All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

If you have sold or transferred all your PCB Shares, you should at once hand this Abridged Prospectus, and the accompanying NPA and RSF to the agent/ broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue with Warrants should be addressed to our Share Registrar, Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus, and the accompanying NPA and RSF have also been lodged with the Registrar of Companies who takes no responsibility for the contents of these documents.

The approval from our shareholders for the Rights Issue with Warrants was obtained at our EGM held on 8 August 2014. The approval from Bursa Securities has also been obtained on 11 July 2014 for the admission of the Warrants to the Official List and the listing of and quotation for the Rights Shares and the Warrants as well as the PCB Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue with Warrants. The admission of the Warrants to the Official List and the listing of and quotation for all the said new securities on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue with Warrants. Bursa Securities does not take any responsibility for the correctness of statements made or opinions expressed in this Abridged Prospectus. The admission of the Warrants to the Official List and the listing of and quotation for all the said new securities will commence after the receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful Entitled Shareholders and/ or their renouncee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

Our Board have seen and approved all the documentation relating to this Rights Issue with Warrants. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make the statements in these documents false or misleading.

This Abridged Prospectus, and the accompanying NPA and RSF are only despatched to our Entitled Shareholders whose names appear on our Record of Depositors and who have provided our Share Registrar with a registered address in Malaysia not later than 5.00 p.m. on 21 October 2014. This Abridged Prospectus, and the accompanying NPA and RSF are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders and/ or their renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and/ or other professional advisers as to whether the acceptance and/ or renunciation (as the case may be) of all or any part of their entitlements to the Rights Shares and the Warrants would result in a contravention of any laws of such countries or jurisdictions. Neither we, RHB Investment Bank nor any other professional advisers shall accept any responsibility or liability in the event that any acceptance and/ or renunciation (as the case may be) of the entitlements to the Rights Shares and the Warrants made by the Entitled Shareholders and/ or their renouncee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any such countries or jurisdictions.

RHB Investment Bank, being our Principal Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, PLEASE REFER TO SECTION 6 OF THIS ABRIDGED PROSPECTUS.

PRINSIPTEK®

宏 毅 集 团

PRINSIPTEK CORPORATION BERHAD

(Company No.: 595000-H)
(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE WITH WARRANTS OF 190,174,116 NEW ORDINARY SHARES OF RM0.10 EACH IN PRINSIPTEK CORPORATION BERHAD ("PCB" OR THE "COMPANY") ("RIGHTS SHARE(S)") ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY TWO (2) ORDINARY SHARES OF RM0.10 EACH IN PCB ("PCB SHARE(S)") AT 5.00 P.M. ON 21 OCTOBER 2014, TOGETHER WITH 126,782,744 FREE DETACHABLE NEW WARRANTS ("WARRANT(S)") ON THE BASIS OF TWO (2) WARRANTS FOR EVERY THREE (3) RIGHTS SHARES SUCCESSFULLY SUBSCRIBED FOR, AT AN ISSUE PRICE OF RM0.18 PER RIGHTS SHARE PAYABLE IN FULL UPON ACCEPTANCE

Principal Adviser and Underwriter

RHB

RHB Investment Bank Berhad
(Company No. 19663-P)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME:

Entitlement Date	:	Tuesday, 21 October 2014 at 5.00 p.m,
Last date and time for sale of provisional allotment of rights	:	Wednesday, 29 October 2014 at 5.00 p.m,
Last date and time for transfer of provisional allotment of rights	:	Monday, 3 November 2014 at 4.00 p.m,
Last date and time for acceptance and payment	:	Thursday, 6 November 2014 at 5.00 p.m,
Last date and time for excess application and payment	:	Thursday, 6 November 2014 at 5.00 p.m,

* or such later date and time as our Board may determine, subject to the consent of our Underwriter, and announce not less than two (2) Market Days before the stipulated date and time.

This Abridged Prospectus is dated 21 October 2014

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

THIS ABRIDGED PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT IN THE RIGHTS SHARES AND THE WARRANTS. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus, the NPA and the RSF:

"Act"	:	The Companies Act, 1965
"Amendment"	:	The amendment to the Memorandum and Articles of Association of PCB as a consequence of the Par Value Reduction
"Board"	:	The Board of Directors of PCB
"BNM"	:	Bank Negara Malaysia
"Bursa Depository" or "Depository"	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (635998-W)
"CDS"	:	Central Depository System
"CDS Account"	:	A securities account established by Bursa Depository for a depositor pursuant to the Securities Industry (Central Depository) Act, 1991 and the Rules of Bursa Depository for the recording of deposits of securities and for dealings in such securities by the depositor
"CMSA"	:	The Capital Markets and Services Act 2007
"Code"	:	Malaysian Code on Take-Overs and Mergers, 2010
"Corporate Exercises"	:	The Par Value Reduction, the Rights Issue with Warrants and the Amendment, collectively
"Deed Poll"	:	The deed poll dated 3 October 2014 constituting the Warrants
"Director(s)"	:	The directors of PCB and shall have the meaning given in Section 2(1) of the CMSA
"EGM"	:	Extraordinary general meeting
"Entitled Shareholder(s)"	:	Our shareholders whose names appear in the Record of Depositors of the Company on the Entitlement Date
"Entitlement Date"	:	5.00 p.m. on 21 October 2014, being the time and date on which the names of our shareholders must appear in the Company's Record of Depositors in order to participate in the Rights Issue with Warrants
"EPS"	:	Earnings per Share
"Excess Rights Shares with Warrants"	:	Rights Shares with Warrants which are not taken up or not validly taken up by our Entitled Shareholders and/ or their renouncee(s) (if applicable) prior to excess application
"FPE"	:	Financial period ended/ ending
"FYE"	:	Financial year ended/ ending
"GDC"	:	Gross development cost
"GDV"	:	Gross development value

"Irrevocable Undertaking"	:	The written irrevocable and unconditional undertakings dated 20 June 2014 provided by the Undertaking Shareholders to subscribe in full for his entitlement under the Rights Issue with Warrants based on his shareholding as at Entitlement Date
"LBT"	:	Loss before taxation
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	25 September 2014, being the latest practicable date prior to the registration of this Abridged Prospectus with the SC
"Market Day(s)"	:	Any day from Mondays to Fridays (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
"NA"	:	Net assets
"NPA"	:	Notice of provisional allotment
"NTA"	:	Net tangible assets
"Official List"	:	A list specifying all securities which have been admitted for listing on the Main Market of Bursa Securities and not removed
"PAT"	:	Profit after taxation
"PATMI"	:	Profit after taxation and minority interests
"Par Value Reduction"	:	The par value reduction via the cancellation of RM0.40 from the par value of every PCB Share pursuant to Section 64(1) of the Act
"PBT"	:	Profit before taxation
"PCB" or the "Company"	:	Prinsiptek Corporation Berhad (595000-H)
"PCB Group" or the "Group"	:	PCB and its subsidiary companies, collectively
"PCB Share(s)" or "Share(s)"	:	Ordinary share(s) of RM0.10 each in PCB from the resultant Par Value Reduction
"Price Fixing Date"	:	25 September 2014, being the date on which the issue price of the Rights Shares and the exercise price of the Warrants have been fixed at RM0.18 per Rights Share and RM0.10 per Warrant, respectively
"Provisional Rights Shares with Warrants"	:	Rights Shares with Warrants provisionally allotted to the Entitled Shareholders
"Record of Depositors"	:	A record consisting of names of depositors established by Bursa Depository under the Rules of Depository
"RHB Investment Bank", the "Principal Adviser" or the "Underwriter"	:	RHB Investment Bank Berhad (19663-P)

"Rights Issue with Warrants"	:	The renounceable rights issue of 190,174,116 Rights Shares on the basis of three (3) Rights Shares for every two (2) PCB Shares, together with 126,782,744 Warrants on the basis of two (2) Warrants for every three (3) Rights Shares subscribed for, on the Entitlement Date at an issue price of RM0.18 per Rights Share
"Rights Share(s)"	:	PCB Shares to be issued pursuant to the Rights Issue with Warrants
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RSF"	:	Rights Subscription Form
"SC"	:	Securities Commission Malaysia
"Undertaking Shareholders"	:	Dato' Foo Chu Jong and Daya Setempat Sdn Bhd (590328-M)
"Underwriting Agreement"	:	Underwriting agreement entered into between PCB and the Underwriter dated 3 October 2014
"Underwritten Shares"	:	The portion of the Rights Shares of up to 106,503,179 representing 56.00% of the total Rights Shares to be issued for which no irrevocable and unconditional written undertaking was procured from any Entitled Shareholders
"WAMP"	:	Weighted average market price
"Warrant(s)"	:	New free detachable warrants to be issued pursuant to the Rights Issue with Warrants

All references to "our Company" and "PCB" in this Abridged Prospectus are made to Prinsiptek Corporation Berhad (595000-H) and references to "our Group" or "PCB Group" are made to our Company and our subsidiary companies. All references to "we", "us", "our" and "ourselves" are made to our Company, or where the context requires, our Group or any of our subsidiary companies. All references to "you" in this Abridged Prospectus are made to our Entitled Shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

TABLE OF CONTENTS

			Page
CORPORATE DIRECTORY			vi
LETTER TO OUR ENTITLED SHAREHOLDERS CONTAINING:			
1.	INTRODUCTION		1
2.	DETAILS OF THE RIGHTS ISSUE WITH WARRANTS		2
	2.1	Particulars of the Rights Issue with Warrants	2
	2.2	Basis and justification of determining the issue price of the Rights Shares	3
	2.3	Basis and justification of determining the exercise price of the Warrants	4
	2.4	Ranking of the Rights Shares and PCB Shares to be issued arising from the exercise of the Warrants	4
	2.5	Salient terms of the Warrants	5
	2.6	Details of other corporate exercises	6
3.	RATIONALE AND JUSTIFICATION FOR THE RIGHTS ISSUE WITH WARRANTS		7
4.	IRREVOCABLE UNDERTAKING AND UNDERWRITING ARRANGEMENT		7
5.	UTILISATION OF PROCEEDS		8
6.	RISK FACTORS		9
	6.1	Risks relating to our operations and the industries that we operate in	9
	6.2	Risks relating to the Rights Issue with Warrants	12
	6.3	Forward-looking statements	13
7.	INDUSTRY OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP		14
	7.1	Overview and outlook of the Malaysian economy	14
	7.2	Overview and outlook of the construction and property development industries	15
	7.3	Prospects of PCB Group	16
8.	FINANCIAL EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS		18
	8.1	Issued and paid-up share capital	18
	8.2	NA per share and gearing	19
	8.3	Earnings and EPS	20
9.	WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS		21
	9.1	Working capital	21
	9.2	Borrowings	21
	9.3	Contingent liabilities	22
	9.4	Material commitments	22

TABLE OF CONTENTS (Cont'd)

10.	**INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE OR TRANSFER AND EXCESS APPLICATION FOR THE RIGHTS ISSUE WITH WARRANTS**		**22**
	10.1	General	22
	10.2	NPA	22
	10.3	Last date and time for acceptance and payment	22
	10.4	Procedures for acceptance and payment	23
	10.5	Procedures for part acceptance by Entitled Shareholders	25
	10.6	Procedures for sale or transfer of Provisional Rights Shares with Warrants	25
	10.7	Procedures for acceptance by renouncees	26
	10.8	Procedures for application of Excess Rights Shares with Warrants	26
	10.9	Form of issuance	27
	10.10	Laws of foreign country or jurisdiction	28
11.	**TERMS AND CONDITIONS**		30
12.	**FURTHER INFORMATION**		30

APPENDICES

I.	**CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM HELD ON 8 AUGUST 2014**	**31**
II.	**INFORMATION ON OUR COMPANY**	**35**
III.	**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON**	**44**
IV.	**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON**	**55**
V.	**UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE SIX (6)-MONTH FPE 30 JUNE 2014**	**139**
VI.	**DIRECTORS' REPORT**	**154**
VII.	**ADDITIONAL INFORMATION**	**155**

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Address	Nationality	Occupation
Y Bhg Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim *(Independent Non-Executive Chairman)*	P3-05-1, Andalucia Pantai Hill Park Jalan Pantai Permai (Off Jalan Kerinchi) Pantai 59200 Kuala Lumpur Wilayah Persekutuan	Malaysian	Company Director
Y Bhg Dato' Foo Chu Jong *(Managing Director)*	No. 217, Site C, Lorong 5 45400 Sekinchan Selangor Darul Ehsan	Malaysian	Company Director
Foo Chu Pak *(Executive Director)*	No. 217, Site C, Lorong 5 45400 Sekinchan Selangor Darul Ehsan	Malaysian	Company Director
Y Bhg Datin Paduka Low Siew Moi *(Independent Non-Executive Director)*	No. 83, Jalan SS3/41 47300 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Y Bhg To' Puan Seri Hajjah Nur Rahmah Binti Hj Mohd Zain *(Independent Non-Executive Director)*	No. 177, Jalan Ayer Molek 2 Taman Tasik Titiwangsa 53200 Kuala Lumpur Wilayah Persekutuan	Malaysian	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Y Bhg Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim	Chairman	Independent Non-Executive Chairman
Y Bhg Datin Paduka Low Siew Moi	Member	Independent Non-Executive Director
Y Bhg To' Puan Seri Hajjah Nur Rahmah Binti Hj Mohd Zain	Member	Independent Non-Executive Director

CORPORATE DIRECTORY (Cont'd))

COMPANY SECRETARIES	:	Teoh Yee Shien (MIA 9662) c/o No. 83 & 85, Jalan SS15/4C 47500 Subang Jaya Selangor Darul Ehsan Tel: 603-5629 2600 Fax: 603-5635 1802 Lim Seck Wah (MAICSA 0799845) c/o Level 15-2, Bangunan Faber Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur, Malaysia Tel: 603-2692 4271 Fax: 603-2732 5388/5399
REGISTERED OFFICE / CORPORATE OFFICE	:	No. 83 & 85, Jalan SS15/4C 47500 Subang Jaya Selangor Darul Ehsan Tel: 603-5629 2600 Fax: 603-5635 1802 Email: info@prinsiptek.com Website: www.prinsiptek.com
SHARE REGISTRAR	:	Mega Corporate Services Sdn Bhd (187984-H) Level 15-2, Bangunan Faber Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur, Malaysia Tel: 603-2692 4271 Fax: 603-2732 5388/5399
AUDITORS AND REPORTING ACCOUNTANTS	:	Messrs Morison Anuarul Azizan Chew (AF 001977) 18, Jalan 1/64, Off Jalan Kolam Air/Jalan Ipoh 51200 Kuala Lumpur Tel: 603-4048 2888 Fax: 603-4048 2999
PRINCIPAL BANKERS	:	Malayan Banking Berhad (3813-K) Subang Business Centre G02, East Wing Wisma Consplant No. 2, Jalan SS 16/4 47500 Petaling Jaya Selangor Darul Ehsan Tel: 603-5631 2210 Fax: 603-5631 2146
	:	Maybank Islamic Berhad (787435-M) Subang Business Centre G02, East Wing Wisma Consplant No. 2, Jalan SS 16/4 47500 Petaling Jaya Selangor Darul Ehsan Tel: 603-5631 2210 Fax: 603-5631 2146

CORPORATE DIRECTORY (Cont'd))

	:	Bank Kerjasama Rakyat Malaysia Berhad (Reg No. 2192) Tower 1, Bank Rakyat Twin Tower No. 33, Jalan Travers 50470 Kuala Lumpur Tel: 603-2612 9600 Fax: 603-2272 2237
DUE DILIGENCE SOLICITOR	:	Messrs Tan, Goh and Associates Unit 821, 8th Floor Block A, Lift Lobby 6 Damansara Intan No. 1, Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel: 603-7727 7228 Fax: 603-7731 9238
PRINCIPAL ADVISER AND UNDERWRITER	:	RHB Investment Bank Berhad (19663-P) Level 10, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel: 603-9287 3888 Fax: 603-9287 2233/3355
STOCK EXCHANGE LISTED AND LISTING SOUGHT	:	Main Market of Bursa Securities

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

宏 毅 集 团

PRINSIPTEK CORPORATION BERHAD

(Company No.: 595000-H)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office

No. 83 & 85, Jalan SS15/4C
47500 Subang Jaya
Selangor Darul Ehsan

21 October 2014

Board of Directors

Y Bhg Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim (*Independent Non-Executive Chairman*)
Y Bhg Dato' Foo Chu Jong (*Managing Director*)
Foo Chu Pak (*Executive Director*)
Y Bhg Datin Paduka Low Siew Moi (*Independent Non-Executive Director*)
Y Bhg To' Puan Seri Hajjah Nur Rahmah Binti Hj Mohd Zain (*Independent Non-Executive Director*)

To: Our Entitled Shareholders

Dear Sir/ Madam,

RIGHTS ISSUE WITH WARRANTS

---

1. INTRODUCTION

On 12 June 2014, RHB Investment Bank had, on behalf of our Board, announced that our Company proposed to undertake, *inter alia*, the Rights Issue with Warrants.

Subsequently, on 11 July 2014, RHB Investment Bank had, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 11 July 2014, resolved to approve the following:

(i) Admission of the Warrants to be issued pursuant to the Rights Issue with Warrants on the Main Market of Bursa Securities;

(ii) Listing of and quotation for the Rights Shares and Warrants to be issued pursuant to the Rights Issue with Warrants on the Main Market of Bursa Securities; and

(iii) Listing of and quotation for the PCB Shares to be issued upon exercise of the Warrants on the Main Market of Bursa Securities.

