2008	-	-	146,701	244,764	-	27,078,494	9,776,809	1,489,311	284,961	393,446	89,859	13,872	39,518,217
Depreciation charge for the year	-	-	19,300	25,296	-	3,482,924	1,648,330	165,201	16,075	34,648	1,732	-	5,393,506
Reclassification from assets held for sale	-	-	-	-	-	4,405,990	747,576	-	-	-	-	-	5,153,566
Disposals/Written off /Transfer	-	-	-	-	-	(907,714)	(1,819,163)	(173,220)	(1,698)	(1,694)	-	-	(2,903,489)
At 31 December 2008	-	-	166,001	270,060	-	34,059,694	10,353,552	1,481,292	299,338	426,400	91,591	13,872	47,161,800
Net Book Value													
At 31 December 2008	1,186,068	-	798,999	994,740	6,063,492	10,453,426	6,349,022	445,775	59,860	141,685	10,275	5	26,503,347

413192-D

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

14. PROPERTY, PLANT AND EQUIPMENT

At 31 December 2007 - Group

Cost/Valuation	Freehold	Leasehold	Leasehold	Freehold	Capital	Plant and	Motor	Office	Furniture	Telecommunication			Total
	land	land	buildings	buildings	work-in-progress	machinery	vehicles	equipment	and fittings	Renovation	Computers	equipment	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2007													
as previously stated	4,754,740	570,000	965,000	1,264,800	4,869,075	34,222,578	10,743,494	2,399,641	598,017	1,416,180	159,006	15,127	61,977,658
Transfer to prepaid													
land lease payment	-	(570,000)	-	-	-	-	-	-	-	-	-	-	(570,000)
As restated	4,754,740	-	965,000	1,264,800	4,869,075	34,222,578	10,743,494	2,399,641	598,017	1,416,180	159,006	15,127	61,407,658
Additions	-	-	-	-	1,025,002	1,509,914	2,697,124	303,957	15,402	-	-	-	5,551,399
Reclassification from													
assets held for sale	-	-	-	-	-	3,841,121	1,197,696	-	-	-	-	-	5,038,817
Disposals/Written off /Transfer	(4,640,000)	-	-	-	(4,869,075)	(2,753,599)	(1,385,316)	(762,153)	(265,521)	(845,015)	(68,534)	(1,250)	(15,590,463)
At 31 December 2007	114,740	-	965,000	1,264,800	1,025,002	36,820,014	13,252,998	1,941,445	347,898	571,165	90,472	13,877	56,407,411
Accumulated Depreciation													
At 1 January 2007													
as previously stated	-	52,326	127,400	219,468	-	24,415,772	8,821,863	2,062,121	529,383	1,172,776	157,674	15,059	37,573,842
Transfer to prepaid													
land lease payment	-	(52,326)	-	-	-	-	-	-	-	-	-	-	(52,326)
As restated	-	-	127,400	219,468	-	24,415,772	8,821,863	2,062,121	529,383	1,172,776	157,674	15,059	37,521,516
Depreciation charge													
for the year	-	-	19,301	25,296	-	3,258,109	1,322,823	180,195	17,962	65,685	719	63	4,890,153
Reclassification from													
assets held for sale	-	-	-	-	-	2,034,014	1,008,974	-	-	-	-	-	3,042,988
Disposals/Written off /Transfer	-	-	-	-	-	(2,629,401)	(1,376,851)	(753,005)	(262,384)	(845,015)	(68,534)	(1,250)	(5,936,440)
At 31 December 2007	-	-	146,701	244,764	-	27,078,494	9,776,809	1,489,311	284,961	393,446	89,859	13,872	39,518,217
Net Book Value													
At 31 December 2007	114,740	-	818,299	1,020,036	1,025,002	9,741,520	3,476,189	452,134	62,937	177,719	613	5	16,889,194

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

At 31 December 2008 - Company

Cost/Valuation	Capital work in progress	Total
	RM	RM
At 1 January 2008	900,000	900,000
Additions	-	-
Reclassified to other receivables	(900,000)	(900,000)
Disposals	-	-
At 31 December 2008	-	-

Accumulated Depreciation

At 1 January 2008		
Depreciation charge for the year	-	-
Disposals	-	-
At 31 December 2008	-	-

Net Book Value

At 31 December 2008	-	-
---------------------	---	---

At 31 December 2007 - Company

Cost/Valuation	Capital work in progress	Total
	RM	RM
At 1 January 2007	-	-
Additions	900,000	900,000
Disposals	-	-
At 31 December 2007	900,000	900,000

Accumulated Depreciation

At 1 January 2007		
Depreciation charge for the year	-	-
Disposals	-	-
At 31 December 2007	-	-

Net Book Value

At 31 December 2007	900,000	900,000
---------------------	---------	---------

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

**(a) Revaluation**

Certain freehold land and building and leasehold buildings of a subsidiary company were revalued by an independent professional valuer using the open market valuation basis. However in 2001, a proportion of this revaluation was deemed to be in excess of market values and was consequently subject to a downward revaluation during that year. The properties acquired subsequent to the said revaluation are however stated at cost, as the directors are of the opinion that the purchase consideration for the properties approximate their market values. Had the land and building affected been carried at their historical costs less accumulated depreciation, the carrying amounts of the revalued assets that would have been included in the financial statements at the end of the year are as follows :-

	<b>2008</b>	<b>2007</b>
	RM	RM
Freehold land	330,460	330,460
Freehold buildings	1,248,000	1,279,200
Leasehold buildings	540,694	555,293
	<u>2,119,154</u>	<u>2,164,953</u>

**(b) Security**

Certain land and buildings of a subsidiary company with a net carrying value of RM1,666,581 (2007:RM1,705,277) have been charged to financial institutions as security for various credit facilities granted to the subsidiary company.