The approvals by Bursa Securities in relation to the Corporate Exercises are subject to the following conditions:

Condition(s)		Status of compliance
(i)	PCB and RHB Investment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue with Warrants;	Noted
(ii)	PCB and RHB Investment Bank to inform Bursa Securities upon the completion of the Rights Issue with Warrants;	To be complied
(iii)	PCB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed; and	To be complied
(iv)	PCB is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

Our shareholders had, at our EGM held on 8 August 2014, approved, *inter alia*, the Rights Issue with Warrants. A certified true extract of the ordinary resolution pertaining to the Rights Issue with Warrants passed at the said EGM, is set out in **Appendix I** of this Abridged Prospectus.

On 25 September 2014, RHB Investment Bank had, on behalf of our Board, announced that the issue price of the Rights Shares and the exercise price of the Warrants have been fixed at RM0.18 per Rights Share and RM0.10, per Warrant, respectively.

On 7 October 2014, RHB Investment Bank had, on behalf of our Board, announced that the Entitlement Date has been fixed on 21 October 2014 at 5.00 p.m., along with other relevant dates pertaining to the Rights Issue with Warrants.

No person is authorised to give any information or to make any representation not contained in this Abridged Prospectus in connection with the Rights Issue with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by us or RHB Investment Bank.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Particulars of the Rights Issue with Warrants

The Rights Issue with Warrants entails the issuance of 190,174,116 Rights Shares on the basis of three (3) Rights Shares for every two (2) PCB Shares held, together with 126,782,744 Warrants on the basis of two (2) Warrants for every three (3) Rights Shares subscribed for by the Entitled Shareholders and/ or their renouncee(s) (if applicable) at an issue price of RM0.18 per Rights Share. The basis for the Rights Shares and Warrants was arrived at based on the estimated quantum of funds required for property development expenditure and future land acquisition, details of which are set out in **Section 5** of this Abridged Prospectus.

The Rights Issue with Warrants is renounceable in full or in part. Accordingly, the Entitled Shareholders who renounce all or any part of their entitlements to the Rights Shares provisionally allotted to them under the Rights Issue with Warrants will simultaneously relinquish any accompanying entitlement to the Warrants. For avoidance of doubt, the Rights Shares and the Warrants are not separately renounceable.

Any unsubscribed Rights Shares together with the Warrants, will be made available to other Entitled Shareholders and/ or their renouncee(s) (if applicable) under the excess Rights Shares application. Fractional entitlements of the Rights Shares and the Warrants arising from the Rights Issue with Warrants, if any, shall be dealt with in such manner as the Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of the Company. It is the intention of our Board to allocate the Excess Rights Shares with Warrants, if any, in a fair and equitable manner, and on the basis as set out in Section 10.8 of this Abridged Prospectus.

The Warrants will be immediately detached from the Rights Shares upon issuance and will be traded separately. The Warrants will be issued in registered form and constituted by the Deed Poll.

As the Rights Shares and the Warrants are prescribed securities, your CDS Account will be duly credited with the number of Provisional Rights Shares with Warrants which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed in this Abridged Prospectus, a NPA notifying you of the crediting of such securities into your CDS Account and a RSF to enable you to subscribe for the Provisional Rights Shares with Warrants, as well as to apply for the Excess Rights Shares with Warrants if you choose to do so.

Any dealing in our securities will be subject to, *inter-alia*, the provisions of the Securities Industry (Central Depositories) Act, 1991, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares, the Warrants and the PCB Shares to be allotted and issued arising from the exercise of the Warrants will be credited directly into the respective CDS Accounts of the successful applicants and the shareholders who exercise the Warrants (as the case may be). No physical share or warrant certificates will be issued.

We will allot and issue the Rights Shares with Warrants, despatch notices of allotment to the successful applicants and make an application for the quotation for the Rights Shares and the Warrants within eight (8) Market Days from the last date for acceptance of and payment for the Rights Shares with Warrants or such other period as may be prescribed by Bursa Securities. The Rights Shares and the Warrants will then be quoted on the Main Market of Bursa Securities two (2) Market Days after the application for quotation is made to Bursa Securities.

2.2 Basis and justification of determining the issue price of the Rights Shares

On 25 September 2014, RHB Investment Bank had, on behalf of our Board, announced that the issue price of the Rights Shares has been fixed by our Board at RM0.18 each. This represents a discount of approximately 32.35% to the theoretical ex-rights price of PCB Shares of RM0.2661, calculated based on the five (5)-day WAMP of PCB Shares up to and including 24 September 2014, being the last trading day of PCB Shares immediately preceding the price-fixing date for the Rights Shares. The issue price for the Rights Shares was determined by our Board after taking into consideration of the following:

(i) the theoretical ex-rights price of the PCB Shares based on the five (5)-day WAMP of PCB immediately prior to the Price Fixing Date; and

(ii) the funding requirements of PCB as set out in **Section 5** of this Abridged Prospectus.

2.3 Basis and justification of determining the exercise price of the Warrants

On 25 September 2014, RHB Investment Bank had, on behalf of our Board, announced that the exercise price of the Warrants has been fixed by our Board at RM0.10 each. This represents a discount of approximately 62.42% to the theoretical ex-rights price of PCB Shares of RM0.2661, calculated based on the five (5)-day WAMP of PCB Shares up to and including 24 September 2014, being the last trading day of PCB Shares immediately preceding the date of fixing the said exercise price. The exercise price of the Warrants was determined by our Board after taking into consideration the following:

(i) the historical price movement of the PCB Shares;

(ii) the historical and current financial performance of the PCB Group;

(iii) the five (5)-day WAMP of New PCB Shares prior to the Price Fixing Date for the Warrants; and

(iv) the longer-term funding requirements of PCB Group.

For avoidance of doubt, the Warrants will be issued at no cost to the shareholders who subscribe for the Rights Shares on the basis of two (2) Warrants for every three (3) Rights Shares subscribed.

2.4 Ranking of the Rights Shares, Warrants and PCB Shares to be issued arising from the exercise of the Warrants

All the Rights Shares will, upon allotment and issue, rank pari passu in all respects with the PCB Shares, except that they will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid prior to the allotment and issue of the Rights Shares.

The holders of the Warrants will not be entitled to any voting rights or participation in any form of distribution and/or offer of further securities in the Company until and unless such holders of the Warrants exercise their Warrants into PCB Shares.

The PCB Shares to be issued arising from the exercise of Warrants shall, upon allotment and issuance, rank pari passu in all respects with the then PCB Shares, save and except that they will not be entitled to any dividends, rights, allotment and/ or any other distributions that may be declared, made or paid prior to the relevant allotment date of the said PCB Shares.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

2.5 Salient terms of the Warrants

The principal terms of the Warrants are set out below:

Issue size	:	126,782,744 Warrants to be issued in conjunction with the Rights Issue with Warrants on the basis of two (2) Warrants for every three (3) Rights Shares subscribed
Form and denomination	:	The Warrants which are issued with the Rights Shares are immediately detached upon issuance and will be separately traded. The Warrants will be issued in registered form and constituted by the Deed Poll
Exercise Rights	:	Each Warrant entitles the registered holder, at any time during the Exercise Period, to subscribe for one (1) PCB Share at the Exercise Price, subject to adjustments in accordance with the provisions of the Deed Poll
Exercise Period	:	The Warrants may be exercised at any time within five (5) years commencing from and including the date of issue of the Warrants and ending at 5.00 pm on the Expiry Date
Exercise Price	:	The exercise price of the Warrants is fixed at RM0.10, after taking into consideration the theoretical ex-rights price of the PCB Shares at the Price Fixing Date, subject to the exercise price not being less than the par value
Expiry Date	:	The day falling immediately before the fifth (5^{th}) anniversary of the date of issuance of the Warrants and if such date is not a Market Day, then on the preceding Market Day. Any of the Warrants which have not been exercised and delivered to the Company's registrar by the Expiry Date will lapse and cease thereafter to be valid for any purpose
Mode of exercise	:	The registered holder of a Warrant is required to lodge an exercise form, as set out in the Deed Poll, with the Company's registrar, duly completed, signed and stamped together with payment of the Exercise Price by bankers' draft or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia in accordance to the Deed Poll
Mode of transfer	:	The Warrants are transferrable in the manner and according to the provisions of the Deed Poll, Securities Industry (Central Depositories) Act 1991 and the rules of Bursa Malaysia Depository Sdn Bhd
Board lot	:	For the purpose of trading on Bursa Securities, a board lot of Warrants shall comprise 100 Warrants carrying the right to subscribe for 100 PCB Shares at any time during the Exercise Period, or such denomination as determined by Bursa Securities
Listing status	:	An application will be made to Bursa Securities for the admission of the Warrants to the Official List of Bursa Securities, and for the listing of and quotation for the Warrants and the PCB Shares arising from the exercise of Warrants on the Main Market of Bursa Securities
Ranking of new Shares	:	The new PCB Shares to be issued pursuant to the exercise of the Warrants, shall upon allotment and issue, rank *pari passu* in all respects with the PCB Shares, save and except that they will not be entitled to any dividend, right, allotment, and/or other distributions that may be declared, made or paid, the entitlement date of which is prior to the relevant allotment and issuance date of the said new PCB Shares

Rights in the event of winding up, liquidation, compromise and/ or arrangement	:	Where a resolution has been passed for a members' voluntary winding up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the company with one or more companies, then: (i) for the purpose of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the registered Warrant holders, or some persons designated by them for such purposes by a special resolution, will be a party, the terms of such winding-up, compromise or arrangement will be binding on all registered Warrants holders; and (ii) in any other case, every registered Warrant holder shall be entitled upon and subject to the provisions of the Deed Poll at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding up of the Company or six (6) weeks after the granting of the court order approving the compromise or arrangement, by the irrevocable surrender of this Warrants to the Company, elect to be treated as if he had immediately prior to the commencement of such winding up, compromise or arrangement exercised the Exercise Rights represented by his Warrants to the extend specified in the relevant exercise forms and be entitled to receive out of the assets of the Company which would be available in liquidation as if he had on such date been the holder of the PCB Shares to which he would have been entitled to pursuant to such exercise and the liquidator of the Company will give effect to such election accordingly
Adjustments in the Exercise Price and/ or number of New Warrants	:	The Exercise Price and/ or number of unexercised Warrants may be adjusted by the Board, in consultation with its professional advisers and certified by the auditors, in the event of alteration to the share capital of the Company, including but not limited to consolidation or subdivision or conversion, issuance of shares by way of capitalisation of profits or reserves, capital distribution or issue of shares or convertible securities or any other events in accordance with the provisions of the Deed Poll
Rights of the Warrant holders	:	Warrant holders are not entitled to any dividends, rights, allotments and/or other distributions and/or offer of further securities unless otherwise resolved by the Company in a general meeting. The Warrant holders are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in the Company
Deed Poll	:	The Warrants will be constituted by a Deed Poll
Governing Law	:	Laws and regulations of Malaysia

2.6 Details of other corporate exercises

Save for the Rights Issue with Warrants, we are not aware of any other corporate exercises announced but pending completion which is subject to the approval of the shareholders of PCB.

3. RATIONALE AND JUSTIFICATION FOR THE RIGHTS ISSUE WITH WARRANTS

The Rights Issue with Warrants will enable PCB to raise gross proceeds of RM34,231,340.88 (excluding proceeds raised from the exercise of Warrants) from the shareholders of PCB for property development expenditure, future land acquisition, and to defray estimated expenses for the Corporate Exercises, as set out in **Section 5** of this Abridged Prospectus.

After due consideration of the various options available including bank borrowing, the Board is of the view that the Rights Issue with Warrants is currently the most appropriate means of raising funds for PCB after taking into consideration several major factors including the following:

(i) The Rights Issue with Warrants will improve liquidity and financial flexibility as it will enable PCB to raise required funds for purposes set out in **Section 5** below without incurring additional interest cost which would arise if PCB was to borrow to fund the aforesaid purposes, as well as to optimise PCB's capital structure by strengthening its financial position through the increase in share capital and nets assets, and reducing its current gearing level;

(ii) The Warrants attached to the Rights Shares are expected to enhance the attractiveness of the Rights Issue with Warrants. In addition, any exercise of the Warrants will further strengthen PCB's capital base, increase the shareholders' funds and improve its gearing level;

(iii) The Rights Issue with Warrants will provide an opportunity for the existing shareholders of PCB to further participate in the equity of the Company and benefit from the potential future growth of PCB; and

(iv) The Rights Issue with Warrants will increase the shareholders' funds and hence improve the gearing to better support PCB's operations.

4. IRREVOCABLE UNDERTAKING AND UNDERWRITING ARRANGEMENT

The Rights Issue with Warrants will be undertaken on a full subscription basis of 190,174,116 Rights Shares together with 126,782,744 Warrants to raise a total gross proceeds of RM34,231,340.88 at an issue price of RM0.18 per Rights Share. The full subscription basis is determined based on the funding requirements of PCB after taking into consideration of the funds needed for property development expenditure and future land acquisition as set out in **Section 5** of this Abridged Prospectus.

On 20 June 2014, the following major shareholders of PCB have provided their respective irrevocable undertakings to subscribe for their entitlements to the Rights Shares arising from the Rights Issue with Warrants based on their shareholdings as at the LPD:

	Shareholdings as at the LPD		**Subscription for Rights Shares entitlement**	
Name	**No. of PCB Shares**	**%**	**No. of Rights Shares**	**%**
Dato' Foo Chu Jong	14,790,000	11.67	22,185,000	11.67
Daya Setempat Sdn Bhd	40,990,625	32.33	61,485,937	32.33
Total	**55,780,625**	**44.00**	**83,670,937**	**44.00**

The abovementioned major shareholders have also given their undertaking to subscribe in full for any additional entitlement of the Rights Issue with Warrants, in the event that they increase their shareholding in PCB, prior to the Entitlement Date.

Dato' Foo Chu Jong and Daya Setempat Sdn Bhd have respectively confirmed that they have sufficient financial resources to subscribe for their respective entitlements pursuant to the Rights Issue with Warrants. RHB Investment Bank has verified the sufficiency of financial resources of the Undertaking Shareholders for the purpose of subscribing for the Rights Shares pursuant to the Irrevocable Undertakings based on the issue price of RM0.18 per Rights Share.

PCB had also on 3 October 2014 entered into an Underwriting Agreement with the Underwriter to underwrite up to 106,503,179 Rights Shares representing approximately 56.00% of the total Rights Shares to be issued under the Rights Issue with Warrants, for which no irrevocable and unconditional written undertaking to subscribe has been obtained from other Entitled Shareholders, based on the terms and conditions of the Underwriting Agreement.

The underwriting commission is 1.75% of the value of the Underwritten Shares, amounting to approximately RM335,484.99 payable to the Underwriters. The underwriting commission payable to the Underwriters and all other costs in relation to the underwriting arrangement will be fully borne by the Company.

After taking into consideration the Irrevocable Undertaking and the underwriting arrangement, we confirm that the abovementioned shareholders' subscription of the Rights Shares will not give rise to any consequences of Mandatory General Offer ("**MGO**") obligation pursuant to the Code.

5. UTILISATION OF PROCEEDS

The Rights Issue with Warrants is expected to raise an estimated gross proceeds of RM34,231,340.88 from the subscription of the Rights Shares based on the issue price of RM0.18 per Rights Share. The proceeds are expected to be utilised in the following manner:

Details of utilisation	RM'000	Estimated timeframe for utilisation of proceeds
Property development expenditure and future land acquisition (1)	33,131	Within twenty-four (24) months
Estimated expenses(2)	1,100	Within one (1) month
Total	34,231	

Notes:

(1) The proceeds are intended to be utilised to support PCB's property development business which would include, amongst others, acquisition of land banks and other business relating to property development which would include investment in companies undertaking property development and/or holding land banks and rights to develop land from property developers and/or land owners.

Any proceeds not utilised for the acquisition of land banks and other business relating to PCB's property development business would be utilised for property development expenditures. The property development expenditure would include payments to contractors, suppliers and consultants, and also contribution payments (which include, amongst others, charges for the provision of the supply of electricity and water, land conversion or land alienation premium and building plan fees and development charges) to the relevant authorities in respect of property development activities.

At this juncture, PCB is unable to determine the allocation between the acquisition of land banks and other business relating to PCB's property development business, and property development expenditure. This is due to the proceeds from the Rights Issue with Warrants have not been earmarked for any specific projects and the identification of any parcels of land at this juncture to provide flexibility to PCB in determining the use of the proceeds so long as the proceeds will be used for PCB's property development business.

(2) Includes advisory fees, solicitors fees, fees payable to relevant authorities, printing cost, and other incidental expenses in connection with the Corporate Exercises. Any shortfall or excess in funds allocated for estimated expenses will be funded from or used for the working capital of PCB Group.

The actual proceeds to be raised from the exercise of the Warrants are dependent on the total number of Warrants to be exercised during the tenure of the Warrants. Such proceeds will be used for the Group's working capital requirements.

6. RISK FACTORS

You and/ or your renouncee(s) (if applicable) should consider carefully, in addition to other information contained elsewhere in this Abridged Prospectus, the following risk factors (which may not be exhaustive) which may have an impact on the future performance of our Group before subscribing for or investing in the Rights Shares and the Warrants.

6.1 Risks relating to our operations and the industries that we operate in

6.1.1 Business and operational risks

Our Group primarily operates in the property development and construction sectors. As such, the Group is subject to general business and operational risks that are inherent within the industries in which it operates. These risks include, amongst others, shortages of construction materials (e.g. steel bars, ready-mixed concrete, cement and diesel) and skilled workers, price increase in construction materials, the non-performance or unsatisfactory performance of contractors and sub-contractors, inclement weather, natural disasters, accidents, failure or postponement in the issuance or granting of licences, permits and approvals, and unforeseen engineering or environment problems which may include, amongst others, error in estimation by surveyor, architectural flaws and soil erosion. Construction delays, loss of revenue and cost over-runs are likely to result from such events which could in turn adversely affect the business, operations and financial performance, and which, may affect our Group's profitability.

Our Group seeks to limit these risks through, inter alia, prudent management policies which includes, amongst others, close monitoring on budgets and projects implementation, engaging suppliers on short-term contracts, adhering to International Organisation for Standardisation ("**ISO**") 14001:2004 (Environmental Management System), ISO 9001:2008 (Quality Management System), MS 1722:2011 (Occupational Health & Safety Management System) and the Occupational Health and Safety Advisory Services (OHSAS) 18001:2007 (Occupational Health & Safety Management System), and ensuring employees is given duties that is within their capabilities, continuous review and evaluation of our operations, emphasis on quality planning and execution, optimising the diversification of suppliers, maintaining long-term business relationships with its suppliers and customers, focus on work safety issues.

Furthermore, the returns and profitability level of any property development and/or construction project are subject to, inter-alia competition and customers' needs and therefore, our Group will seek to limit these risks through careful planning and identification of the type of projects to take on, careful selection of supplier by obtaining quotations from suppliers and selecting suppliers based on the specifications, costs and terms offered by the suppliers, with emphasis on suppliers which allow us to sign supply contracts which have a fixed rate for a period of time to pass any risk of cost escalations or cost overrun to the suppliers, practicing prudent financial management, close supervision on projects and effective project management.

6.1.2 Competition risks

Our existing and future property development projects are in locations such as Kuala Lumpur, Selangor, Kuantan and Thailand faces competition from several property developers. The property development market is highly competitive and any oversupply of properties due to a mismatch in supply and demand will intensify the level of competition which may, among others, affect pricing. There can be no assurance that buyers will purchase properties from our developments instead of our competitors.

In addition to competition in securing property sales, property developers also face competition in identifying and acquiring strategically located land banks to deliver sustainable growth. Such competition have resulted in scarcity of such land and pushed up costs in land acquisition in recent years.

Our construction business also faces competition from other companies operating in the same business. Intense competition may result in highly competitive pricing in securing a contract, which may subsequently affect our financial performance.

Our Group will continue to take measures to remain competitive in the property development and construction sectors by providing quality developments and competitive pricing as well as actively exploring opportunities to differentiate ourselves from our competitors.

6.1.3 Exposure to defects liability claims

Construction contracts and sale and purchase agreements commonly stipulate a defects liability period for work done, which carry warranty period of up to 24 months, from the official handling over of the completed projects, depending on the nature of the contract. The warranty guarantees the rectification of any defects in the project which may surface or be identified during the defects liability period at the sole cost and expense of the contractor/developer. Such rectification of defects will inevitably result in an increase in completion costs and affect the profitability of affected projects.

Should our Group be required to fulfil its warranty obligations in the rectification of projects, its profit margin will be decreased depending on the severity of the rectification works, hence affecting overall financial performance.

To mitigate the risk of defects, our Group seeks to ensure that all suppliers and sub-contractors employed are trustworthy, reliable and have a good track record in construction and development activities.

6.1.4 Cyclical risks

The construction industry is cyclical in nature as the performance of the industry is affected by economic conditions. Any recovery or downturn in the economy will be firstly reflected in the direction of the construction industry. The construction revenue of the Group which is largely derived from its civil construction works is dependent on the economic stimulus package and budget allocations for development expenditures, as determined and announced by the Malaysian Government.

The Group will continue to institute various measures to ensure the viability and ability of the Group to withstand the effects arising from the cyclical risks. These include, inter alia, delivering quality services and timely project completion, strengthening the Group's credit control policies, close monitoring of project cost and sub-contractor performance to ensure the order book and profitability of the Group is sustained.

6.1.5 Political, economic, market and regulatory risks

Our financial and business prospects and the industry in which we operate in will depend to some degree on the developments in the political, economic and regulatory conditions in Malaysia. Amongst the political, economic and regulatory risk factors are risks of war, changes in political leadership, unfavourable changes in the governmental policies such as taxation and currency exchange rules, changes in economic conditions, changes in inflation rates and interest rates, and introduction of new regulations.

Whilst our Group will continue to adopt effective measures to mitigate the aforementioned risks such as prudent management, efficient operating procedures and diversification of our Group's range of products/services and markets, there can be no assurance that adverse political, economic and regulatory changes will not materially affect the business activities of our Group.

6.1.6 Dependency on key management

The performance and success of our Group depends to a significant extent on the skills and abilities, experience and competencies of our Directors and key management personnel. There can be no assurance that the loss of any of these persons without suitable and timely replacement would not affect the operations and financial performance of our business, financial conditions, results of operations and prospects.

In order to mitigate the risk, our Group has an effective human resource management and development programme to attracts and retain qualified and competent staff through competitive remuneration packages, training and professional development.

6.1.7 Borrowings and fluctuations in interest rates

Our Group has borrowings including term loans, bank overdrafts, banker's acceptances, Islamic loans, bridging loans, fixed loans bridging term loans and hire purchase loans. Interest charged on bank borrowings is dependent on prevailing interest rates, and is hence subject to future fluctuations of interest rates which could materially affect our Group's profitability.

In addition, the agreements for banking facilities contain covenants which may limit our Group's future operating and financing flexibility. Any breach of such covenants may give rise to a right by the financiers to terminate the relevant credit facilities and/or enforce any security granted in relation to the particular credit facility.

Our Group is aware of such risks, and hence, shall take all necessary precautions to prevent any breach of our financial obligations, whilst adhering to strict financial management practices and prudent cash flow policies. Nevertheless, there can be no assurance that the performance of our Group would remain favourable in the event of any adverse changes in interest rates.

6.1.8 Availability and cost of raw material and skilled labour

Our profitability may be affected by any increase in land acquisition costs and fluctuation of construction costs which are inherent in our industry. Higher cost of land bank, raw materials (including sand, steel, cement and tiles) and labour will reduce our profit margin in the event we are unable to fully pass on increases in costs to our customers.

Our Group purchases a wide range of raw materials from our suppliers. Our Group practices open tender and we select and monitor our suppliers. Therefore we do not maintain the same supplier for any of our long-term contracts but rather we would appoint the suppliers on a short-term contractual basis. Through our selection and monitoring process, the Group has been able to maintain long term relationships with our suppliers and have built a large pool of suppliers to source our raw material and labour.

However, raw materials are price sensitive, and there can be no assurance that our Group will be able to obtain sufficient quantities of raw materials for our projects when the materials are scarce in the market. At the same time, there is no assurance that any shortage or increase in the cost of raw materials will not have an adverse effect on our financial performance. Price fluctuations in the raw materials market, which are beyond the control of our company, could also result in increased costs and result in a material adverse effect on our Group's financial performance.

The construction industry in Malaysia also faces a shortage of skilled labour. The shortage is due to the low participation of Malaysians within the sector, restrictions on foreign works, and has been exacerbated in recent years by the increased demand for construction workers for other large infrastructure projects.

6.1.9 Delay in completion of construction and property development projects

Our construction projects may face delays, which could be due to external factors beyond the control of our Group such as obtaining approvals from various regulatory authorities as scheduled, sourcing and securing quality construction materials, favourable credit terms and satisfactory performance of our sub-contractors. Any failure or delay in completing the projects within the timeframe agreed upon with our customers may expose our Group to additional costs and potential claims which may impact our profitability.

Our Group closely monitors the progress of our construction projects and seeks to mitigate these risks through, amongst others, efficient project management and monitoring, strategic alliance with business partners, good working relationship with reliable sub-contractors and suppliers as well as effective human resource planning. However, there can be no assurance that these factors will not lead to any delay in completion of projects, which may have an impact on our Group's business and profitability.

6.2 Risks relating to the Rights Issue with Warrants

6.2.1 Market risks

The market price of our Shares is influenced by, amongst others, the prevailing market sentiment, the volatility of the stock market, movements in interest rates and the outlook of the industry which we operate and our financial performance. In view of this, there can be no assurance that our Shares will trade at or above the issue price of the Rights Shares or the theoretical ex-rights price of our Shares upon or subsequent to the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

The value of the Warrants is dependent upon, amongst others, the market price of our Shares, remaining exercise period of the Warrants, volatility of our share price and potential future payments of dividend. If the market price of our Shares is higher that the exercise price of the Warrants, the Warrants are deemed to be *"in-the-money'* during their exercise period.

Furthermore, you are reminded that should the Warrants expire at the end of its tenure, it will lapse and cease to be valid and hence, will no longer have any value.

6.2.2 Delay in or abortion of the implementation of Rights Issue with Warrants

The Rights Issue with Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of any material adverse change of events/ circumstances such as changes in inflation rates, interest rates, political leadership and unfavourable changes in the governments' policies such as taxation and licensing regulations as well as other force majeure events, which are beyond the control of our Company and RHB Investment Bank, arising prior to or during the implementation of the Rights Issue with Warrants.

Nevertheless, our Group will endeavour to ensure the successful listing of the Rights Shares and the Warrants. However, there can be no assurance that the abovementioned events will not occur or cause a delay in or abortion of the Rights Issue with Warrants. In the event the Rights Issue with Warrants is aborted, our Group will repay without interest all monies received in respect of the accepted application for the subscription of the Rights Shares and the Warrants pursuant to the Rights Issue with Warrants and if such monies are not repaid within 14 days after it becomes liable, we will repay such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA.

In the event that the Rights Shares with Warrants is aborted/ terminated, and the Rights Shares have been allotted to the shareholders, a return of monies to all holders of the Rights Shares could only be achieved by way of cancellation of share capital as provided under the Act and its related rules. Such cancellation requires the sanction of our shareholders by special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be removed within a short period of time or at all in such circumstances.

6.3 Forward-looking statements

Certain statements in this Abridged Prospectus are based on historical information which may not be reflective of the future results, whilst others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements contained in this Abridged Prospectus are based on forecasts and assumptions made by our Company, unless stated otherwise. Although our Board believes that these forward-looking statements are reasonable, the statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, inter-alia, the risk factors as set out in this section. In view of these uncertainties, the inclusion of any forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company on the achievability of our future plans and objectives.

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP

7.1 Overview and outlook of the Malaysian economy

The Malaysian economy registered a strong growth of 6.4% in the second quarter of 2014 (1Q 2014: 6.2%). Overall, growth was supported by higher exports and continued strength in private domestic demand. Real exports of goods and services grew at a faster pace while growth in real imports of goods and services moderated, resulting in a significant improvement in net exports. On a quarter-on quarter seasonally-adjusted basis, the economy grew by 1.8% (1Q 2014: 0.8%). Private sector activity grew by 8.1% (1Q 2014: 8.8%), above its long-term average of 6.9%. Private investment continued to register double-digit growth, expanding by 12.1% (1Q 2014: 14.1%). The robust performance was accounted mainly by investments in the services sector, particularly in dwellings, transportation and private education, and in the export-oriented manufacturing industry. Private consumption increased by 6.5% (1Q 2014: 7.1%) in the second quarter. Household spending remained supported by stable employment conditions and continued wage growth. By contrast, public sector expenditure declined by 2.1% (1Q 2014: 2.7%). Public consumption declined marginally by 1.3% (1Q 2014: 11.2%), reflecting mainly lower Government spending on emoluments, and supplies and services. Public investment declined during the quarter, albeit at a slower pace of 3.3% (1Q 2014: -6.4%), attributed to lower spending on fixed assets by both the Federal Government and public enterprises. In terms of total investment, gross fixed capital formation expanded by 7.2% (1Q 2014: 6.3%). By type of assets, this was driven by spending on machinery and equipment (9.1%; 1Q 2014: -1.8%), amidst a moderation of investment in structures (6.7%; 1Q 2014: 14.7%).

(Source: Quarterly Bulletin, Second Quarter 2014, Bank Negara Malaysia)

Meanwhile, growth of the manufacturing sector was further strengthened by both domestic and export-oriented industries, particularly electronics and electrical, transport and equipment as well as food, beverage and tobacco. The construction sector expanded 9.9% (Q1 2014: 18.9%) supported by strong residential and non-residential activities. The agriculture sector increased 7.1% (Q1 2014: 2.3%) on account of higher production in the palm oil, forestry, other agriculture and fishing subsectors. Meanwhile, the mining sector rebounded by 2.1% (Q1 2014: -0.8%) supported by a turnaround in crude oil output.

(Source: Malaysian Economy, Second Quarter 2014 Report, Ministry of Finance Malaysia)

Going forward, the global economy is expected to continue on a moderate growth path. Recent improvements in economic activity suggest that a cyclical recovery remains underway in some advanced economies. This will continue to benefit international trade activity. In Asia, domestic demand is expected to remain supportive of growth. Nevertheless, country-specific developments may affect the overall pace of growth in these economies. The overall balance of risks for the global economy thus remains biased towards the downside due to uncertainty over policy adjustments in the key economies as well as geopolitical developments. Persistent geopolitical tensions in Eastern Europe and the Middle East could heighten financial market volatility and weigh down on the ongoing global economic recovery.

For the Malaysian economy, growth of exports is expected to moderate slightly in the second half of the year, partly reflecting the significant base effect in the corresponding period in 2013. Nevertheless, leading indicators suggest that private sector activity will remain as the key driver of growth. Exports will continue to benefit from the recovery in the advanced economies and from regional demand. Going forward, the Malaysian economy is expected to remain on a steady growth path.

(Source: Economic and Financial Developments in Malaysia in the Second Quarter 2014, BNM)

7.2 Overview and outlook of the construction and property development industries

After the exceptionally strong growth in the first quarter, the construction sector recorded a more moderate pace of expansion during the quarter (9.9%; 1Q 2014: 18.9%). Growth was driven mainly by the residential sub-sector, underpinned by the construction activity of high-end properties in Johor and Klang Valley. The non-residential sub-sector remained supported by construction activity related to offices and retail buildings, factories and institutions of higher learning. Meanwhile, growth in the civil engineering sub-sector was supported by rail and utility projects such as the MRT, LRT extension, and Tanjung Bin power plant.

(Source: Quarterly Bulletin, Second Quarter 2014, Bank Negara Malaysia)

The performance of the construction sector remained strong with a growth of 9.9% in the second quarter of 2014 (Q1 2014: 18.9%). During the second quarter, 9,875 construction projects were recorded with value of contracts worth RM25.2 billion. The non-residential building and civil engineering subsectors each contributed 32.4% to the total construction works. This was followed by residential (30.4%) and special trade (4.7%) segments. Of the total projects, 29.8% are public sector works, particularly in the civil engineering segment. Meanwhile, the residential segment increased 15.5%, with construction works mainly concentrated in Johor and the Klang Valley. The non-residential building activity rose 11.7% following the higher number of commercial building construction works in the Klang Valley. The special trade subsector expanded 10.1%, on account of increasing piling and earthwork for commercial and industrial development projects. The civil engineering subsector, however, increased moderately by 3.9% due to the completion of some major projects, such as infrastructure and a coal-power plant.

(Source: Malaysian Economy, Second Quarter 2014, Ministry of Finance Malaysia)

The residential subsector expanded strongly by 22.1% during the first half of 2014 (January – June 2013: 15.7%) supported by higher growth in incoming supply at 9.5% (January – June 2013: 15.3%). Meanwhile, new housing approvals increased significantly by 32.6% to 96,115 units (January – June 2013: 6.8%; 72,461 units). Despite the decline in housing starts at 5.3% to 70,346 units (January – June 2013: 21.1%; 74,270 units), residential activity is expected to remain stable. The take-up rate for houses priced between RM500,001 and RM1,000,000, within six months after launch, was lower at 11.6% (January – June 2013: 34.2%) following several measures to cool the housing sector. Meanwhile, the highest take-up rate was recorded for houses priced between RM200,001 and RM250,000 at 49.3%.

(Source: Chapter 3 – Economic Performance and Prospects, Economic Report 2014/2015, Ministry of Finance, Malaysia)

7.3 Prospects of PCB Group

The revenue of the PCB Group grew in the region of 50% per annum in the past two (2) financial years from FYE 31 December 2011 to FYE 31 December 2013 arising from the increasingly larger construction contracts undertaken by the Group and greater number of property development projects being rolled out.

The PCB Group's construction division has grown to become a turnkey contractor with emphasis on the value engineering, design and built concept and also project management. As at the LPD, the construction division of PCB Group has an unbilled order book of approximately RM536.00 million, which is twice the size of the external revenue generated from the construction division of PCB Group of RM257.85 million in the FYE 31 December 2013. The construction projects are expected to be completed within the next three (3) years.

Similarly, the property development division of PCB Group is expected to perform better in the coming years. Having recently completed in 2013 the gated and guarded residential project "Wirani 8" in Bandar Baru Bangi, Selangor as well as the 24-storey service apartment project named "Vue Residence" in Titiwangsa, the property development division of PCB Group is expected to expand further underscored by the GDV of its on-going and future property development projects of approximately RM647.00 million as at the LPD and is expected to be completed within the next five (5) years, representing the total unbilled portion of the property development projects.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

The major on-going and future property development projects undertaken by the PCB Group as at the LPD is listed below:

	Project description	Project Name	Estimated GDV (RM'million)	Estimated GDC (RM'million)	Stage of completion as at LPD (%)	Launched date/ Expected launch date	Expected completion date
	On-going projects						
(i)	398 units of mixed development at Ayudhaya, Thailand	D'Cube	99.0	76.0	16.0	January 2013	December 2016
	Future projects						
(i)	211 units and condominiums and 17 bungalows at Shah Alam, Selangor	-*	161.0	-*	-	December 2014	June 2017
(ii)	60 units of semi-detached and bungalows at Sri Gombak, Selangor	-*	84.0	-*	-	January 2016	December 2018
(iii)	1,661 units of mixed development at Kuantan, Pahang	-*	303.0	-*	-	January 2016	December 2019

Note:

* *To be determined.*

The property development segment has been the major growth for the PCB Group's revenue and segment results especially for FYE 31 December 2012 and 2013. The management of the PCB Group wishes to provide more emphasis on this segment and expand the operations of the property development segment.