**(c) Assets acquired under hire purchase arrangements**

The net book value of property, plant and equipment of the Group acquired under hire purchase arrangements are as follows :-

	<b>2008</b>	<b>2007</b>
	RM	RM
Plant and machinery	331,933	-
Motor vehicle	5,211,962	3,499,426
	<u>5,543,895</u>	<u>3,499,426</u>

**TRC SYNERGY BERHAD**  
(Incorporated in Malaysia)

**15. PROPERTIES HELD FOR DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS**

(a) Land Held for Property Development

<b>Group</b>	<b>Freehold land RM</b>	<b>Freehold land and Building RM</b>	<b>Total RM</b>
<b>At 31 December 2008</b>			
<b>Cost</b>			
At 1 January 2008	19,706,266	251,658	19,957,924
Additions	-	-	-
Transfer to property development costs	-	-	-
At 31 December 2008	<u>19,706,266</u>	<u>251,658</u>	<u>19,957,924</u>
<b>At 31 December 2007</b>			
<b>Cost</b>			
At 1 January 2007	11,720,000	251,658	11,971,658
Additions	7,986,266	-	7,986,266
Transfer to property development costs	-	-	-
At 31 December 2007	<u>19,706,266</u>	<u>251,658</u>	<u>19,957,924</u>

Certain land held for development amounting to RM7,986,266 (2007: RM7,986,266) is charged as security for the term loan granted by a financial institution as disclosed in Note 30 to the financial statements.

(b) Property Development Costs

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Brought forward		
- Land	5,579,929	5,464,895
- Development costs	93,417,797	88,372,734
	<u>98,997,726</u>	<u>93,837,629</u>
Incurred during the year		
- Transfer to property, plant and equipment	(6,035,992)	-
- Land	363,071	115,034
- Development costs	19,404,554	4,750,848
	<u>112,729,359</u>	<u>98,703,511</u>
Recognised in income statement		
Brought forward	(75,025,436)	(66,711,833)
Current year	(22,915,505)	(8,313,603)
	<u>(97,940,941)</u>	<u>(75,025,436)</u>
Total	<u>14,788,418</u>	<u>23,678,075</u>

**TRC SYNERGY BERHAD**  
(Incorporated in Malaysia)

**16. INTANGIBLE ASSETS**

**Expenditure Carried Forward**

	<b>Group/Company</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Expenditure carried forward	83,333	283,333

Expenditure carried forward represents the upfront fee on the issuance of subordinated bond which is amortised over five years.

**17. INVESTMENT IN SUBSIDIARIES**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost	-	-	61,747,808	61,756,038

(a) The details of the subsidiary companies are as follows :-

	<u>Country of Incorporation</u>	<u>Effective Interest (%)</u>		<u>Principal Activities</u>
		<u>2008</u>	<u>2007</u>	
Held by the Company :				
Trans Resources Corporation Sdn. Bhd.	Malaysia	100	100	Construction
TRC Land Sdn. Bhd.	Malaysia	100	100	Property development.
TRC Energy Sdn. Bhd.	Malaysia	100	100	Oil and gas
TRC Infra Sdn. Bhd.	Malaysia	90	90	Dormant
TRC Construction India Pte Ltd	India	-	100	Dormant
* TRC International Pte Ltd	Malaysia	100	100	Investment holding



**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**17. INVESTMENT IN SUBSIDIARIES (CONT'D)**

	<u>Country of Incorporation</u>	<u>Effective Interest (%)</u>	<u>Principal Activities</u>	
		<u>2008</u>	<u>2007</u>	
Held through subsidiaries :				
TRC Development Sdn. Bhd.	Malaysia	100	100	Property development.
TRC Concrete Industries Sdn. Bhd.	Malaysia	100	100	Manufacture of ready mixed concrete.
** TRC Construction (Sarawak) Sdn. Bhd.	Malaysia	100	100	Construction.

\* The financial statements of TRC International Pte Ltd have not been consolidated with the financial statements of the Group as the Directors are of the opinion that there will be of no real value in view of the insignificant effect on the financial statements of the Group.

\*\* Audited by another firm of auditors.

The Company disposed of its 100% equity interest in TRC Construction India Pte Ltd. on 11 September 2008 for a total consideration of RM1.

The disposal had the following effects on the financial position of the Group and of the Company as at the end of the year :

	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Cash in hand	7,750	-
Amount due to holding company	(176,063)	-
Other payables	(1,567)	-
Net liabilities on disposal	<u>(169,880)</u>	<u>-</u>
Foreign exchange reserve	(16,003)	-
	<u>(185,883)</u>	<u>-</u>
Net disposal proceeds	(1)	-
Gain on disposal to the Group	<u>(185,884)</u>	<u>-</u>

**TRC SYNERGY BERHAD**  
(Incorporated in Malaysia)

**17. INVESTMENT IN SUBSIDIARIES (CONT'D)**

	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Disposal proceed settled by :		
Cash	<u>1</u>	<u>-</u>
Cash inflow arising on disposal :		
Cash consideration	1	-
Cash and cash equivalents of the subsidiary disposed of	(7,750)	-
Amount due to holding company	<u>176,063</u>	<u>-</u>
Net cash inflow to the Group	<u>168,314</u>	<u>-</u>

The disposal of the subsidiary had the following effects on the financial results of the Company :

	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Total net disposal proceeds	1	-
Less : Cost of investment in subsidiary	<u>(8,230)</u>	<u>-</u>
Loss on disposal of subsidiary	<u>(8,229)</u>	<u>-</u>

**18. INVESTMENT IN ASSOCIATE**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost	6,900,000	6,900,000	-	-
Share of post- acquisition reserves :				
Share of loss of associate	(371,102)	(3,059)	-	-
Share of exchange reserve	(7,633)	153	-	-
	<u>6,521,265</u>	<u>6,897,094</u>	<u>-</u>	<u>-</u>

Details of the associate company are as follows :-

<b>Name of Company</b>	<b>Country of Incorporation</b>	<b>Principal Activity</b>	<b>Equity Interest</b>	
			<b>2008</b>	<b>2007</b>
PetroBru (B) Sdn. Bhd.	Brunei	Dormant	26%	26%

The financial year end of PetroBru (B) Sdn. Bhd. is on 30 September. For the purpose of applying the equity method of accounting, the financial statements of PetroBru (B) Sdn. Bhd. for the financial year ended 30 September 2008 have been used and appropriate adjustments have been made for the effects of significant transaction between 30 September 2008 to 31 December 2008.