In order to replenish the land banks of the PCB Group and to chart the continued growth of the property development division, the management of PCB is currently studying several potential acquisitions to be undertaken either via strategic land acquisitions and/or investment in companies undertaking property development or holding land banks. It is the intention of our Group to implement the Rights Issue with Warrants to avail the Company with funding as and when such opportunities arise, as well as to fund the expected increase in the PCB Group's property development expenditure. It should be noted, however, that there are no specific acquisition targets which have been identified as at the LPD.

In view of the above, the Board believes that the proceeds from the Rights Issue with Warrants are necessary to continue the momentum of growth of the Group and the Corporate Exercises are expected to contribute to the future growth of the PCB Group and enhance shareholders' value in PCB.

8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

8.1 Issued and paid-up share capital

The proforma effects of the Par Value Reduction and Rights Issue with Warrants on the issued and paid-up share capital of PCB are set out below:

	No. of shares	Par value RM	RM
Issued and paid-up share capital as at the LPD	126,782,744	0.10	12,678,274.40
To be issued pursuant to the Rights Issue with Warrants	190,174,116	0.10	19,017,411.60
	316,956,860	0.10	31,695,686.00
To be issued pursuant to the full exercise of Warrants	126,782,744	0.10	12,678,274.40
Enlarged issued and paid-up capital	**443,739,604**	**0.10**	**44,373,960.40**

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

8.2 NA per share and gearing

The proforma effects of the Rights Issue with Warrants on the NA per share and gearing based on the audited consolidated statement of financial position of PCB for the FYE 31 December 2013 are set out below:

		Proforma I	Proforma II	Proforma III
	Audited as at 31 December 2013	After the Par Value Reduction	After Proforma I and the After Rights Issue with Warrants	After Proforma II and full exercise of Warrants(4)
	RM'000	RM'000	RM'000	RM'000
Share capital	63,391	12,678	31,696	44,374
Share premium	18,235	18,235	(2) (3)8,427	32,516
Exchange reserve	1,277	1,277	1,277	1,277
Capital reserve	12,150	(1)58,030	58,030	58,030
Warrant reserve	-	-	(3)24,089	-
Retained profits	38,421	43,254	43,087	43,087
Shareholders fund/NA	**133,474**	**133,474**	**166,606**	**179,284**
Non-controlling interests	**(226)**	**(226)**	**(226)**	**(226)**
Total Equity	**133,248**	**133,248**	**166,380**	**179,058**
Number of shares ('000)	126,783	126,783	316,957	443,740
NA per share (RM)	1.05	1.05	0.53	0.40
Total borrowings (RM'000)	139,452	139,452	139,452	139,452
Gearing ratio (times)	1.04	1.04	0.84	0.78

Notes:

(1) Assuming the credit arising from the Par Value Reduction amounting to RM50,713,098 utilised to set-off against the accumulated losses of the Company of RM4,832,621 and the excess credit of RM45,880,477 after the offset shall be transferred into the capital reserve account.

*(2) In accordance with the Financial Reporting Standards Implementation Committee ("**FRSIC**") Consensus 13 Expenses Permitted to be Written Off Against the Share Premium Account under Section 60 of the Act, costs attributable to the issue of shares shall be written off against the share premium account in accordance with Section 60 sub-section (3) of the Act and Financial Reporting Standard ("**FRS**") 132 Financial Instrument : Disclosure of Presentation if, and only if, it can be demonstrated that such costs are incremental costs that are directly attributable to the issue of shares that otherwise could be avoided. All other expenses which do not satisfy the criteria of transaction costs of an equity transaction shall be expenses off in the period they are incurred.*

In such circumstances, the estimated expenses of RM1,100,000 in relation to the Corporate Exercises were deducted from retained earnings by RM167,389 and share premium account by RM932,611.

(3) Recognition of fair value of Warrants of RM0.19 per Warrant pursuant to the Rights Issue with Warrants, offset against the share premium account amounting to RM24.09 million. For illustration purposes, the fair value of Warrants of RM0.19 per Warrant was derived based on the Binomial Option Pricing Model as disclosed further in Appendix I of this Abridged Prospectus. The warrants reserve will be transferred to the share premium account upon the full exercise of the Warrants.

(4) Based on the exercise price of the Warrants of RM0.10 each for the exercise of one (1) Warrant into one (1) PCB Share.

8.3 Earnings and EPS

Save for the estimated expenses of RM1,100,000 in relation to the Corporate Exercises, the Rights Issue with Warrants is not expected to have material effect on the earnings of PCB for the financial year ending 31 December 2014. However, the EPS of the Company may be reduced correspondingly as a result of the increase in the number of PCB Shares pursuant to the Rights Issue with Warrants.

The proforma effects of the Rights Issue with Warrants on the earnings and EPS based on the audited consolidated statement of financial position of PCB for the FYE 31 December 2013 are set out below:

		Proforma I	Proforma II
	Audited as at 31 December 2013	**After Proforma I and the After Rights Issue with Warrants**	**After Proforma II and full exercise of Warrants**
PATMI (RM'000)	4,545	4,545	4,545
Number of shares ('000)	126,783	316,957	443,740
EPS (sen)	3.58	1.43	1.02

Note:

** Excluding the proforma effects of the estimated expenses of RM1,100,000 in relation to the Corporate Exercises.*

Nevertheless, the Rights Issue with Warrants is expected to contribute positively to the future earnings of PCB when the benefits of the utilisation of proceeds are realised.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

Our Board is of the opinion that, after taking into consideration the cash flow position of our Group, banking facilities available and the proceeds to be received from the Rights Issue with Warrants, our Group will have sufficient working capital for the next 12 months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of approximately RM107.11 million. All the borrowings denominated in local currency, are interest-bearing and comprise the following:

	RM'000
Short term borrowings:	
Project loans	14,035
Bank overdrafts	10,336
Bankers' acceptance	29,928
Fixed loans	78
Term loan	5,272
Bridging term loan	3,878
Commodity Murabahah Term Financing	5,600
	69,127
Long term borrowings:	
Fixed loans	213
Term loan	561
Commodity Murabahah Term Financing	4,211
Penyambung-i	33,000
	37,985
Total	107,112

After having made all reasonable enquiries and to the best knowledge and belief of our Board, there has been no default on payments of either interest and/ or principal sums in respect of any borrowings during the FYE 31 December 2013 and the subsequent financial period up to the LPD.

9.3 Contingent liabilities

Save as disclosed, as at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the financial results/ position of the Group.

As at the LPD, the contingent liabilities of the Group are as follows:-

		(RM '000)
Secured guarantees given:-		
(i)	as performance and advance guarantees; and	32,894
(ii)	to trade suppliers.	4,280
Unsecured guarantees given:-		
(i)	as performance guarantees;	7,611
Total		**44,785**

9.4 Material commitments

As at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the financial results/ position of the Group.

10. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE OR TRANSFER AND EXCESS APPLICATION FOR THE RIGHTS ISSUE WITH WARRANTS

10.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Rights Shares with Warrants which you are entitled to subscribe for in full or in part, under the terms of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for such Provisional Rights Shares with Warrants, as well as to apply for the Excess Rights Shares with Warrants if you choose to do so.

10.2 NPA

The Provisional Rights Shares with Warrants are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, all dealings in the Provisional Rights Shares with Warrants will be by book entries through the CDS Accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository. You and/ or your renouncee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

10.3 Last date and time for acceptance and payment

The last date and time for acceptance of and payment for the Provisional Rights Shares with Warrants is **5.00 p.m. on 6 November 2014**, or such later time and date as our Board may in their absolute discretion determine and announce not less than two (2) Market Days before the original closing date.

10.4 Procedures for acceptance and payment

Acceptance of and payment for the Provisional Rights Shares with Warrants by you as an Entitled Shareholder or your renouncee(s) (if applicable) must be made on the RSF enclosed together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in these documents. Acceptances which do not strictly conform to the terms of this Abridged Prospectus or the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANT, EXCESS APPLICATION FOR THE RIGHTS SHARES WITH WARRANT AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTION CONTAINED THEREIN.

YOU AND/ OR YOUR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY.

You or your renouncee(s) (if applicable) who are accepting all or part of the Provisional Rights Shares with Warrants of your entitlement, please complete Parts I and III of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF together with the relevant payment must be sent to our Share Registrar for the Rights Issue with Warrants in the envelope provided (at your own risk) by **ORDINARY POST, COURIER** or **DELIVERED BY HAND** at the following address:

Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 603-2692 4271
Fax: 603-2732 5388/5399

so as to arrive **not later than 5.00 p.m. on 6 November 2014**, being the last time and date for acceptance of and payment for the Provisional Rights Shares with Warrants, or such later time and date as may be determined and announced by our Board not less than two (2) Market Days before the original closing date.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from your stockbroker, our Share Registrar at the address stated above, our Registered Office or the website of Bursa Securities (http://www.bursamalaysia.com).

One (1) RSF can only be used for acceptance of Provisional Rights Shares with Warrants standing to the credit of one (1) CDS Account. Separate RSF(s) must be used for the acceptance of Provisional Rights Shares with Warrants standing to the credit of more than one (1) CDS Account(s). If successful, the Rights Shares with Warrants subscribed for will be credited into your CDS Account(s) as stated in the completed RSF(s).

A reply envelope is enclosed in this Abridged Prospectus. To facilitate the processing of the RSF(s) by our Share Registrar, you are advised to use (1) one reply envelope for each completed RSF.

The minimum number of Rights Shares that can be subscribed for or accepted is one (1) Rights Share, which will be accompanied by one (1) Warrant. Successful applicants of the Rights Shares will be given Warrants on the basis of one (1) Warrant for every one (1) Rights Share successfully subscribed for. However, you and/ or your renouncee(s) (if applicable) should take note that a trading board lot for the Rights Shares and the Warrants comprises of 100 Rights Shares and 100 Warrants, respectively. Fractions of Rights Shares with Warrants will be disregarded and shall be dealt with in such manner as our Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of our Company.

If acceptance of and payment for the Provisional Rights Shares with Warrants allotted to you and /or your renouncee(s) (if applicable) are not received by our Share Registrar by **5.00 p.m. on 6 November 2014**, being the last time and date for acceptance of and payment for the Provisional Rights Shares with Warrants or such later date and time as may be determined and announced by our Board not less than two (2) Market Days before the original closing date, you and/ or your renouncee(s) (if applicable) will be deemed to have declined the provisional entitlement made to you and it will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar.

In the event that the Rights Shares with Warrants are not fully taken up by such applicants, our Board will then have the right to allot such Rights Shares with Warrants to the applicants who have applied for the Excess Rights Shares with Warrants in the manner as set out in **Section 10.8** of this Abridged Prospectus. Our Board reserves the right to accept any application in full or in part only without assigning any reasons.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY THE APPROPRIATE REMITTANCE MADE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE RIGHTS SHARES WITH WARRANTS ACCEPTED IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "ACCOUNT PAYEE ONLY", MADE PAYABLE TO "PCB RIGHTS SHARES ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAT THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT AS SET OUT ON THE COVER PAGE OF THIS ABRIDGED PROSPECTUS.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS.

10.5 Procedures for part acceptance by Entitled Shareholders

You are entitled to accept part of your entitlement to the Provisional Rights Shares with Warrants provided always that the minimum of Rights Shares that can be subscribed for or accepted is one (1) Rights Share which will be accompanied by one (1) Warrant.

You must complete both Parts I and II of the RSF by specifying the number of the Rights Shares with Warrants which you are accepting and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner set out in **Section 10.4** of this Abridged Prospectus.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

The portion of the Provisional Rights Shares with Warrants that have not been accepted shall be allotted to any other persons allowed under the law, regulations or rules to accept the transfer of the Provisional Rights Shares with Warrants.

10.6 Procedures for sale or transfer of Provisional Rights Shares with Warrants

As the Provisional Rights Shares with Warrants are prescribed securities, you may sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants to one (1) or more person(s) through your stockbroker for the period up to the last date and time for sale or transfer of such Provisional Rights Shares with Warrants, without first having to request for a split of the Provisional Rights Shares with Warrants standing to the credit of your CDS Account. To sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants, you may sell such entitlement on the open market or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository. If you have sold or transferred only part of the Provisional Rights Shares with Warrants, you may still accept the balance of the Provisional Rights Shares with Warrants by completing Parts I and II of the RSF. Please refer to **Section 10.4** of this Abridged Prospectus for the procedures of acceptance and payment.

In selling or transferring all or part of your Provisional Rights Shares with Warrants, you need not deliver any document including the RSF, to your stockbroker. However, you must ensure that there is sufficient Provisional Rights Shares with Warrants standing to the credit of your CDS Account that are available for settlement of the sale or transfer.

Purchaser(s) or transferee(s) of the Provisional Rights Shares with Warrants may obtain a copy of this Abridged Prospectus and the RSF from his/ her/ their stockbrokers, our Share Registrar, our Registered Office or the website of Bursa Securities (http://www.bursamalaysia.com).

10.7 Procedures for acceptance by renouncees

Renouncees who wish to accept the Provisional Rights Shares with Warrants must obtain a copy of the RSF from their stockbrokers, our Share Registrar for the Rights Issue with Warrants, our Registered Office or the website of Bursa Securities (http://www.bursamalaysia.com), complete the RSF and submit the same together with the remittance to our Share Registrar in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in **Section 10.4** of this Abridged Prospectus also applies to renouncees who wish to accept the Provisional Rights Shares with Warrants.

RENOUNCEES ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF.

10.8 Procedures for application of Excess Rights Shares with Warrants

You and/ or your renouncee(s) (if applicable) may apply for additional Rights Shares with Warrants in excess of your entitlement by completing Part II of the RSF (in addition to Parts I (B) and II and forwarding it with a **separate remittance made in RM** for the full amount payable for the Excess Rights Shares with Warrants applied for, to our Share Registrar for the Rights Issue with Warrants **not later than 5.00 p.m. on 6 November 2014**, being the last time and date for application of and payment for Excess Rights Shares with Warrants or such later date and time as may be determined and announced by our Board not less than two (2) Market Days before the original closing date.

PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 10.4 OF THIS ABRIDGED PROSPECTUS, AND IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "ACCOUNT PAYEE ONLY", MADE PAYABLE TO "PCB EXCESS RIGHTS SHARES ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR FOR THE RIGHTS ISSUE.

It is the intention of our Board to allot the Excess Rights Shares with Warrants, if any, on a fair and equitable basis and in the following priority:

(i) Firstly, to minimise the incidence of odd lots;

(ii) Secondly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares, on a pro-rata basis and in board lot, calculated based on their respective shareholdings in the Company as at the Entitlement Date;

(iii) Thirdly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares with Warrants, on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares with Warrants applied for; and

(iv) Finally, for allocation to renouncee(s) who have applied for Excess Rights Shares with Warrants, on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares with Warrants applied for.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares with Warrants applied for under Part II of the RSF in such manner as our Board deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in (i), (ii), (iii) and (iv) above are achieved. Our Board also reserves the right to accept any application for Excess Rights Shares with Warrants in full or in part only without assigning any reason.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR. HOWEVER, IF YOU ARE SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR APPLICATION OF AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

WHERE AN APPLICATION FOR THE EXCESS RIGHTS SHARES WITH WARRANTS IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT BY ORDINARY POST TO THE ADDRESS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR APPLICATION OF AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS.

10.9 Form of issuance

Bursa Securities has prescribed our Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares and the Warrants are prescribed securities and as such, all dealings in the Rights Shares and the Warrants will be subject to the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. No physical share or warrant certificates will be issued to you under the Rights Issue with Warrants. A notice of allotment will be despatched to you and/ or your renouncee(s) (if applicable) by ordinary post to the address shown in our Record of Depositors provided by Bursa Depository at your own risk within eight (8) Market Days from the last date for acceptance of and payment for the Rights Shares with Warrants.

Where the Rights Shares with Warrants are provisionally allotted to you as an Entitled Shareholder in respect of your existing PCB Shares standing to the credit to your CDS Account on the Entitlement Date, the acceptance by you of the Provisional Rights Shares with Warrants shall mean that you consent to receive such Provisional Rights Shares with Warrants as prescribed or deposited securities which will be credited directly into your CDS Account.

Any person who has purchased the Provisional Rights Shares with Warrants or to whom the Provisional Rights Shares with Warrants has been transferred and intends to subscribe for the Rights Shares with Warrants must state his/ her CDS Account number in the space provided in the RSF. The Rights Shares and the Warrants will be credited directly as prescribed or deposited securities into his/ her CDS Account upon allotment and issuance.

The Excess Rights Shares with Warrants, if allotted to the successful applicant who applies for the Excess Rights Shares with Warrants, will be credited directly as prescribed securities into the CDS Account of the successful applicant. The allocation of the Excess Rights Shares with Warrants will be made on a fair and equitable basis as disclosed in **Section 10.8** of this Abridged Prospectus.

10.10 Laws of foreign country or jurisdiction

This Abridged Prospectus, and the accompanying NPA and RSF have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction, and have not been (and will not be) lodged, registered or approved under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign country or jurisdiction. The Rights Issue with Warrants will not be made or offered for subscription in any foreign country or jurisdiction.

Accordingly, this Abridged Prospectus, and the accompanying NPA and RSF will not be sent to the foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) who do not have a registered address in Malaysia. However, the foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) may collect this Abridged Prospectus, and the accompanying NPA and RSF from our Share Registrar for the Rights Issue with Warrants, in which event our Share Registrar for the Rights Issue with Warrants shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting these documents relating to the Rights Issue with Warrants.

The foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so. RHB Investment Bank, our Company, our Directors and officers and other professional advisers would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any country or jurisdiction to which the foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) are or may be subject to. The foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) shall solely be responsible to seek advice from their legal advisers and/ or other professional advisers as to the laws of the countries or jurisdictions to which they are or may be subject to. RHB Investment Bank, our Company, our Directors and officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/ or their renouncee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction.

The foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such country or jurisdiction and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) for any issue, transfer or other taxes or other requisite payments that such person may be required to pay in any country or jurisdiction. They will have no claims whatsoever against us and/ or RHB Investment Bank in respect of their rights and entitlements under the Rights Issue with Warrants. Such foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue with Warrants.

By signing the RSF, the foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) RHB Investment Bank, our Company, our Directors and officers and other professional advisers that:

(i) we would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which the foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) are or may be subject to;

(ii) the foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the Provisional Rights Shares with Warrants;

(iii) the foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) are not nominees or agents of a person in respect of whom we would, by acting on the acceptance or renunciation of the Provisional Rights Shares with Warrants, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

(iv) the foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) are aware that the Rights Shares and the Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

(v) the foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) have received a copy of this Abridged Prospectus, had access to such financial and other information and have been provided the opportunity to ask such questions to our representatives and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares and the Warrants; and

(vi) the foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares and the Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares and the Warrants.

Persons receiving this Abridged Prospectus, and the accompanying NPA and RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any country or jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, and the accompanying NPA and RSF are received by any persons in such country or jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant country or jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus, and the accompanying NPA and RSF to any foreign country or jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares with Warrants from any such application by foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) in any foreign country or jurisdiction.

We reserve the right, in our absolute discretion, to treat any acceptance of the Rights Shares with Warrants as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements.

11. TERMS AND CONDITIONS

The issuance of the Rights Shares and the Warrants pursuant to the Rights Issue with Warrants is governed by the terms and conditions set out in this Abridged Prospectus, and the accompanying NPA and RSF.

12. FURTHER INFORMATION

You are advised to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board
PRINSIPTEK CORPORATION BERHAD

Y BHG DATO' FOO CHU JONG
Managing Director

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHT ISSUE WITH WARRANTS PASSED AT OUR EGM HELD ON 8 AUGUST 2014

CERTIFIED TRUE COPY

TEOH YEE SHIEN (MIA 9662)
Secretary

PRINSIPTEK CORPORATION BERHAD
(Company No: 595000-H)
(Incorporated in Malaysia)

EXTRACT MINUTES of the Extraordinary General Meeting of the Company held on 8th August 2014

1. **SPECIAL RESOLUTION 1**

PROPOSED PAR VALUE REDUCTION VIA THE CANCELLATION OF RM0.40 OF THE PAR VALUE OF EVERY EXISTING ORDINARY SHARE OF RM0.50 EACH IN PCB ("EXISTING PCB SHARE(S)") PURSUANT TO SECTION 64(1) OF THE COMPANIES ACT, 1965 ("PROPOSED PAR VALUE REDUCTION")

The following motion was duly proposed by Ms. Sherry Sung Chai Kheng (Proxy Holder) and seconded by Mr. Poravi A/L S. P. Sithambaram Pillay (Shareholder) and was put to vote by show of hands:-

THAT, subject to the passing of Ordinary Resolution 1 and Special Resolution 2, the confirmation of the High Court of Malaya and the approvals from the relevant authorities being obtained where necessary, the approval be and is hereby given to the Directors of the Company to reduce the issued and paid-up share capital of PCB from RM63,391,372.00 comprising 126,782,744 Existing PCB Shares to RM12,678,274.40 comprising 126,782,744 New PCB Shares through the cancellation of RM0.40 from the par value of RM0.50 of each Existing PCB share;

AND THAT the credit arising from the Proposed Par Value Reduction be applied first, towards setting off against the accumulated losses of the Company and secondly, the remaining balance (if any) will be credited to a capital reserve account of the Company which shall be applied as if it were share premium and/ or towards setting off future losses and save for the mentioned purposes, any amount standing to the credit of the capital reserve account shall not be distributable without leave of the High Court of Malaya;

AND THAT any Director of the Company be and is hereby authorised with full powers to take all such steps as they may deem necessary to:-

(i) assent to any conditions, modifications, variations as may be imposed or permitted by the relevant authorities and/ or the High Court of Malaya;

(ii) lodge an office copy of the order of the High Court of Malaya referred to in this Special Resolution 1 with the Companies Commission of Malaysia on such date the Directors may determine; and

(iii) do all such acts, deeds and/ or things and execute, sign and deliver all documents for and on behalf of the Company incidental and/ or as may be required or as they consider necessary and expedient in the best interest of the Company, to give full effect to and complete the matters described in this Special Resolution 1.

The decision was unanimous. The Chairman declared Special Resolution 1 carried.

...2/-

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHT ISSUE WITH WARRANTS PASSED AT OUR EGM HELD ON 8 AUGUST 2014 (Cont'd)

2. SPECIAL RESOLUTION 2

PROPOSED AMENDMENT TO THE MEMORANDUM OF ASSOCIATION OF PCB AS A CONSEQUENCE OF THE PROPOSED PAR VALUE REDUCTION ("PROPOSED AMENDMENT")

The following motion was duly proposed by Mr. Poravi A/L S. P. Sithambaram Pillay (Shareholder) and seconded by Mr. Jeff Kong Swee Seong (Proxy Holder) and was put to vote by show of hands:-

THAT, subject to the passing of the Ordinary Resolution 1 and all approvals being obtained from the relevant authorities, approval be and is hereby given to the Company to amend the Memorandum of Association of PCB by deleting the existing Clause 5 in its entirety and replacing it with the following new Clause 5:

"The authorized capital of the Company is Ringgit Malaysia: One Hundred Million (RM100,000,000.00) divided into One Billion (1,000,000,000) shares of Sen Malaysia: Ten (RM0.10) each. The shares in the original or increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise."

THAT the Board be and is hereby authorised to give effect to the Proposed Amendment and to take all such steps and do all acts and things in any manner as they may deem necessary to complete, finalise, implement and give full effect to the Proposed Amendment.

The decision was unanimous. The Chairman declared Special Resolution 2 carried.

3. ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF 190,174,116 NEW ORDINARY SHARES OF RM0.10 EACH IN PCB ("RIGHTS SHARES") ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY TWO (2) ORDINARY SHARES OF RM0.10 EACH IN PCB AFTER THE PROPOSED PAR VALUE REDUCTION ("NEW PCB SHARE(S)"), TOGETHER WITH 126,782,744 FREE DETACHABLE NEW WARRANTS ("WARRANTS") ON THE BASIS OF TWO (2) WARRANTS FOR EVERY THREE (3) RIGHTS SHARES SUCCESSFULLY SUBSCRIBED FOR AT AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("ENTITLEMENT DATE") ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

The following motion was duly proposed by Mr. Dinie Junaidi Bin Amir (Proxy Holder) and seconded by Mr. Poravi A/L S. P. Sithambaram Pillay (Shareholder) and was put to vote by show of hands:-

...3/-

THAT, the approval-in-principle granted by Bursa Malaysia Securities Berhad ("**Bursa Securities**") and all other relevant authorities/ parties (if applicable), approval be and is hereby given to the Directors of the Company for the following:

(a) to provisionally allot and issue by way of a renounceable rights issue of 190,174,116 Rights Shares at an indicative issue price of RM0.18, on the basis of three (3) Rights Share for every two (2) New PCB Shares held, together with 126,782,744 Warrants on the basis of two (2) Warrants for every three (3) Rights Shares successfully subscribed, by way of provisional allotment to shareholders whose names appear in the Record of Depositors at the close of business on the Entitlement Date to be determined and announced later by the Board of Directors of PCB ("**Board**") ("**Entitlement Date**") wherein each of the Warrants will carry the right to subscribe, subject to any adjustment in accordance with a deed poll to be executed by the Company as supplemented from time to time ("**Deed Poll**"), at any time during the "Exercise Period" as defined in the Deed Poll, for one (1) New PCB Share at an exercise price to be determined and fixed at a later date by the Board, but in any case, not lower than the par value of New PCB Shares;

(b) to enter into and execute the Deed Poll constituting the Warrants and to do all acts, deeds and things as they deem fit or expedient in order to implement, finalise and give effect to the aforesaid Deed Poll;

(c) to allot and issue such number of New PCB Shares pursuant to the exercise of the Warrants, from time to time during the tenure of the Warrants, and such New PCB Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing New PCB Shares provided that such New PCB Shares then issued, shall not be entitled to any dividend, right, allotment and/ or other distribution declared, made or paid, the entitlement date of which is prior to the date of allotment and issuance of the said New PCB Shares;

(d) to allot and issue such further Warrants and New PCB Shares arising from the subscription of further Warrants as a consequence of any adjustment in accordance with the provisions of the Deed Poll and/ or as may be required by the relevant authorities; and

(e) to do all such acts and things including but not limited to the application to Bursa Securities for the listing of and quotation for the New PCB Shares which may from time to time be allotted and issued upon exercise of the Warrants;

THAT any fractional entitlements under the Proposed Rights Issue with Warrants will be disregarded and shall be dealt with in such manner as the Directors shall in their absolute discretion deem expedient in the interest of the Company;

...4/-

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHT ISSUE WITH WARRANTS PASSED AT OUR EGM HELD ON 8 AUGUST 2014 (Cont'd)

THAT the proceeds of the Proposed Rights Issue with Warrants be utilised for the purposes as set out in the circular to shareholders of the Company dated 17 July 2014, and the Directors be authorised with full powers to vary the manner and/ or purpose of utilisation of such proceeds in such manner as the Directors may deem fit, necessary and/ or expedient, subject (where required) to the approval of the relevant authorities;

THAT the Rights Shares and New PCB Shares arising from exercise of the Warrants will, upon allotment and issue, rank *pari passu* in all respects with the existing ordinary shares of the Company then, save and except that they will not be entitled to any dividend, right, allotment and/ or other distribution that may be declared, made or paid, the entitlement date of which is prior to the date of allotment and issuance of the Rights Shares or New PCB Shares arising from exercise of the Warrants;

AND THAT the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the aforesaid Proposed Rights Issue with Warrants with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps to enter into all such agreement, arrangement, undertaking, indemnities, transfer, assignment and guarantee with any party or parties and to do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue with Warrants."

The decision was unanimous. The Chairman declared Ordinary Resolution 1 carried.

We hereby certify the above to be the true extract of the Minutes of the Extraordinary General Meeting.

Chairman :

TAN SRI DATO' SERI MOHAMAD NOOR BIN ABDUL RAHIM

Secretary :

TEOH YEE SHIEN (MIA 9662)

Dated: 8 August 2014

INFORMATION ON OUR COMPANY

1. HISTORY AND PRINCIPAL ACTIVITIES

Our Company was incorporated in Malaysia on 7 October 2002 under the Act, as a public limited company under its present name. The Company was successfully listed on the Official List of the Second Board of the Bursa Securities on 10 December 2003 via a reverse takeover of L&M Corporation (M) Berhad. On 5 July 2005, PCB was transferred to the Main Market of Bursa Securities.

We are primarily a construction and property development Company and our subsidiary companies are primarily engaged in the provision of project management and secretarial services, property development and investment holding.

Further details on our subsidiary companies are set out in **Section 5** of this Appendix.

2. SHARE CAPITAL

As at the LPD, our authorised and issued and paid-up share capital are set out below:

	No. of Shares	Par value RM	Total RM
Authorised	1,000,000,000	0.10	100,000,000
Issued and paid-up	126,782,744	0.10	12,678,274

The changes in our Company's issued and paid-up share capital for the past three (3) years preceding the LPD are set out below:

Date of change	No. of ordinary shares allotted	Par value RM	Consideration/ Type of issue	Cumulative issued and paid-up share capital RM
Balance brought forward		0.50	-	63,391,372
25 September 2014	-	0.10	The cancellation of RM0.40 from the par value of RM0.50 per share to RM0.10	12,678,274

INFORMATION ON OUR COMPANY (Cont'd)

3. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The proforma effects of the Par Value Reduction and the Rights Issue with Warrants on the substantial shareholders' shareholding of PCB based on the Register of Substantial Shareholders as at the LPD are set out below:

Substantial shareholder	<---Shareholdings as at the LPD--->				<---Proforma I--->			
					After the Par Value Reduction			
	<---Direct--->		<---Indirect--->		<---Direct--->		<---Indirect--->	
	No. of PCB Shares held	%	No. of PCB Shares held	%	No. of PCB Shares held	%	No. of PCB Shares held	%
Dato' Foo Chu Jong	14,790,000	11.67	(1)40,990,625	32.33	14,790,000	11.67	(1)40,990,625	32.33
Foo Chu Pak	-	-	(1)40,990,625	32.33	-	-	(1)40,990,625	32.33
Daya Setempat Sdn Bhd	40,990,625	32.33	-	-	40,990,625	32.33	-	-

Substantial shareholder	<---Proforma II--->				<---Proforma III--->			
	After Proforma I & After the Rights Issue with Warrants				After Proforma II and full exercise of Warrants			
	<---Direct--->		<---Indirect--->		<---Direct--->		<---Indirect--->	
	No. of PCB Shares held	%	No. of PCB Shares held	%	No. of PCB Shares held	%	No. of PCB Shares held	%
Dato' Foo Chu Jong	36,975,000	11.67	(1)102,476,562	32.33	51,765,000	11.67	(1)143,467,186	32.33
Foo Chu Pak	-	-	(1)102,476,562	32.33	-	-	(1)143,467,186	32.33
Daya Setempat Sdn Bhd	102,476,562	32.33	-	-	143,467,186	32.33	-	-

Notes:

(1) Deemed interested by virtue of his interest in Daya Setempat Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

4. DIRECTORS

The particulars of our Directors as at the LPD are set out below:

Name	Address	Age	Nationality	Profession	Designation
Y Bhg Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim	P3-05-1, Andalucia Pantai Hill Park Jalan Pantai Permai (Off Jalan Kerinchi) Pantai 59200 Kuala Lumpur Wilayah Persekutuan	69	Malaysian	Company Director	Independent Non-Executive Chairman
Y Bhg Dato' Foo Chu Jong	No. 217, Site C, Lorong 5 45400 Sekinchan Selangor Darul Ehsan	56	Malaysian	Company Director	Managing Director
Foo Chu Pak	No. 217, Site C, Lorong 5 45400 Sekinchan Selangor Darul Ehsan	54	Malaysian	Company Director	Executive Director
Y Bhg Datin Paduka Low Siew Moi	No. 83, Jalan SS3/41 47300 Petaling Jaya Selangor Darul Ehsan	64	Malaysian	Company Director	Independent Non-Executive Director
Y Bhg To' Puan Seri Hajjah Nur Rahmah Binti Hj Mohd Zain	No. 177, Jalan Ayer Molek 2 Taman Tasik Titiwangsa 53200 Kuala Lumpur Wilayah Persekutuan	59	Malaysian	Company Director	Independent Non-Executive Director

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

INFORMATION ON OUR COMPANY (Cont'd)

The shareholdings of our Directors as at the LPD and after the Rights Issue with Warrants are set out below:

Directors	Shareholdings as at the LPD				Proforma I: After the Par Value Reduction			
	Direct		Indirect		Direct		Indirect	
	No. of PCB Shares held	%	No. of PCB Shares held	%	No. of PCB Shares held	%	No. of PCB Shares held	%
Y Bhg Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim	-	-	-	-	-	-	-	-
Y Bhg Dato' Foo Chu Jong	14,790,000	11.67	[1]40,990,625	32.33	14,790,000	11.67	[1]40,990,625	32.33
Foo Chu Pak	-	-	[1]40,990,625	32.33	-	-	[1]40,990,625	32.33
Y Bhg Datin Paduka Low Siew Moi	-	-	-	-	-	-	-	-
Y Bhg To' Puan Seri Hajjah Nur Rahmah Binti Hj Mohd Zain	-	-	-	-	-	-	-	-

Directors	Proforma II: After Proforma I & the Rights Issue with Warrants				Proforma III: After Proforma II and full exercise of Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of PCB Shares held	%	No. of PCB Shares held	%	No. of PCB Shares held	%	No. of PCB Shares held	%
Y Bhg Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim	-	-	-	-	-	-	-	-
Y Bhg Dato' Foo Chu Jong	36,975,000	11.67	[1]102,476,562	32.33	51,765,000	11.67	[1]143,467,186	32.33
Foo Chu Pak	-	-	[1]102,476,562	32.33	-	-	[1]143,467,186	32.33
Y Bhg Datin Paduka Low Siew Moi	-	-	-	-	-	-	-	-
Y Bhg To' Puan Seri Hajjah Nur Rahmah Binti Hj Mohd Zain	-	-	-	-	-	-	-	-

Note:

(1) Deemed interested by virtue of his interest in Daya Setempat Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

INFORMATION ON OUR COMPANY (Cont'd)

5. SUBSIDIARY AND ASSOCIATE COMPANIES

As at the LPD, our subsidiary companies are set out below:

Name of company	Date and place of incorporation	Issued and paid-up share capital	Effective equity interest %	Principal activities
Prinsiptek (M) Sdn Bhd	18/10/1990 Malaysia	RM10,000,000	100	Construction works
Sekinchan Jaya Sdn Bhd[1]	19/01/1979 Malaysia	RM250,000	100	Property development
Tanah Perangsang Sdn Bhd	09/02/2001 Malaysia	RM3,000,000	100	Property development and investment holding
Gabungan Sanjung Sdn Bhd	11/01/2001 Malaysia	RM250,000	100	Investment holding
Antara Mumi Development Sdn Bhd	22/07/1999 Malaysia	RM100,000	70	Property Development
Prinsiptek Bina Sdn Bhd[1]	06/05/2010 Brunei	$1,000,000	70	Dormant
Magnificent Degree Sdn Bhd	25/05/2004 Malaysia	RM2	100	Provision of project management and secretarial services
Prinsiptek Properties Sdn Bhd	04/07/2005 Malaysia	RM5,000,000	100	Property development
Prinsiptek International Limited	15/11/2005 Thailand	Baht 2,000,000	91	Property development and investment holding
Subsidiaries of Prinsiptek (M) Sdn Bhd				
Esa Pile Sdn Bhd	23/01/2001 Malaysia	RM2	100	Construction works
LKD Trading Sdn Bhd	18/05/1991 Malaysia	RM100,000	100	Trading of building materials
PST Concrete Sdn Bhd[1]	12/10/2000 Malaysia	RM1,000	100	Ceased business operations
Subsidiaries of Tanah Perangsang Sdn Bhd				
Jeram Perwira Sdn Bhd	31/01/2000 Malaysia	RM250,000	100	Property development
Pentaland Sdn Bhd	28/03/2002 Malaysia	RM250,000	100	Property development and investment holding
Solidvest Properties Sdn Bhd	04/11/1995 Malaysia	RM64,000	100	Dormant

INFORMATION ON OUR COMPANY (Cont'd)

Name of company	Date and place of incorporation	Issued and paid-up share capital	Effective equity interest %	Principal activities
Subsidiaries of Gabungan Sanjung Sdn Bhd				
NBL Land Development Sdn Bhd	20/11/1995 Malaysia	RM5,000,000	100	Property development
Subsidiaries of Prinsiptek International Limited				
Prinsiptek Thai Limited	15/11/2005 Thailand	Baht 60,000,000	60	Construction works

Note:

(1) In the process of striking off.