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**18. INVESTMENT IN ASSOCIATE (CONT'D)**

The summarised financial information of the associates is as follows :

	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Assets and liabilities		
Current assets	119,113	137,181
Non-current assets	-	-
Total assets	<u>119,113</u>	<u>137,181</u>
Current liabilities	1,526,093	98,671
Non-current liabilities	-	-
Total liabilities	<u>1,526,093</u>	<u>98,671</u>
Results		
Revenue	-	-
Loss for the year	<u>(1,415,546)</u>	<u>(19,777)</u>

**19. OTHER INVESTMENTS**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
At cost :				
Unit trust in Malaysia	20,505,927	2,190,841	-	-
Quoted shares in Malaysia	5,775	5,775	-	-
Corporate membership	144,000	144,000	-	-
Subordinated bonds				
- KERISMA 0.00% 10.6.2009	4,000,000	4,000,000	4,000,000	4,000,000
	<u>24,655,702</u>	<u>6,340,616</u>	<u>4,000,000</u>	<u>4,000,000</u>
Market value :				
Unit trust	20,625,627	2,190,841	-	-
Quoted shares	7,742	10,388	-	-
	<u>20,633,369</u>	<u>2,201,229</u>	<u>-</u>	<u>-</u>

**TRC SYNERGY BERHAD**  
(Incorporated in Malaysia)

**20. INVENTORIES**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
<b>Cost</b>		
Construction materials	427,738	514,050
Raw materials	509,299	509,074
	<u>937,037</u>	<u>1,023,124</u>

**21. TRADE AND OTHER RECEIVABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Current</b>				
<b>Trade receivables</b>				
Third parties	105,699,729	48,052,900	-	-
Related parties	289,435	289,880	-	-
Accrued billings in respect of property development costs	137,518	627,818	-	-
Construction contracts:				
Due from customers (Note 22)	6,752,414	47,163,422	-	-
Retention sums (Note 22)	9,460,246	4,863,560	-	-
	<u>122,339,342</u>	<u>100,997,580</u>	-	-
<b>Other receivables</b>				
Deposits	6,546,778	2,867,881	2,300	2,300
Prepayments	174,661	167,688	17,500	33,750
Tax recoverable	14,400	23,702	-	-
Other receivables	6,695,231	5,289,686	7,719	6,919
Other receivables, net	<u>13,431,070</u>	<u>8,348,957</u>	<u>27,519</u>	<u>42,969</u>
<b>Total</b>	<u>135,770,412</u>	<u>109,346,537</u>	<u>27,519</u>	<u>42,969</u>
<b>Non-current</b>				
<b>Other receivables</b>				
Amount due from related parties:				
Subsidiaries	-	-	175,077,537	177,890,557

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**21. TRADE AND OTHER RECEIVABLES (CONT'D)**

**(a) Credit risk**

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

**(b) Amounts due from subsidiaries (non - current)**

Amount due from subsidiaries are unsecured, non-interest bearing and are repayable on demand except for the amount due from the subsidiary, Trans Resources Corporation Sdn. Bhd. which is subject to interest of 8.15% (2007: 8.15%) per annum.

**22. DUE FROM/(TO) CUSTOMERS ON CONTRACTS**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Construction costs incurred to date	2,250,114,494	1,686,722,570
Attributable profits	130,879,820	43,904,559
	<u>2,380,994,314</u>	<u>1,730,627,129</u>
Less: Provision for foreseeable losses	-	-
	<u>2,380,994,314</u>	<u>1,730,627,129</u>
Less : Progress billings	<u>(2,375,595,136)</u>	<u>(1,684,185,691)</u>
	<u>5,399,178</u>	<u>46,441,438</u>
Due from customers on contract (Note 21)	6,752,414	47,163,422
Due to customers on contract (Note 32)	<u>(1,353,236)</u>	<u>(721,984)</u>
	<u>5,399,178</u>	<u>46,441,438</u>
Advances received on contracts, included within trade payables (Note 32)	<u>625,599</u>	<u>17,791,578</u>
Retention sums on contract, included within trade receivables (Note 21)	<u>9,460,246</u>	<u>4,863,560</u>

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**23. HIRE PURCHASE PAYABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Not later than 1 year (Note 30)	2,061,530	1,328,193	-	-
Later than 1 year and not later than 5 years (Note 30)	1,613,740	1,126,671	-	-
	<b>3,675,270</b>	<b>2,454,864</b>	<b>-</b>	<b>-</b>

**24. CASH AND CASH EQUIVALENTS**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Cash on hand and at banks	136,991,463	103,993,827	3,141,980	328,791
Deposits with licensed banks	83,431,976	87,033,700	-	-
Cash and bank balances	<b>220,423,439</b>	<b>191,027,527</b>	<b>3,141,980</b>	<b>328,791</b>

Included in cash at banks of the Group are amounts of RM123,127 (2007: RM118,175) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

Deposits with other financial institutions of the Group amounting to RM59,553,652 (2007: RM45,962,884) are pledged as securities for borrowings (Note 30).

For the purpose of the cash flow statements, cash and cash equivalents comprise the following as at the balance sheet date:

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Cash and bank balances	136,991,463	103,993,827	3,141,980	328,791
Bank overdrafts	(13,780,590)	(1,152,557)	-	-
Total cash and cash equivalents	<b>123,210,873</b>	<b>102,841,270</b>	<b>3,141,980</b>	<b>328,791</b>

**TRC SYNERGY BERHAD**  
(Incorporated in Malaysia)

**25. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE**

	Group	
	2008	2007
	RM	RM
Plant and machinery	-	1,498,756
Motor vehicle	-	59,854
	-	<u>1,558,610</u>

**26. SHARE CAPITAL AND SHARE PREMIUM**

	← Amount →			
	Number of ordinary Shares of RM1 each		Share capital (issued and fully paid) RM	Total share capital and share premium RM
1 January 2008	139,803,133	139,803,133	6,535,663	146,338,796
Expenditure written off	-	-	(70,966)	(70,966)
Ordinary shares issued during the year :				
Pursuant to Warrants	292,400	292,400	-	292,400
Pursuant to ESOS	1,241,500	1,241,500	583,505	1,825,005
Pursuant to ICULS	16,652,200	16,652,200	-	16,652,200
Bonus Issue	31,588,246	31,588,246	(7,048,202)	24,540,044
At 31 December 2008	<u>189,577,479</u>	<u>189,577,479</u>	-	<u>189,577,479</u>
1 January 2007	92,400,000	92,400,000	6,213,201	98,613,201
Expenditure written off	-	-	(1,390,453)	(1,390,453)
Ordinary shares issued during the year :				
Pursuant to Rights Shares	30,800,000	30,800,000	-	30,800,000
Pursuant to ESOS	3,644,500	3,644,500	1,712,915	5,357,415
Pursuant to ICULS	12,958,633	12,958,633	-	12,958,633
At 31 December 2007	<u>139,803,133</u>	<u>139,803,133</u>	<u>6,535,663</u>	<u>146,338,796</u>

**TRC SYNERGY BERHAD**  
(Incorporated in Malaysia)

**26. SHARE CAPITAL AND SHARE PREMIUM (CONT'D)**

	Number of ordinary shares of RM1 each		Amount	
	2008	2007	2008 RM	2007 RM
<b>Authorised share capital</b>				
At 1 January	500,000,000	500,000,000	500,000,000	500,000,000
Created during the year	-	-	-	-
At 31 December	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

**Ordinary shares issued pursuant to Bonus Shares**

During the financial year, the Company completed the corporate exercise by issuing 31,588,246 new ordinary shares of RM1.00 each on the basis of one (1) new bonus share for every 5 existing ordinary shares of RM1.00 each held in the Company. The new ordinary shares rank pari passu in all respects with the existing ordinary shares.

**Warrants 2007/2017**

A total of 30,800,000 free warrants were issued by the Company in conjunction with the Rights Issue in 2007. Each warrant is convertible into one new ordinary share of RM1.00 each at the exercise price of RM1.00 per ordinary share.

A total of 292,400 warrants were exercised during the current financial year with a balance of 36,609,120 outstanding warrants as at 31 December 2008 after taking into consideration an additional 6,101,520 new warrants issued consequential to the Bonus Issue.

The warrants are valid for a period of ten years and shall expire on 21 January 2017.

The salient features of the Warrants 2007/2017 are as follows :-

- (i) 30,800,000 free Warrants are issued in conjunction with the Rights Issue to the Entitled Shareholders on the basis of 1 free Warrant attached to every 1 Rights Share and RM1.00 nominal value of ICULS subscribed. The warrants are immediately detached upon issuance and traded on Bursa Malaysia Securities Berhad separately. The warrants are traded in board lots of 100 units each carrying the right to subscribe for 100 new TRCS shares;
- (ii) each Warrants entitles the registered holders at any time during the exercise period of ten (10) years from the date of first issue of the Warrants to subscribe for one (1) ordinary share of RM1.00 at an exercise price of RM1.00;



**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**26. SHARE CAPITAL AND SHARE PREMIUM (CONT'D)**

**Warrants 2007/2017 (Cont'd)**

- (iii) the exercise price and/or the number of the Warrants outstanding may be adjusted in accordance with the provisions set out in the Deed Poll;
- (iv) upon expiry of the exercise period, any unexercised rights will lapse and cease to be valid for any purposes; and
- (v) The new ordinary shares to be allotted and issued upon exercise of the Warrants shall rank pari passu in all respects with the existing ordinary shares of the Company except that they will not be entitled to any dividends, rights, allotments and other distributions the entitlement date of which precedes or falls on the relevant conversion date.

**27. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS**

On 22 January 2007, the Company issued RM30,800,000 nominal value of 5 - year 5% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") at a nominal value of RM1.00 each.

The principal terms of the ICULS are as follows :-

- (i) Conversion rights - The registered holders will have the right at any time during the Conversion Period to convert the ICULS into fully paid new TRCS Shares at the Conversion Price.
- (ii) Conversion price and mode - Conversion can be done by surrendering the ICULS with an aggregate nominal value equivalent to the conversion price of RM1.00 per share. There will be no cash element involved.
- (iii) Conversion period - The conversion of the ICULS into new ordinary shares of the Company may take place at the option of the holders during the tenure of the ICULS.
- (iv) The ICULS shall bear a coupon rate of 5% per annum payable annually in arrears on 31 December, with the first payment due on 31 December 2007.
- (v) The ICULS is unsecured and not redeemable for cash. All remaining ICULS at the end of the 5 year tenure shall be automatically and mandatorily converted into new ordinary shares of the Company at the conversion price.

**TRC SYNERGY BERHAD**  
(Incorporated in Malaysia)

**27. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (CONT'D)**

- (vi) The new ordinary shares to be allotted and issued upon conversion of the ICULS shall rank pari passu in all respects with the existing ordinary shares of the Company except that they will not be entitled to any dividends, rights, allotments and other distributions the entitlement date of which precedes or falls on the relevant conversion date.