As at the LPD, we do not have any associate company.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

INFORMATION ON OUR COMPANY (Cont'd)

6. PROFIT AND DIVIDEND RECORDS

The following table sets out a summary of our audited consolidated financial statements for the past three (3) financial years up to the FYE 31 December 2013 and the latest unaudited quarterly report of our Group for the six (6)-month FPE 30 June 2014:

	<-----Audited-----		----->	Unaudited Six (6)-month FPE 30 June	Unaudited Six (6)-month FPE 30 June
	<-----FYE 31 December		----->		
	2011	2012	2013	2013	2014
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	181,849	266,591	422,602	203,084	185,441
Cost of sales	(167,087)	(249,407)	(407,720)	(193,981)	(175,740)
Gross profit	**14,762**	**17,184**	**14,882**	9,103	9,701
Other income	6,570	14,011	8,719	4,477	4,068
Administrative expenses	(7,029)	(16,122)	(7,012)	(4,140)	(3,206)
Other operating expenses	(7,595)	(6,543)	(5,952)	(2,680)	(2,722)
Finance cost	(2,820)	(2,766)	(4,840)	(2,807)	(2,577)
Profit before taxation	**3,888**	**5,764**	**5,797**	3,953	5,264
Income tax expense	(1,332)	(1,696)	(1,814)	(1,252)	(1,382)
Net profit for the financial year/ period	**2,556**	**4,068**	**3,983**	2,701	3,882
Profit / (loss) attributable to:					
Owners of the Company	3,353	3,802	4,545	2,221	4,183
Non-controlling interest	(797)	266	(562)	480	(301)
	2.556	**4,068**	**3,983**	2,701	3,882
Earnings before interests, taxes, depreciation and amortisation	6,812	8,970	9,703	7,265	7,523
Gross profit margin (%)	8.12	6.45	3.52	4.48	5.23
PAT margin (%)	1.41	1.53	0.94	1.33	2.09
EPS (sen)					
Basic and fully diluted	2.64	3.00	3.59	1.75	3.30
Gross dividend per PCB Share	-	-	-	-	-

Note:

(1) The fully diluted EPS is the same as the basic EPS as there is no dilutive instrument in issue.

Commentary on past financial performance:

FYE 31 December 2011

The Group registered a total revenue of RM181.85 million for the FYE 31 December 2011 as compared to RM191.93 million in the preceding financial year.

Although there was a slight decrease of revenue by 5.25%, the PAT of the Group has increased by 12.78% to RM2.56 million from RM2.27 million for the FYE 31 December 2011. The improvement of PAT was mainly due to the recognition of higher profit margin projects from the Property Development Division during the financial year.

FYE 31 December 2012

The Group registered a total revenue of RM266.59 million for the FYE 31 December 2012 as compared to RM181.85 million in the preceding financial year. There was a significant increase of revenue by 46.60% due to the contribution from the two ongoing property development projects in Klang Valley.

The administrative expenses in FYE 31 December 2012 of RM16.12 million was higher than in FYE 31 December 2011 of RM7.03 million is mainly due to the initial recognition from fair value adjustment of loan and receivables accounts as a result of adoption of FRS139 for RM8.26 million and the increase in lease rental of machinery and equipment for projects purpose amounting to RM1.15 million.

The Group also recorded a PAT of RM4.07 million for the FYE 31 December 2012 as compared to RM2.56 million in the preceding financial year. The higher PAT was mainly derived from the property development projects and the net gain from the fair value adjustment of financial liabilities of RM2.47 million.

FYE 31 December 2013

The Group registered a total revenue of RM422.60 million for the FYE 31 December 2013 as compared to RM266.59 million in the preceding financial year. There was a significant increase of revenue by 58.52% due to the contribution from the ongoing local and oversea property development projects.

The decrease in GP margin in FYE 31 December 2013 of 3.52% as compared to FYE 31 December 2012 of 6.45% was due to the revision of profit margin for certain projects as a results of fluctuation of raw materials price and overhead costs while the increase in finance costs from RM2.77 million in FYE 31 December 2012 to RM4.84 in FYE 31 December 2013 was mainly due to the increase in the interest recognised from fair value adjustment of financial liabilities of RM1.76 million.

The Group maintained the PAT of RM3.98 million for the FYE 31 December 2013 as compared to RM4.07 million in the preceding financial year.

Unaudited six (6)-month FPE 30 June 2014

The Group registered a total revenue of RM185.44 million for the current financial period representing a decrease of RM17.64 million or 8.69% as compared to the preceding financial period. The decrease in revenue was due to the completion of certain construction and property development projects. .

The Group recorded a PAT of RM3.88 million, representing an increase of RM1.18 million or 43.70% as compared to RM2.70 million of the preceding financial period.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of our Shares as traded on Bursa Securities for the past 12 months from September 2013 to August 2014 are set out below:

	High RM	Low RM
2013		
September	0.345	0.27
October	0.38	0.295
November	0.335	0.295
December	0.32	0.285
2014		
January	0.345	0.295
February	0.335	0.295
March	0.325	0.295
April	0.395	0.305
May	0.375	0.32
June	0.355	0.29
July	0.34	0.29
August	0.35	0.315
Last transacted market price on 11 June 2014 (being the day prior to the announcement on the Rights Issue with Warrants)		0.345
Last transacted market price on the LPD		0.385
Last transacted price of PCB Shares on 16 October 2014 (being the date prior to the ex-date for the Rights Issue with Warrants)		0.30

(Source: Bloomberg LP)

Morison AAC
An independent member of Morison International

Morison Anuarul Azizan Chew (AF 001977)
Chartered Accountants

18 Jalan 1/64,
Off Jalan Kolam Air / Jalan Ipoh
51200 Kuala Lumpur, Malaysia

T +603 4048 2888
F +603 4048 2999
E general@morisonaac.com
www.morisonaac.com

Date: 09 OCT 2014

The Board of Directors
PRINSIPTEK CORPORATION BERHAD
83 & 85, Jalan SS 15/4C
47500 Subang Jaya
Selangor Darul Ehsan
Malaysia

Dear Sirs,

PRINSIPTEK CORPORATION BERHAD ("PCB" or the "Company")
REPORTING ACCOUNTANTS' LETTER ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION INCLUDED IN THE ABRIDGED PROSPECTUS TO SHAREHOLDERS OF PCB

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position of PCB as at 31 December 2013, together with the accompanying notes thereto. The pro forma consolidated statements of financial position, as set out in Appendix A of this letter (which we have stamped for the purpose of identification), have been compiled by the Board of Directors for the inclusion in the Abridged Prospectus to shareholders of PCB to be dated 21 October 2014 in relation to renounceable rights issue of 190,174,116 new ordinary shares of RM0.10 each in PCB ("Rights Share(s)") on the basis of three (3) Rights Shares for every two (2) ordinary shares of RM0.10 each in PCB ("New PCB Share(s)"), together with 126,782,744 free detachable new warrants ("Warrant(s)") on the basis of two (2) Warrants for every three (3) Rights Shares subscribed by the rights entitled shareholders, at an issue price of RM0.18 per Rights Share ("Rights Issue with Warrants").

The pro forma consolidated statements of financial position has been compiled by the Board of Directors to illustrate the impact of the Corporate Exercise (as defined in the Note 2 of the notes to pro forma consolidated statements of financial position as at 31 December 2013), as set out in Note 2 and 3 of the pro forma consolidated statements of financial position, on PCB's financial position as at 31 December 2013.

As part of this process, information about PCB's financial position has been extracted by the Board of Directors from PCB's audited consolidated financial statements for the financial year ended 31 December 2013, on which the audited report was dated 27 March 2014.

Directors' responsibilities for the pro forma consolidated statements of financial position

The Board of Directors of PCB is solely responsible for compiling the pro forma consolidated statements of financial position on the basis set out in Note 2 and 3 of the pro forma consolidated statements of financial position.

[The remainder of this page is intentionally left blank]

Morison AAC

PCB CORPORATION BERHAD
Page 2

Our responsibilities

Our responsibility is to express an opinion, as required by Bursa Securities Malaysia Berhad, on whether the pro forma consolidated statements of financial position has been compiled, in all material respects, by the Board of Directors on the basis set out in Note 2 and 3 of the pro forma consolidated statements of financial position.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires us to comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma financial information on the basis set out in Note 2 and 3 of the pro forma consolidated statements of financial position.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

The purpose of pro forma consolidated statements of financial position included in the Abridged Prospectus to Shareholders is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position have been compiled, in all material respects, on the basis set out in Note 2 and 3 of the pro forma consolidated statements of financial position involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma consolidated statements of financial position provides a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated statements of financial position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of PCB, the event or transaction in respect of which the pro forma consolidated statements of financial position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Morison AAC

PCB CORPORATION BERHAD
Page 3

Opinion

In our opinion,

(a) The pro forma consolidated statements of financial position of PCB, which have been prepared by the Directors of PCB, have been prepared on the basis of assumptions as set out in the accompanying notes using financial statements prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the financial statements and the accounting policies adopted by PCB; and

(b) Each material adjustment made to the information used in the preparation of the pro forma consolidated statements of financial position is appropriate for the purposes of preparing the pro forma consolidated statements of financial position.

OTHER MATTERS

This letter is issued solely for the purpose of inclusion in the Abridged Prospectus to Shareholders in connection with the Rights Issue with Warrants. As such, this letter should not be reproduced, referred to in any other document or used for any other purpose without our prior written consent.

Yours faithfully

Morison Anuarul Azizan Chew

MORISON ANUARUL AZIZAN CHEW
(AF001977)
CHARTERED ACCOUNTANTS

TAN POH LING
2564/03/15 (J)
CHARTERED ACCOUNTANTS

APPENDIX A

PRINSIPTEK CORPORATION BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013
(Page 1 of 2)

MORISON ANUARUL AZIZAN CHEW (AF 001977) STAMPED FOR IDENTIFICATION PURPOSES ONLY

		Pro forma (I)	Pro forma (II)	Pro forma (III)
	Audited statement of financial position of PCB as at 31.12.13	After the Par Value Reduction	After (I) and the Rights Issue with Warrants	After (II) and assuming full exercise of the Warrants
	RM	RM	RM	RM
Non-Current Assets				
Property, plant and equipment	16,775,509	16,775,509	16,775,509	16,775,509
Land and property development costs	83,355,957	83,355,957	83,355,957	83,355,957
Intangible assets	8,260,819	8,260,819	8,260,819	8,260,819
Trade receivables	14,203,131	14,203,131	14,203,131	14,203,131
	122,595,416	122,595,416	122,595,416	122,595,416
Current Assets				
Inventories	3,512,611	3,512,611	3,512,611	3,512,611
Land and property development costs	38,481,042	38,481,042	38,481,042	38,481,042
Trade receivables	142,664,044	142,664,044	142,664,044	142,664,044
Other receivables	29,606,499	29,606,499	29,606,499	29,606,499
Tax recoverable	282,177	282,177	282,177	282,177
Amount owing by customers on contracts	104,673,488	104,673,488	104,673,488	104,673,488
Cash held under Housing Development Account	1,236,707	1,236,707	1,236,707	1,236,707
Fixed deposits with licensed banks	17,276,262	17,276,262	17,276,262	17,276,262
Cash and bank balances	4,514,103	4,514,103	37,645,444	50,323,718
	342,246,933	342,246,933	375,378,274	388,056,548
Current Liabilities				
Trade payables	124,720,632	124,720,632	124,720,632	124,720,632
Other payables	24,006,917	24,006,917	24,006,917	24,006,917
Hire purchase payables	4,761,015	4,761,015	4,761,015	4,761,015
Bank borrowings	90,697,333	90,697,333	90,697,333	90,697,333
Amount owing to customers on contracts	22,186,803	22,186,803	22,186,803	22,186,803
Tax payables	99,095	99,095	99,095	99,095
	266,471,795	266,471,795	266,471,795	266,471,795
Net current assets	75,775,138	75,775,138	108,906,479	121,584,753
	198,370,554	198,370,554	231,501,895	244,180,169

[The remainder of this page is intentionally left blank]

APPENDIX A

PRINSIPTEK CORPORATION BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013
(Page 2 of 2)

MORISON ANUARUL AZIZAN CHEW (AF 001977) STAMPED FOR IDENTIFICATION PURPOSES ONLY

		Pro forma (I)	Pro forma (II)	Pro forma (III)
	Audited statement of financial position of PCB as at 31.12.13	After the Par Value Reduction	After (I) and the Rights Issue with Warrants	After (II) and assuming full exercise of the Warrants[4]
	RM	RM	RM	RM
Financed By:				
Share capital	63,391,372	12,678,274	31,695,686	44,373,960
Share premium	18,234,715	18,234,715	[2][3]8,427,312	32,516,033
Exchange reserve	1,277,068	1,277,068	1,277,068	1,277,068
Capital reserve	12,150,000	58,030,477	58,030,477	58,030,477
Warrant reserve	-	-	[3]24,088,721	-
Retained profits	38,421,277	[1]43,253,898	[2]43,086,509	43,086,509
Equity attributable to equity holders of the Company	133,474,432	133,474,432	166,605,773	179,284,047
Non-controlling interests	(225,952)	(225,952)	(225,952)	(225,952)
Total Equity	133,248,480	133,248,480	166,379,821	179,058,095
Non-Current Liabilities				
Trade payables	20,578,601	20,578,601	20,578,601	20,578,601
Hire purchase payables	3,020,696	3,020,696	3,020,696	3,020,696
Bank borrowings	40,972,873	40,972,873	40,972,873	40,972,873
Deferred tax liabilities	549,904	549,904	549,904	549,904
	65,122,074	65,122,074	65,122,074	65,122,074
	198,370,554	198,370,554	231,501,895	244,180,169
Number of ordinary share	126,782,744	126,782,744	316,956,860	443,739,604
Net assets per ordinary share (RM)	1.05	1.05	0.53	0.40
Borrowings	139,451,917	139,451,917	139,451,917	139,451,917
Gearing (times)	1.04	1.04	0.84	0.78

Notes:

(1) Assuming the credit arising from the Par Value Reduction (as defined in the Note 2.1 of the notes to the pro forma consolidated statements of financial position as at 31 December 2013), amounting to RM50,713,098 is set-off against the accumulated losses of the Company and the excess credit after the offset shall be transferred into capital reserve account.

(2) In accordance with the Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 13 Expenses Permitted to be Written Off Against the Share Premium Account under Section 60 of the Companies Act, 1965 ("Act"), costs attributable to the issue of shares shall be written off against the share premium account in accordance with Section 60 sub-section (3) of the Act and Financial Reporting Standard ("FRS") 132 Financial Instrument : Disclosure of Presentation if, and only if, it can be demonstrated that such costs are incremental costs that are directly attributable to the issue of shares that otherwise could be avoided. All other expenses which do not satisfy the criteria of transaction costs of an equity transaction shall be expenses off in the period they are incurred.

In such circumstances, the estimated expenses of RM1,100,000 in relation to the Corporate Exercise were deducted from retained earnings by RM167,389 and share premium account by RM932,611.

(3) Recognition of fair value of Warrants of RM0.19 per Warrant pursuant to the Rights Issue with Warrants, offset against the share premium account amounting to RM24,088,721.

(4) Based on the exercise price of the Warrants of RM0.10 each for the exercise of one (1) Warrant into one (1) PCB Share.

APPENDIX A

PRINSIPTEK CORPORATION BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

1. Basis of preparation

The pro forma consolidated statements of financial position, for which the Directors of Prinsiptek Corporation Berhad ("PCB" or the "Company") are solely responsible, set out below have been prepared for illustrative purpose only to show the effects of the following events as set out in paragraph 2 below, on the assumption that they were effected on 31 December 2013 and based on the bases and accounting principles consistent with those adopted by the Company and its subsidiaries (the "Group") in the preparation of their respective audited financial statements.

The pro forma consolidated statements of financial position of the Group have been prepared based on the audited financial statements of the Group as at 31 December 2013 which have been prepared in accordance with the Malaysian Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

2. Details of the Corporate Exercise

The Company is undertaking the following Corporate Exercise:-

2.1 Par Value Reduction

The Company has undertaken a Par Value Reduction that the existing issued and paid-up share capital of PCB of RM63,391,372 comprising 126,782,744 ordinary shares of RM0.50 each be reduced (pursuant to Section 64(1) of the Companies Act, 1965 ("Act")) to RM12,678,274 comprising 126,782,744 PCB Shares, by way of cancellation of RM0.40 of the par value of each existing ordinary share of RM0.50 each of PCB in issue.

The reduction of RM0.40 for each existing ordinary shares of RM0.50 each in PCB gives rise to a credit of RM50,713,097.60 (based on the existing issued and paid-up share capital), which is utilised to offset the Company's accumulated losses of RM4,832,621 based on the audited financial statements of PCB for the financial year ended ("FYE") 31 December 2013. In the event of excess credit after the offset of the accumulated losses, such excess credit shall be transferred into a non-distributable capital reserve account.

The Company has been granted the Court Order from High Court of Malaya on 17 September 2014 on the Par Value Reduction and subsequently lodged the Court Order with the Companies Commission of Malaysia on 25 September 2014. Therefore, the par value of each ordinary share in PCB is effectively reduced from RM0.50 per share to RM0.10 per share on 25 September 2014.

[The remainder of this page is intentionally left blank]

APPENDIX A

PRINSIPTEK CORPORATION BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

2. Details of the Corporate Exercise – (Continued)

2.2 Rights Issue with Warrants

The Rights Issue with Warrants entails a renounceable rights issuance of 190,174,116 new ordinary shares of RM0.10 each in PCB ("Rights Share(s)") on the basis of three (3) Rights Shares for every two (2) New PCB Share held, together with 126,782,744 Warrants on the basis of two (2) Warrant for every three (3) Rights Shares successfully subscribed by the shareholders of the Company whose names appear in the Records of Depositors of the Company as at the close of business on the Entitlement Date ("Entitled Shareholders"). The Warrants will be immediately detached from the Rights Shares upon issuance and will be separately traded. The Warrants will be issued in registered form and constituted by a deed poll executed by the Company

The Rights Issue with Warrants is renounceable in full or in part. The renunciation of the Rights Shares by the Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the Rights Shares pursuant to the Rights Issue with Warrants. However, if the Entitled Shareholders decide to accept only part of their Rights Shares entitlements, they shall be entitled to the Warrants in the proportion of their acceptance of their Rights Shares entitlements.

2.3 Amendment

The Amendment involves the consequential amendment to the Memorandum of Association of PCB to facilitate the implementation of the Par Value Reduction.

The Company has amended the Memorandum of Association of PCB by deleting the existing Clause 5 in its entirety and replacing it with the following new Clause 5:

"The authorized capital of the Company is Ringgit Malaysia: One Hundred Million (RM100,000,000.00) divided into One Billion (1,000,000,000) shares of Sen Malaysia: Ten (RM0.10) each. The shares in the original or increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise."

[The remainder of this page is intentionally left blank]

APPENDIX A

PRINSIPTEK CORPORATION BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

FOR IDENTIFICATION PURPOSES ONLY MORISON ANUARUL AZIZAN CHEW (AF 001977) STAMPED

3. The Pro forma Consolidated Statements of Financial Position

3.1 Pro forma I –Par Value Reduction

Pro forma I incorporates the effects of the Par Value Reduction.

Table 1: Pro forma effect of the Par Value Reduction

	Par Value RM	No. of PCB Shares	Share Capital
Existing issued and paid-up share capital	0.50	126,782,744	63,391,372
After the Par Value Reduction	0.10	126,782,744	12,678,274

Table 2: Pro forma effects of the Par Value Reduction on the reserves of the Group

As at 31 December 2013	Group Level (RM)	Company Level (RM)
Accumulated losses	38,421,277	(4,832,621)
Credit arising from the Par Value Reduction	4,832,621	4,832,621
Retained profits after the Par Value Reduction	43,253,898	-

As at 31 December 2013	Group Level (RM)	Company Level (RM)
Capital reserve	12,150,000	-
Excess credit arising from the Par Value Reduction	45,880,477	45,880,477
Resultant reserves after the Par Value Reduction	58,030,477	45,880,477

[The remainder of this page is intentionally left blank]

PRINSIPTEK CORPORATION BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

3. The Pro forma Consolidated Statements of Financial Position – Continued

3.2 Pro forma II –Rights Issue with Warrants

Pro forma II incorporates the effects of Pro forma I and the effects of the Rights Issue with Warrants. The issue price for the Rights Shares is fixed at RM0.18 for each Rights Shares.

The Rights Issue with Warrants entails an issue of 190,174,116 Rights Shares together with 126,782,744 Warrants. The total allocated fair value of the Warrants amounting to RM24,088,721.36 will be transferred to warrant reserves upon the issue of the Warrants. Correspondingly, the same amount will be set-off against the share premium account of the Company.

The Rights Issue with Warrants is expected to raise an estimated gross proceeds of RM34,231,340.88 based on the issue price of RM0.18 per Rights Share. The following is the utilisation of proceeds from the Rights Issue with Warrants on the adjusted consolidated statements of financial position for the Group as at 31 December 2013:-

Details of utilisation	**RM'000**	**Estimated timeframe for utilisation of proceeds**
Property development expenditure and future land acquisition [(1)]	33,131	Within twenty-four (24) months
Estimated expenses[(2)]	1,100	Within one (1) month
Total	34,231	

Notes:

(1) *Property development expenditure will include, amongst others, to acquire additional land banks and/or property development projects (including investment in companies undertaking property development or holding land banks). The property development expenditure may also include payments to contractors, suppliers and consultants, and also contribution payments to the relevant authorities in respect of property development activities.*

The proceeds from the Rights Issue with Warrants have not been earmarked for any specific projects and the identification of any parcels of land at this juncture to provide flexibility to PCB in determining the use of the proceeds so long as the proceeds will be used for PCB's property development business.

(2) *Includes advisory fees, solicitor's fees, fees payable to relevant authorities, printing cost, and other incidental expenses in connection with the corporate exercise. Any shortfall or excess in funds allocated for estimated expenses will be funded from or used for the working capital of PCB Group.*

PRINSIPTEK CORPORATION BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

STAMPED FOR IDENTIFICATION PURPOSES ONLY
MORISON ANUARUL AZIZAN CHEW (AF 001977)

3. The Pro forma Consolidated Statements of Financial Position – Continued

3.2 Pro forma II –Rights Issue with Warrants – Continued

The proceeds from the Rights Issue with Warrants (excluding any proceeds from any exercise of Warrants) are expected to be utilised over a period of two (2) years.

Pro forma II also incorporates the fair value of the Warrants which will be transferred to warrant reserves upon issue of the Rights Shares together with the Warrants pursuant to the Rights Issue with Warrants. The Board has allocated a fair value of RM0.19 per Warrant estimated using Binomial Option Pricing Model and the key assumptions are as follow :-

Indicative exercise price	RM0.10
Underlying price	RM0.2661
Days to expiration	1825 (5years)
Risk free interest rate	3.77% pa
Expected volatility	46.90%
Expected dividend yield	-

The underlying price represents five (5) day volume weighted average market price of PCB Shares up to 24 September 2014.

The estimated expenses of RM1,100,000 in relation to the Corporate Exercise were deducted from retained earnings by RM167,389 and share premium account by RM932,611.

3.3 Pro forma III – Assuming full exercise of Warrants
Based on the assumption of full exercise of Warrants, Pro forma III incorporates the effects of Pro forma I, Pro forma II, and the effects of assuming full exercise of the Warrants at an exercise price of RM0.10 per Warrant for one (1) new PCB Share.

The warrant reserves will be transferred to share premium account upon the full exercise of the Warrants.

The quantum of proceeds to be received by the Company pursuant to the exercise of the Warrants would depend upon the actual number of Warrants exercised. Such proceeds will be utilised for working capital purposes.

PRINSIPTEK CORPORATION BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

STAMPED FOR IDENTIFICATION PURPOSES ONLY
MORISON ANUARUL AZIZAN CHEW (AF 001977)

4. Share Capital

The movements in the issue and fully paid up share capital of the Company after the Corporate Exercise.

	Par Value RM	No. of PCB Shares	RM
<u>Authorised Share Capital</u>			
Before the Amendment	0.50	200,000,000	100,000,000.00
After the Amendment	0.10	1,000,000,000	100,000,000.00
<u>Issued and paid-up Share Capital</u>			
As at 31 December 2013	0.50	126,782,744	63,391,372.00
	0.50	126,782,744	63,391,372.00
To be issued pursuant to the Par Value Reduction	(0.40)	-	(50,713,097.60)
	0.10	126,782,744	12,678,274.40
To be issued pursuant to the Rights Issue with Warrants	0.10	190,174,116	19,017,411.60
	0.10	316,956,860	31,695,686.00
To be issued pursuant to the full exercise of the Warrants	0.10	126,782,744	12,678,274.40
Enlarged issued and paid up share capital	0.10	443,739,604	44,373,960.40

[The remainder of this page is intentionally left blank]

PRINSIPTEK CORPORATION BERHAD

(Incorporated in Malaysia)

FINANCIAL STATEMENTS

31 DECEMBER 2013

Registered office:
No. 83 & 85, Jalan SS 15/4C
47500 Subang Jaya
Selangor Darul Ehsan

PRINSIPTEK CORPORATION BERHAD

(Incorporated in Malaysia)

FINANCIAL STATEMENTS

31 DECEMBER 2013

INDEX

*****

	Page No.
DIRECTORS' REPORT	1 - 5
STATEMENT BY DIRECTORS	6
STATUTORY DECLARATION	7
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS	8 - 10
STATEMENTS OF FINANCIAL POSITION	11 - 12
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	13 - 14
STATEMENTS OF CHANGES IN EQUITY	15 - 17
STATEMENTS OF CASH FLOWS	18 - 20
NOTES TO THE FINANCIAL STATEMENTS	21 - 82

PRINSIPTEK CORPORATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

Principal Activities

The principal activities of the Company are those of management and investment holding.

The principal activities of the subsidiary companies are disclosed in Note 5 to the financial statements.

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

Financial Results

	Group RM	Company RM
Profit before taxation	5,796,936	2,483,032
Taxation	(1,813,538)	(717,132)
Net profit for the financial year	3,983,398	1,765,900
Attributable to:		
Equity holders of the Company	4,545,494	1,765,900
Non-controlling interests	(562,096)	-
	3,983,398	1,765,900

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the Group and of the Company for the financial year in which this report is made.

Dividend

No dividend has been paid or declared by the Company since the end of previous financial year.

The Board of Directors does not recommend any dividend in respect of the financial year under review.

Reserves and Provisions

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

Issue of Shares and Debentures

There were no issues of shares or debentures during the financial year under review.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year under review.

Employees' Share Option Scheme

The Prinsiptek Corporation Berhad Employees' Share Option Scheme ("ESOS") was approved by the shareholders at the Extraordinary General Meeting held on 21 February 2004. The ESOS was implemented on 10 March 2004 and shall be in force for a period of 10 years from the date of implementation.

The salient features and other terms of the ESOS are disclosed in Note 29 to the financial statements.

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

Directors

The Directors who served since the date of the last report are as follows:

Tan Sri Dato' Seri Mohamad Noor Abdul Rahim	
To' Puan Seri Hajjah Nur Rahmah Bt Hj. Mohd Zain	
Dato' Foo Chu Jong	
Foo Chu Pak	
Datin Paduka Low Siew Moi	(appointed on 11.7.2013)
Datuk Nur Jazlan Bin Tan Sri Mohamed	(resigned on 16.4.2013)

Directors' Interests

Details of holdings and deemed interests in the share capital and options over the shares of the Company or its related corporations by the Directors in office at the end of the financial year, according to the register required to be kept under Section 134 of the Companies Act, 1965, were as follows:

	Number of ordinary shares of RM0.50 each			
	At 1.1.2013	**Acquired**	**Disposed**	**At 31.12.2013**
Prinsiptek Corporation Berhad				
Direct interest				
Dato' Foo Chu Jong	14,790,000	-	-	14,790,000
Indirect interest [1]				
Dato' Foo Chu Jong	51,490,625	-	-	51,490,625
Foo Chu Pak	51,490,625	-	-	51,490,625

[1] Deemed interest through shareholdings in Daya Setempat Sdn. Bhd. by virtue of Section 6A of the Companies Act, 1965.

	Number of options over ordinary shares of RM0.50 each ("ESOS")			
	At 1.1.2013	**Granted**	**Exercised**	**At 31.12.2013**
Prinsiptek Corporation Berhad				
Dato' Foo Chu Jong	900,000	-	-	900,000
Foo Chu Pak	800,000	-	-	800,000

By virtue of their interests in the shares of the Company, Dato' Foo Chu Jong and Foo Chu Pak are deemed to have interests in the shares of all its subsidiary companies to the extent the Company has an interest.

None of the other Directors holding office at the end of the financial year had any interest in the ordinary shares of the Company or its related corporations during the financial year under review.

Directors' Benefits

Since the end of the previous financial year, no Director of the Group and of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company or its subsidiary companies a party to any arrangement the object of which is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Group and of the Company or any other body corporate other than those arising from the share options granted under the Prinsiptek Corporation Berhad ESOS.

Other Statutory Information

(a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value 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 allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading;

- 5 -

(iii) any amount stated in the financial statements of the Group and of the Company misleading; and

(iv) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) No contingent or other liabilities have become enforceable, or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company or its subsidiary companies to meet their obligations as and when they fall due.

(d) At the date of this report, there does not exist:

(i) any charge on the assets of the Company or its subsidiary companies which has arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) any contingent liability in respect of the Company or its subsidiary companies which has arisen since the end of the financial year.

Auditors

The auditors, Morison Anuarul Azizan Chew, have expressed their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors.

DATO' FOO CHU JONG	FOO CHU PAK

KUALA LUMPUR
27 MAR 2014

PRINSIPTEK CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 169(15) of the Companies Act, 1965

We, DATO' FOO CHU JONG and FOO CHU PAK, being two of the Directors of PRINSIPTEK CORPORATION BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 11 to 82 are drawn up in accordance with the Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and of the results of their operations and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Directors.

DATO' FOO CHU JONG	FOO CHU PAK

KUALA LUMPUR
27 MAR 2014

PRINSIPTEK CORPORATION BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION
Pursuant to Section 169(16) of the Companies Act, 1965

I, TEOH YEE SHIEN, being the Officer primarily responsible for the financial management of PRINSIPTEK CORPORATION BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 11 to 82 are to the best of my knowledge and belief, 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 TEOH YEE SHIEN at KUALA LUMPUR in the Federal Territory this **27 MAR 2014**)

TEOH YEE SHIEN

Before me,

PESURUHJAYA SUMPAH
No. W 521
MOHAN A.S. MANIAM
MALAYSIA

COMMISSIONER FOR OATHS

No. 50, Jalan Hang Lekiu
50100 Kuala Lumpur.

Morison AAC

MORISON ANUARUL AZIZAN CHEW
CHARTERED ACCOUNTANTS
18 Jalan 1/64, Off Jalan Kolam Air/Jalan Ipoh, 51200 Kuala Lumpur.
Tel : 603-40482888 Fax : 603-40482999

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRINSIPTEK CORPORATION BERHAD

(Company No.:595000 - H)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the accompanying financial statements of Prinsiptek Corporation Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows 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 11 to 82.

Directors' Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, 1965 and the Financial Reporting Standards in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to Company's preparation of the financial statements that give a true and fair view 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 Company's internal control. An audit also involves evaluating the appropriateness of 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 opinion.

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the Financial Reporting Standards in Malaysia and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 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 on 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 by the subsidiary companies of which we acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the independent auditors' reports of all the subsidiary companies which we have not acted as auditors, which are indicated in Note 5(b) to the financial statements other than Pan Rekajaya Sdn. Bhd., Prinsiptek Panel Sdn. Bhd., Prinsiptek Bina Sdn. Bhd., PST Concrete Sdn. Bhd. and Sekinchan Jaya Sdn. Bhd.

(c) We are satisfied that the financial statements of the subsidiary companies that are consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements of the Group and have received satisfactory information and explanations as required by us for those purposes.

(d) The independent auditors' reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

The supplementary information set out in Note 38 is disclosed to meet the requirements of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is solely made 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 any responsibility to any other person for the content of this report.