The proceeds received from the issue of the ICULS have been split between the liability component and the equity component, representing the fair value of the conversion option. The ICULS are accounted for in the balance sheets of the Group and of the Company as follows :

The movements of the ICULS during the period are as follows :

	<b>Group/Company</b>		
	<b><u>Equity</u></b>	<b><u>Liability</u></b>	<b><u>Total</u></b>
	<b><u>Component</u></b>	<b><u>Component</u></b>	<b><u>RM</u></b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Balance at 1 January 2008	15,241,344	3,829,433	19,070,777
Conversion of ICULS into ordinary shares	(14,218,644)	(3,648,599)	(17,867,243)
Balance at 31 December 2008	<u>1,022,700</u>	<u>180,834</u>	<u>1,203,534</u>
Balance at 22 January 2007	26,311,519	6,148,604	32,460,123
Conversion of ICULS into ordinary shares	(11,070,175)	(2,319,171)	(13,389,346)
Balance at 31 December 2007	<u>15,241,344</u>	<u>3,829,433</u>	<u>19,070,777</u>

The liability component is further analysed as follows :-

	<b>Group/Company</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Current (Note 32) :		
- not later than one year	56,578	838,299
Non - current		
- later than one year but not later than five years	<u>124,256</u>	<u>2,991,134</u>
	<u>180,834</u>	<u>3,829,433</u>

The interest charged for the year is calculated by applying an effective interest rate of 8% (2007: 8%) to the liability component for the twelve month period since the loan stocks were issued.

**TRC SYNERGY BERHAD**  
(Incorporated in Malaysia)

**28. OTHER RESERVES**

Foreign Currency Translation	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	RM	RM
At 1 January	2,127	8,052
Arising during the year :		
Group	(1,974)	(6,078)
Associate	(7,786)	153
At 31 December	<u>(7,633)</u>	<u>2,127</u>

**29. RETAINED EARNINGS**

As at 31 December 2008, the Company has tax exempt profits available for distribution of approximately RM5,242,666 (2007: RM5,242,666), subject to the agreement of the Inland Revenue Board.

Effective 1 January 2008, the Company is given the option to make an irrevocable election to move to a single tier system or continue to use its credit under Section 108 of the Income Tax Act, 1967 for purpose of dividend distribution until the tax credit is fully utilised or latest by 31 December 2013. The Company has not opted to move to a single tier system and as a result, the Company can utilise the tax credit balance in the Section 108 of the Income Tax Act, 1967 as at 31 December 2008 to frank the payment of net dividends out of its retained earnings.

**30. BORROWINGS**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	RM	RM	RM	RM
Secured :				
<b>Short term borrowings</b>				
Bankers' acceptance	9,958,955	21,517,000	-	-
Bank overdrafts	13,780,590	1,152,557	-	-
Domestic factoring facilities	-	(677)	-	-
Hire purchase payables (Note 23)	2,061,530	1,328,193	-	-
Term loan	40,000,000	-	40,000,000	-
	<u>65,801,075</u>	<u>23,997,073</u>	<u>40,000,000</u>	<u>-</u>
<b>Long term borrowings</b>				
Hire purchase payables (Note 23)	1,613,740	1,126,671	-	-
Term loan	6,000,000	46,000,000	-	40,000,000
	<u>7,613,740</u>	<u>47,126,671</u>	<u>-</u>	<u>40,000,000</u>
Total borrowings	<u>73,414,815</u>	<u>71,123,744</u>	<u>40,000,000</u>	<u>40,000,000</u>

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**30. BORROWINGS (CONT'D)**

(a) Bank Overdrafts

The bank overdrafts of the subsidiary companies are subject to interest at rates ranging from 1.0% to 1.5% (2007: 1.0% to 1.5%) per annum above the banks' base lending rates.

(b) Bankers' Acceptance

The bankers' acceptance are subject to commissions at rates of approximately 0.75% to 1.0% (2007: 0.75% to 1.0%) per annum and interest rates of 1.5% (2007: 1.5%) per annum above the banks' base lending rate.

(c) Other Short Term Trade Facilities

The domestic factoring facility is subject to a flat charge of RM10,000 (2007: RM NIL).

The above facilities are secured by :-

- (i) Existing Open All Monies Facilities Agreement;
- (ii) Legal Deed of Assignment of Contract Proceeds;
- (iii) Letter of Irrevocable Instruction by the subsidiary;
- (iv) certain fixed deposits of the subsidiary;
- (v) a freehold land and building and a leasehold building belonging to the subsidiary;
- (vi) a corporate guarantee by the Company; and
- (vii) jointly and personal guarantee by the directors of the subsidiary.

(d) Term Loan

The term loan of the Company bears interest at a rate of 8.15% (2007: 8.15%) per annum and is repayable in one lump sum on the last day of the Tenor of the Facility (i.e. Not exceeding five years commencing from date of the Advance of the Facility which is 3 June 2004).

The term loan of the subsidiary company bears interest at rate ranging from 6.5% to 8% (2007: 6.5% to 8%) per annum and is secured by :-

- (i) Master Facility Agreement;

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**30. BORROWINGS (CONT'D)**

(d) Term Loan (Cont'd)

- (ii) A first party first legal charge over the subsidiary's freehold land as disclosed in Note 15 to the financial statements;
- (iii) Specific debenture by way of fixed and floating charge over the said land, all units and structure erected thereon and all the rights, interest and benefits in and under the project, and all other assets, goodwill, design and other intellectual properties rights, and all sales proceeds, rental income and other revenue and claims, and other undertaking relating to the project; and
- (iv) Corporate guarantee by the Company.

**31. DEFERRED TAXATION**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	RM	RM
Deferred tax liabilities (Note a)	1,256,999	1,842,123
Deferred tax assets (Note b)	(1,013,219)	(1,150,755)
	243,780	691,368
	<b>Property, plant and equipment</b>	<b>Total</b>
	RM	RM
Note (a)		
Deferred Tax Liabilities		
Balance as at 1 January 2008	1,842,123	1,842,123
Recognised in income statement (Note 10)	(585,124)	(585,124)
Balance as at 31 December 2008	1,256,999	1,256,999
Balance as at 1 January 2007	2,739,145	2,739,145
Recognised in income statement (Note 10)	(897,022)	(897,022)
Balance as at 31 December 2007	1,842,123	1,842,123

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**31. DEFERRED TAXATION (CONT'D)**

	<b>ICULS</b>	<b>Unused Tax</b>	
	RM	Losses	<b>Total</b>
		RM	RM
Note (b)			
Deferred Tax Assets			
Balance as at 1 January 2008	(811,215)	(339,540)	(1,150,755)
Transferred from ICULS	752,995	-	752,995
Recognised in income statement (Note 10)	23,904	(639,363)	(615,459)
Balance as at 31 December 2008	<u>(34,316)</u>	<u>(978,903)</u>	<u>(1,013,219)</u>
Balance as at 1 January 2007	-	(355,900)	(355,900)
Transferred from ICULS	(961,652)	-	(961,652)
Recognised in income statement (Note 10)	150,437	16,360	166,797
Balance as at 31 December 2007	<u>(811,215)</u>	<u>(339,540)</u>	<u>(1,150,755)</u>

<b>Company</b>	<b>Irredeemable Convertible</b>	
	<b>Unsecured Loan Stocks</b>	
	<b>(ICULS)</b>	<b>Total</b>
	RM	RM
Deferred Tax Assets		
Balance as at 1 January 2008	(811,215)	(811,215)
Recognised in income statement (Note 10)	23,904	23,904
Conversion	752,995	752,995
Balance as at 31 December 2008	<u>(34,316)</u>	<u>(34,316)</u>
Balance as at 1 January 2007	-	-
Recognised in income statement (Note 10)	150,437	150,437
Issuance of ICULS, conversion	(961,652)	(961,652)
Balance as at 31 December 2007	<u>(811,215)</u>	<u>(811,215)</u>

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**32. TRADE AND OTHER PAYABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Current</b>				
<b>Trade payables</b>				
Third parties	95,148,809	45,078,014	-	-
Construction contracts:				
Due to customers (Note 22)	1,353,236	721,984	-	-
Advances received (Note 22)	625,599	17,791,578	-	-
	<u>97,127,644</u>	<u>63,591,576</u>	<u>-</u>	<u>-</u>
Vendor - associate company	5,865,000	6,555,000	-	-
ICULS - liability				
component (Note 27)	56,578	838,299	56,578	838,299
Accruals	1,288,822	369,177	329,761	313,788
Other payables	2,180,494	6,935,366	71,047	60,522
	<u>9,390,894</u>	<u>14,697,842</u>	<u>457,386</u>	<u>1,212,609</u>
	<u>106,518,538</u>	<u>78,289,418</u>	<u>457,386</u>	<u>1,212,609</u>

**Trade payables**

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days.

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**33. EMPLOYEE BENEFITS**

**Employee Share Options Scheme**

The Company has established a Share Options Scheme for Employees and Directors ("The Scheme") pursuant to the By-Laws which was approved by the shareholders at the Extraordinary General Meeting held on 30 April 2004. The Scheme shall remain in force for a duration of five (5) years commencing from 22 June 2004. On 11 August 2008, the Board of Directors has approved the extension of the duration of ESOS for another five years from the expiry of the initial ESOS period (21 June 2009).

The salient features and other terms of the Scheme are as follows :

- (i) the maximum number of the Company's new shares to be made available under the Scheme shall not exceed fifteen percent (15%) of the issued and paid up capital of the Company;
- (ii) not more than fifty percent (50%) of the Company's shares available under the Scheme shall be allocated to Directors and senior management;
- (iii) not more than ten percent (10%) of the Company's shares available under the Scheme shall be allocated to individual Director or eligible employees, who either singly or collectively through person connected to them holds twenty percent (20%) or more of the issued and paid up capital of the Company.
- (iv) The eligible participants shall include eligible employees and Directors who as at the offer date have satisfied the following criteria :-
  - a) is a confirmed employee or appointed director within the Group;
  - b) has attained at least age of eighteen (18);
  - c) is employed full time and on the payroll of the Group;
  - d) is under such category and of such criteria that the option committee may from time to time decide.
- (v) The option price for each share shall be based on the weighted average market price (WAMP) of the Company's share traded on Bursa Malaysia Securities Berhad for the five (5) trading days preceding the date of offer with a discount if any, that does not exceed ten percent (10%) from the five (5) day of the Company's share price.
- (vi) Upon exercise of the options, the new ordinary shares of the Company to be issued pursuant to the Scheme will, upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of the Company; and



**TRC SYNERGY BERHAD**  
(Incorporated in Malaysia)

**33. EMPLOYEE BENEFITS (CONT'D)**

- (vii) The persons to whom the options have been granted have no right to participate by virtue of the option in any share issue of any other company.

Set out below are details of options over the ordinary shares of the Company granted under the Scheme:

Date of Offer	Exercise period	Exercise price per ordinary share (RM)	← During the year →			Balance at 31 December
			Balance at 1 January	Granted/ Accepted	Exercised	
22.6.2004	22.6.2004 - 21.6.2009	1.70	-	13,740,000	-	13,740,000
22.6.2004	01.1.2005 - 21.6.2009	1.70	13,740,000	-	-	-
22.6.2004	01.1.2006 - 21.6.2009	1.47	13,740,000	-	-	-
22.6.2004	01.1.2007 - 21.6.2009	1.47	13,740,000	2,199,000	(3,644,500)	12,294,500
22.6.2004	01.1.2008 - 21.6.2014	1.23	12,294,500	-	(1,241,500)	11,053,000

Consequent to the Bonus Issue exercise, the exercise price of the Company's Employees and Directors' Share Option Scheme has been adjusted from MR1.47/share to RM1.23/share.

Options exercisable in a particular year but not exercised can be carried forward to the subsequent years provided they are exercised prior to the expiry date of the Scheme on 21 June 2014.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of option holders, including directors, holding share options of less than 850,000 shares.

The eligible employees who have been granted share options of 850,000 or more are as follows:-

No.	Name of Options Holders	Number of Share Options
1.	Dato' Sri Sufri Bin Hj Mohd Zin	900,000
2.	Dato' Abdul Aziz Bin Mohamad	850,000
3.	Khoo Teng San	850,000
4.	Loh Leh Wong	850,000
5.	Yeoh Sook Keng	850,000
6.	Abdul Aziz Bin Mohamed	857,000

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**34. CAPITAL COMMITMENTS**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Capital expenditure Approved and contracted for :				
Property, plant and equipment	-	11,761,200	-	-

**35. CONTINGENT LIABILITIES**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Secured</b>				
Bank guarantees				
Performance bond	103,724,196	35,089,939	55,024,196	34,840,440
Advance bond	20,000,000	20,000,000	20,000,000	20,000,000
Tender bond	60,000	68,000	60,000	68,000
Supplier / Maintenance / Security	357,150	781,000	357,150	761,500
	<u>124,141,346</u>	<u>55,938,939</u>	<u>75,441,346</u>	<u>55,669,940</u>

The bank guarantees are secured by fixed deposits of a subsidiary company and a corporate guarantee by the Company.

**Unsecured:**

Corporate guarantees given to banks for credit facilities granted to subsidiaries	-	-	145,727,128	54,971,477
---	---	---	-------------	------------

As of 31 December 2008, the Group had available RM71,470,243 (2007: RM81,103,263) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. The comparatives have been restated due to conformations received from third parties.

**TRC SYNERGY BERHAD**  
(Incorporated in Malaysia)

**36. DIVIDENDS**

	Dividends in respect		Dividends	
	of Year		Recognised in Year	
	2008	2007	2008	2007
	RM	RM	RM	RM
<b>Recognised during the year:</b>				
Final dividend for 2007: 5 sen per share less 26% taxation on 157,358,033 ordinary shares (3.70 sen net per ordinary share)	-	5,822,247	5,822,247	2,290,496

At the forthcoming Annual General Meeting, a provisional dividend in respect of the financial year ended 31 December 2008, of 6 sen per share less 25% taxation on 189,577,479 ordinary shares amounting to a dividend payable of RM8,530,986 (4.5 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2009.

**37. SIGNIFICANT RELATED PARTY TRANSACTIONS**

Company	2008	2007
	RM	RM
Interest from a subsidiary company	3,268,932	3,251,068
Dividend income from subsidiary companies	6,520,270	50,000,000
Management fee from a subsidiary company	1,020,000	1,020,000
Supply of labour to subsidiary companies	2,805,023	1,750,517

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**38. FINANCIAL INSTRUMENTS**

**(a) Financial Risk Management Objectives and Policies**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

**(b) Interest Rate Risk**

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

**(c) Liquidity Risk**

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**38. FINANCIAL INSTRUMENTS (CONT'D)**

**(d) Credit Risk**

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, marketable securities and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

**(e) Fair Values**

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values.

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

It is not practicable to estimate the fair value of the Group' non-current unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

**TRC SYNERGY BERHAD**  
(Incorporated in Malaysia)

## 39. SEGMENTAL INFORMATION

	Revenue		Profit Before Taxation		Total Assets Employed	
	2008	2007	2008	2007	2008	2007
	RM	RM	RM	RM	RM	RM
Investment holding	7,540,270	51,020,000	3,501,897	47,789,107	3,803,768	5,079,703
Construction activity	665,093,572	398,580,708	70,262,306	48,919,770	347,335,577	288,746,997
Property development	7,608,586	6,110,649	(6,348,948)	(1,759,593)	49,711,398	56,761,161
Hiring of motor vehicle and machinery	5,197,620	4,488,801	557,498	864,997	2,739,608	3,344,173
Manufacturing and retailing in ready mixed concrete	4,871,478	3,936,539	232,185	1,822	1,574,434	1,339,203
Retailing of construction materials	79,262,401	28,118,996	8,501,702	3,542,445	41,778,334	20,948,755
Supply of labour	2,805,023	1,811,831	1,302,725	1,697,095	1,415,022	180,391
Others	163,881	213,118	12,078	140,302	7,975,128	7,299,934
Group's share of loss of an associate company	-	-	(368,042)	(3,059)	-	-
	<u>772,542,831</u>	<u>494,280,642</u>	<u>77,653,401</u>	<u>101,192,886</u>	<u>456,333,269</u>	<u>383,700,317</u>
Consolidated adjustments	(31,880,083)	(72,060,134)	(16,293,004)	(59,454,265)	-	-
	<u>740,662,748</u>	<u>422,220,508</u>	<u>61,360,397</u>	<u>41,738,621</u>	<u>456,333,269</u>	<u>383,700,317</u>

No segmental reporting has been prepared in respect of geographical location as the Group's activities are predominantly carried out in Malaysia.

## 40. SIGNIFICANT EVENTS

**Status of Corporate Proposal**

On 12 May 2008, an announcement was made to the Bursa Malaysia Securities Berhad that the Company intends to undertake a Proposed Bonus Issue of up to 41,646,160 new Ordinary Shares of RM1.00 each in the Company to be credited as fully paid-up on the basis of one (1) new bonus shares for every five (5) existing ordinary shares of RM1.00 each held in the Company ('TRC Share').

The Bonus Issue was approved by the Company's shareholders on 27 June 2008.

The Bonus Issue has been completed on 11 August 2008 by issuing 31,588,246 new ordinary shares of RM1.00 each on the basis of one (1) new bonus share for every five (5) existing ordinary shares of RM1.00 each held in the Company.

Consequential to the Bonus Issue, the Company had issued an additional 6,101,520 new Warrants 2007/2017 pursuant to the adjustments in accordance with the provisions under the Deed Poll executed by the Company on 15 November 2006 constituting the Warrants ('Deed Poll').

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**40. SIGNIFICANT EVENTS (CONT'D)**

**Status of Corporate Proposal (Cont'd)**

However, no additional Irredeemable Convertible Unsecured Loan Stocks ('ICULS') would be issued by the Company. Nonetheless, based on the outstanding nominal value of ICULS as at 8 August 2008 of RM1,237,167, a total of 1,484,600 new TRC Shares (which includes the additional 247,433 new TRC Shares consequential to the Bonus Issue) would be issued by the Company upon the full conversion of the existing ICULS pursuant to the adjustments in accordance with the provisions under the Trust Deed executed by the Company on 15 November 2006 constituting the ICULS ('Trust Deed').

Pursuant to the relevant provisions under the Deed Poll and Trust Deed, the existing exercise price and conversion price of RM1.00 per TRC Share for the Warrants and ICULS respectively shall remain unchanged and will not be adjusted consequently to the Bonus Issue as any adjustments pursuant thereto will result in both the exercise price and conversion price being below the current par value of TRC Share of RM1.00.

**New Projects Secured by The Group**

- (a) The Group's wholly-owned subsidiary, Trans Resources Corporation Sdn. Bhd. ('TRC') had on 8 April 2008 received the Letter of Acceptance from Majlis Amanah Rakyat (MARA) in relation to the tender submitted by TRC on the development of a new campus for Universiti Kuala Lumpur (UniKL) Johor Branch at Pasir Gudang, Johor for a contract sum of RM196,500,000.
- (b) TRC also received the Letter of Award on the same date from Jabatan Kerja Raya Malaysia (JKR) in relation to the project known 'Projek Menaik Taraf Lapangan Terbang Kuala Terengganu : Pakej IV (a) - Pemanjangan Landasan Ke Arah Laut dan Pembinaan Infrastruktur' for a contract sum of RM202,000,000.
- (c) On 2 July 2008, TRC received the letter of acceptance from Bintulu Port Sdn. Bhd. in relation to TRC's tender for the project known as 'The Construction and Completion of the Proposed Development behind 950M Berth on Lot 37, Block 20, Kemena Land District, Bintulu, Sarawak' which consists of Transit Sheds Pulp & Paper Warehouse, Plant Maintenance Workshop, Hazardous Goods Godown, Operator's Resthouse, External Works and Mechanical & Electrical Services for a contract sum of RM88,885,715.
- (d) On 15 October 2008, TRC received a variation order (to the project 'The Design, Construction, Completion, Testing and Commission of Submarine Base for Royal Malaysian Navy at Sepangar Bay, Kota Kinabalu, Sabah') from Jabatan Kerja Raya Malaysia for the additional works on 'Mechanical and Electrical Works for Umbilical Services' amounting to RM86,944,146; the total contract sum is thus revised up to RM404,944,146 from RM318,000,000 previously.
- (e) On 17 October 2008, TRC also received a letter of intent from Advance Air Traffic Systems (M) Sdn. Bhd. ('AAT') in relation to AAT's intention to award TRC for the project known as 'the Design, Construction, Completion, Testing, Commissioning and Maintenance of Building Architectural & Structural Works, Civil Works, Mechanical & Electrical Works - Turnkey Basis'. This project is part of the Upgrading of Malaysia Air Traffic Modernisation Program at Tawau, Sabah and Sibul, Sarawak. The Letter of Award for RM11.625 million was subsequently received on 7 November 2008.

**TRC SYNERGY BERHAD**  
**(Incorporated in Malaysia)**

**40. SIGNIFICANT EVENTS CONT'D)**

**New Projects Secured by The Group (Cont'd)**

- (f) In addition to the above, the associated company of the Group, Petrobru (B) Sdn. Bhd., a company incorporated in Brunei Darussalam, had on 1 September 2008 received an official approval letter from the Government of Brunei to proceed with further works towards the realisation of the oil refinery project in Pulau Muara Besar, Brunei Darussalam; Petrobru (B) Sdn. Bhd. has completed the economic feasibility study on the viability of construction and operating a crude oil storage and refinery facility and would proceed with Detailed Feasibility Study which will take approximately six months.

**41. SUBSEQUENT EVENTS**

**Share Buy Back**

At the Extraordinary General Meeting held on 15 January 2009, a resolution on the purchase by the Company of its own shares up to a maximum of ten (10) per centum of the issued and paid up share capital of the Company was approved. The Company has not purchased any of its own shares as at the date of the financial statements.

**New Project Secured by the Group**

On 19 January 2009, TRC received the letter of acceptance from the Director General of Public Works Malaysia, Air Base and Maritime Branch, in relation to TRC's tender for the project known 'Cadangan Pembangunan Pusat Latihan Lain-Lain Pangkat Agensi Penguatkuasaan Maritime Malaysia (APMM) at Kuantan, Pahang' for a contract sum of RM218,000,000.

**Acquisition of Shares**

On 12 March 2009, the Company acquired 1 ordinary shares of RM1.00 each in TRC Infra Sdn. Bhd., for a cash consideration of RM1.00 and as a result, TRC Infra Sdn. Bhd. become a wholly owned subsidiary of the Company.

On 18 February 2009, the Company's wholly owned subsidiary, TRC acquired 2 ordinary shares of RM1.00 each in Liputan Sutera Sdn. Bhd., for a cash consideration of RM2.00 and as a result, Liputan Sutera Sdn. Bhd. become a wholly owned subsidiary of the Group.