Morison Anuarul Azizan Chew

MORISON ANUARUL AZIZAN CHEW	TAN POH LING
Firm Number: AF 001977	Approved Number: 2564/03/15 (J)
Chartered Accountants	Partner of Firm

KUALA LUMPUR
27 MAR 2014

PRINSIPTEK CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Non-Current Assets					
Property, plant and equipment	3	16,775,509	14,685,208	1	1
Land and property development costs	4	83,355,957	79,314,283	-	-
Investment in subsidiary companies	5	-	-	46,888,835	47,188,835
Intangible assets	6	8,260,819	8,260,819	-	-
Trade receivables	7	14,203,131	7,399,915	-	-
		122,595,416	109,660,225	46,888,836	47,188,836
Current Assets					
Other investments	8	-	-	-	-
Inventories	9	3,512,611	188,819	-	-
Land and property development costs	4	38,481,042	73,178,794	-	-
Trade receivables	7	142,664,044	136,997,081	-	-
Other receivables	10	29,606,499	37,223,438	2,460,181	2,515,072
Tax recoverable		282,177	118,440	111,585	65,177
Amount owing by customers on contracts	11	104,673,488	83,451,001	-	-
Amount owing by subsidiary companies	12	-	-	40,273,154	41,297,139
Cash held under Housing Development Account	13	1,236,707	1,972,929	-	-
Fixed deposits with licensed banks	14	17,276,262	21,684,515	154,206	149,391
Cash and bank balances		4,514,103	3,952,563	42,632	61,496
		342,246,933	358,767,580	43,041,758	44,088,275
Current Liabilities					
Trade payables	15	124,720,632	99,850,779	-	-
Other payables	16	24,006,917	24,038,112	47,356	83,192
Amount owing to subsidiary companies	12	-	-	6,211,572	6,288,153
Hire purchase payables	17	4,761,015	3,275,428	-	-
Bank borrowings	18	90,697,333	102,512,505	6,878,200	9,878,200
Amount owing to customers on contracts	11	22,186,803	18,549,666	-	-
Tax payable		99,095	253,369	-	-
		266,471,795	248,479,859	13,137,128	16,249,545
Net current assets		75,775,138	110,287,721	29,904,630	27,838,730
		198,370,554	219,947,946	76,793,466	75,027,566

PRINSIPTEK CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (CONT'D)

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Financed By:					
Share capital	19	63,391,372	63,391,372	63,391,372	63,391,372
Share premium		18,234,715	18,234,715	18,234,715	18,234,715
Reserve	20	13,427,068	12,524,392	-	-
Retained profits/ (Accumulated losses)		38,421,277	33,875,783	(4,832,621)	(6,598,521)
Equity attributable to equity holders of the Company		133,474,432	128,026,262	76,793,466	75,027,566
Non-controlling interests		(225,952)	302,919	-	-
Total equity		133,248,480	128,329,181	76,793,466	75,027,566
Non-Current Liabilities					
Trade payables	15	20,578,601	16,249,647	-	-
Hire purchase payables	17	3,020,696	4,156,121	-	-
Bank borrowings	18	40,972,873	70,721,317	-	-
Deferred tax liabilities	21	549,904	491,680	-	-
		65,122,074	91,618,765	-	-
		198,370,554	219,947,946	76,793,466	75,027,566

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

PRINSIPTEK CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Revenue	22	422,602,655	266,590,927	3,215,000	11,000,000
Cost of sales		(407,720,164)	(249,406,541)	-	-
Gross profit		14,882,491	17,184,386	3,215,000	11,000,000
Other operating income		8,718,570	14,011,449	4,815	1,765,167
Administration expenses		(7,012,053)	(16,122,863)	(136,753)	(115,838)
Other operating expenses		(5,952,326)	(6,543,272)	(600,030)	(1,977,201)
Finance costs	23	(4,839,746)	(2,765,945)	-	-
Profit before taxation	24	5,796,936	5,763,755	2,483,032	10,672,128
Taxation	25	(1,813,538)	(1,695,627)	(717,132)	(2,723,044)
Net profit for the financial year		3,983,398	4,068,128	1,765,900	7,949,084
Other comprehensive income:					
Items to be reclassified to profit or loss in subsequent periods					
- Exchange differences arising from translation of foreign operations		935,901	147,457	-	-
Total comprehensive income for the financial year		4,919,299	4,215,585	1,765,900	7,949,084

PRINSIPTEK CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		Group	
		2013	2012
	Note	RM	RM
Net profit for the financial year attributable to:			
Equity holders of the Company		4,545,494	3,801,863
Non-controlling interests		(562,096)	266,265
		3,983,398	4,068,128
Total comprehensive income for the financial year attributable to:			
Equity holders of the Company		5,448,170	3,918,662
Non-controlling interests		(528,871)	296,923
		4,919,299	4,215,585
Earnings per share attributable to equity holders of the Company (sen):			
Basic	26(a)	3.59	3.00
Fully diluted	26(b)	3.59	3.00

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

PRINSIPTEK CORPORATION BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Attributable to Equity Holders of the Company							
		Non-Distributable			Distributable			
	Share Capital RM	Share Premium RM	Exchange Reserve RM	Capital Reserve	Retained Profits RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group								
At 1 January 2012	63,391,372	18,234,715	257,593	11,300,000	30,923,920	124,107,600	5,996	124,113,596
Net profit for the financial year	-	-	-	-	3,801,863	3,801,863	266,265	4,068,128
Other comprehensive income	-	-	116,799	-	-	116,799	30,658	147,457
Total comprehensive income for the financial year	-	-	116,799	-	3,801,863	3,918,662	296,923	4,215,585
Arising from capitalisation of retained profit for Bonus Issue	-	-	-	850,000	(850,000)	-	-	-
At 31 December 2012	63,391,372	18,234,715	374,392	12,150,000	33,875,783	128,026,262	302,919	128,329,181

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

PRINSIPTEK CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

	Attributable to Equity Holders of the Company							
		Non-Distributable			Distributable			
	Share Capital RM	Share Premium RM	Exchange Reserve RM	Capital Reserve	Retained Profits RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group								
At 1 January 2013	63,391,372	18,234,715	374,392	12,150,000	33,875,783	128,026,262	302,919	128,329,181
Net profit for the financial year	-	-	-	-	4,545,494	4,545,494	(562,096)	3,983,398
Other comprehensive income	-	-	902,676	-	-	902,676	33,225	935,901
Total comprehensive income for the financial year	-	-	902,676	-	4,545,494	5,448,170	(528,871)	4,919,299
At 31 December 2013	63,391,372	18,234,715	1,277,068	12,150,000	38,421,277	133,474,432	(225,952)	133,248,480

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

PRINSIPTEK CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

		Non-Distributable		
	Share Capital RM	Share Premium RM	Accumulated Losses RM	Total RM
Company				
At 1 January 2012	63,391,372	18,234,715	(14,547,605)	67,078,482
Net profit for the financial year	-	-	7,949,084	7,949,084
Other comprehensive income	-	-	-	-
Total comprehensive income for the financial year	-	-	7,949,084	7,949,084
At 31 December 2012	63,391,372	18,234,715	(6,598,521)	75,027,566
At 1 January 2013	63,391,372	18,234,715	(6,598,521)	75,027,566
Net profit for the financial year	-	-	1,765,900	1,765,900
Other comprehensive income	-	-	-	-
Total comprehensive income for the financial year	-	-	1,765,900	1,765,900
At 31 December 2013	63,391,372	18,234,715	(4,832,621)	76,793,466

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

PRINSIPTEK CORPORATION BERHAD

(Incorporated In Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Cash Flows From Operating Activities					
Profit before taxation	24	5,796,936	5,763,755	2,483,032	10,672,128
Adjustments for:					
Depreciation of property, plant and equipment		1,535,280	1,093,321	-	-
Interest expense		4,839,746	2,765,945	-	-
Property, plant and equipment written-off		307,872	180,407	-	-
Waiver of debts		(258,395)	-	-	(1,756,651)
Unrealised exchange loss		368,853	49,762	-	49,762
Gain on disposal of property, plant and equipment		(456,899)	(955,298)	-	-
Loss on strike off of a subsidiary company		261,796	-	-	-
Gain on disposal of held for trading investment		-	(362)	-	-
Impairment loss on loan and receivables		-	148,126	-	-
Impairment loss on investment in a subsidiary company		-	67	300,000	1,628,533
Interest income		(2,468,795)	(653,218)	(4,815)	(8,516)
Gain on de-recognition of:					
- loan and receivables		(754)	-	-	-
- financial liabilities		(7,520)	(29,531)	-	-
Fair value loss/(gain) on re-measurement:					
- loan and receivables		-	37,937	-	-
- financial liabilities		-	(547,681)	-	-
Fair value loss/(gain) on:					
- held for trading investments		-	-	-	-
- loan and receivables		1,092,701	8,256,588	-	-
- financial liabilities		(1,019,272)	(10,189,559)	-	-
Dividend income		-	(270)	(3,215,000)	(11,000,000)
Operating profit/(loss) before working capital changes		9,991,549	5,919,989	(436,783)	(414,744)

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Decrease/(Increase) in working capital					
Inventories		(3,323,792)	(188,819)	-	-
Land and property development costs		40,769,126	8,063,458	-	-
Amount owing by/(to) customers on contracts		(13,714,767)	(36,231,909)	-	-
Trade and other receivables		(4,140,758)	(6,702,421)	54,891	216,156
Trade and other payables		27,615,084	35,976,982	(35,836)	(14,465)
Amount owing by/(to) subsidiary companies		-	-	947,404	757,965
		47,204,893	917,291	966,459	959,656
Cash generated from operations		57,196,442	6,837,280	529,676	544,912
Interest received		684,515	536,040	4,815	8,516
Interest paid		(11,022,832)	(10,745,808)	-	-
Tax refund		251,573	76,717	40,210	73,658
Tax paid		(2,324,898)	(2,055,236)	-	-
		(12,411,642)	(12,188,287)	45,025	82,174
Net cash from/(used in) operating activities		44,784,800	(5,351,007)	574,701	627,086
Cash Flows From Investing Activities					
Additions to land held for property development		(4,041,674)	(46,986,237)	-	-
Purchase of property, plant and equipment	27	(781,057)	(822,954)	-	-
Proceeds from disposal of property, plant and equipment		1,263,420	6,357,200	-	-
Cash outflow on strike off of a subsidiary company	5(c)	(1,819)	-	-	-
Proceeds from disposal of held for trading investment		-	4,592	-	-
Purchase of additional shares in a subsidiary company		-	-	-	(3,900,000)
Dividend received		-	270	2,411,250	8,250,000
Net cash (used in)/from investing activities		(3,561,130)	(41,447,129)	2,411,250	4,350,000
Cash Flows From Financing Activities					
Drawdown of bank borrowings		29,321	50,407,117	-	-
Repayment of bank borrowings		(32,895,074)	(19,353,558)	(3,000,000)	(5,000,000)
Repayment of hire purchase payables		(4,252,312)	(980,768)	-	-
Release/(Placement) of fixed deposits pledged		4,408,253	(418,231)	(4,815)	(8,516)
Net cash (used in)/from financing activities		(32,709,812)	29,654,560	(3,004,815)	(5,008,516)

- 20 -

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Net increase/(decrease) in cash and cash equivalents		8,513,858	(17,143,576)	(18,864)	(31,430)
Effects of foreign exchange rate changes		9,323	(6,966)	-	-
Cash and cash equivalents at beginning of the financial year		(74,241,327)	(57,090,785)	61,496	92,926
Cash and cash equivalents at end of the financial year		(65,718,146)	(74,241,327)	42,632	61,496
Cash and cash equivalents at end of the financial year comprises:					
Fixed deposits with licensed banks	14	17,276,262	21,684,515	154,206	149,391
Cash and bank balances		4,514,103	3,952,563	42,632	61,496
Cash held under Housing Development Account	13	1,236,707	1,972,929	-	-
Bankers' acceptance, letter of credits and trust receipts		(32,505,000)	(42,573,915)	-	-
Bank overdrafts and project loans		(38,963,956)	(37,592,904)	-	-
		(48,441,884)	(52,556,812)	196,838	210,887
Less: Fixed deposits pledged with licensed banks	14	(17,276,262)	(21,684,515)	(154,206)	(149,391)
		(65,718,146)	(74,241,327)	42,632	61,496

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

PRINSIPTEK CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

The principal activities of the Company are those of management and investment holding.

The principal activities of the subsidiary companies are disclosed in Note 5 to the financial statements.

The Company is a public limited liability company, incorporated under the Companies Act, 1965 and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are located at No. 83 and 85, Jalan SS15/4C, 47500 Subang Jaya, Selangor Darul Ehsan.

2. Basis of Preparation and Significant Accounting Policies

(a) Basis of accounting

The financial statements of the Group and of the Company have been prepared on the historical cost convention unless otherwise indicated in the accounting policies below and in compliance with the provisions of the Companies Act, 1965 and the Financial Reporting Standards in Malaysia.

During the financial year, the Group and the Company have adopted the following applicable new Financial Reporting Standards ("FRSs"), revised FRSs and amendments to FRSs issued by the Malaysian Accounting Standards Board which are mandatory and effective for financial periods as stated below:

		Effective date for financial periods beginning on or after
Amendments to FRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 12	Disclosure of Interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013

		Effective date for financial periods beginning on or after
FRS 127	Separate Financial Statements *(as amended by IASB in November 2011)*	1 January 2013
Amendments to FRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Improvements to FRSs (2012)		1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013

The Directors of the Group and of the Company anticipate that the application of the above revised FRSs and amendments to FRSs does not have any significant impact on the financial statements of the Group and of the Company.

On 19 November 2011, MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141, *Agriculture* and IC interpretation 15, *Agreement for Construction of Real Estate,* including its parent, significant investor and venturer ("Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS framework for an additional three years. The Company qualifies as Transitioning Entities and therefore, the adoption of MFRS framework will be mandatory for annual financial period beginning on or after 1 January 2015.

The Directors of the Group and the Company anticipate that the application of the following FRSs and Malaysian Financial Reporting Standards ("MFRSs") which are mandatory and will be effective for financial periods as stated below will have no material impact on the financial statements of the Group and of the Company, except as disclosed in Note 37 to the financial statements:

		Effective date for financial periods beginning on or after
FRSs		
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities		1 January 2014
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014
MFRSs		
Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions	1 July 2014
Annual improvements to MFRSs 2010-2012 Cycle		1 July 2014
Annual improvements to MFRSs 2011-2013 Cycle		1 July 2014
MFRS 9	Financial Instruments *(IFRS 9 issued by IASB in November 2009)* Financial Instruments *(IFRS 9 issued by IASB in October 2010)*	1 January 2015

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

(c) Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

(i) Depreciation of property, plant and equipment

The costs of property, plant and equipment of the Group and of the Company are depreciated on a straight-line basis over the useful lives of the assets. Management estimates the useful lives of the property, plant and equipment as disclosed in Note 2(e)(iii). These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could have impact on the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amounts of the Group's and of the Company's property, plant and equipment at 31 December 2013 are disclosed in Note 3 to the financial statements.

(ii) Estimation of fair value of properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences; or

(b) recent prices of similar properties based on less active market, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

(iii) Property development costs

The Group recognises property development revenue and expenses in the profit or loss 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. Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The carrying amounts of the Group's property development costs at 31 December 2013 are disclosed in Note 4 to the financial statements.

(iv) Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis, in accordance with the accounting policy disclosed in Note 2(g). This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of the Group's goodwill on consolidation at 31 December 2013 are disclosed in Note 6 to the financial statements.

(v) Construction contracts

The Group recognises contract revenue and contract costs in the profit or loss by using the stage of completion method. The stage of completion is determined by the surveys of work performed and completion of a physical proportion of the contract work. Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the construction contracts. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of the Group's amount owing by/(to) customers on contracts at 31 December 2013 are disclosed in Note 11 to the financial statements.

(vi) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is involved especially in determining tax base allowances and deductibility of certain expenses in determining the Group-wide provision for income taxes. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will have impact on the income tax and deferred tax provisions in the period in which such determination is made.

(vii) Classification of financial assets

The Group classifies financial assets as held-to-maturity investments when it has a positive intention and ability to hold the investment to maturity. Management exercises judgement based on the Group's financial risk management policy to determine whether the financial assets are to be classified as held-to-maturity.

(d) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies through equity accounting, which are made up to the end of the financial year.

In the Company's separate financial statements and investments in subsidiary companies are stated at cost less impairment losses in accordance with Note 2(g). On disposal of these investments, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss attributable to the parent.

(i) Subsidiary companies

Subsidiary companies are those companies in which the Group has long term equity interest and has the power, directly or indirectly, to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than one half of the voting rights.

The acquisition method of accounting is used to account for the acquisition of subsidiary companies. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed attributable to the acquirer in a business combination are measured initially at their fair values on the date of acquisition. Acquisition related costs incurred are expensed and included in the administration expenses. The difference between the acquisition cost and the fair values of the subsidiary companies' net assets is reflected as goodwill or reserve on consolidation as appropriate. The accounting policy on goodwill on acquisition of subsidiary companies is set out in Note 2(f). Reserve on consolidation is recognised immediately in profit or loss attributable to the parent.

Subsidiary companies are consolidated from the date on which control is transferred to the Group to the date on which that control ceases.

If the business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in profit or loss.

Any contingent consideration to be transferred by the Group will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS139, it is measured in accordance with the appropriate FRS.

(ii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

For each business combination, non-controlling interest in the acquiree are measured at fair value or at the proportionate share of the acquiree's identifiable net assets at the date of acquisition. Non-controlling interest are allocated at their share of the profit or loss and each component of other comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent. Losses are attributed to the non-controlling interest even if that results in a deficit balance.

(iii) Changes in Group composition

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained as an associate, joint venture or financial asset;
- Recognises any surplus or deficit in profit or loss;
- Reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(iv) Non-controlling interest

Non-controlling interests are presented separately in the consolidated income statement and within the equity in the statement of financial position, separately from equity holders of the Company. For each business combination, the Group will elect to measure the amount of non-controlling interest either at fair value or at the non-controlling interest's proportionate share of the subsidiary company's identifiable net assets. The non-controlling interest's portion of total comprehensive income is attributable to non-controlling interest, even if this results in the non-controlling interest having a deficit balance.

Non-controlling interests that constitute a present ownership interests that entitles their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either the fair value or the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests should be measured at their acquisition date fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

(e) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 2(g).

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of property, plant and equipment. Freehold land is not depreciated. Leasehold land is amortised on a straight-line basis over the period of the lease period which take effect from the date the individual titles are issued.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Computers	3 years
Furniture and fittings	5 - 10 years
Tools and instruments	10 years
Motor vehicles	5 years
Office and electrical equipment	5 - 10 years
Plant and machinery	5 - 10 years
Renovation	10 years

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at each financial year end.

Upon disposal of an asset, the difference between the net disposal proceeds and the carrying amount of the assets is charged or credited to the profit or loss. On disposal of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred to distribution reserve.

(f) Goodwill or reserve arising on consolidation

Goodwill or reserve arising on consolidation represents the difference between the cost of the acquisition over the fair value of the net identifiable assets of subsidiary companies acquired at the date of acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequently when there is objective evidence that the carrying value may be impaired, in accordance with Note 2(g).

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(g) Impairment of non-financial assets

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount is estimated at each reporting date or more frequently when indications of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the profit or loss in the period in which it arises. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the unit (groups of units) and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro-rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(h) Land held for property development

Land held for property development consists of land held for future development activities where no significant development has been undertaken or where development activities are not expected to be completed within normal operating cycle. Such land is classified as non-current assets and is stated at cost less any accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 2(g).

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

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

(i) 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.

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

Property development costs shall be classified as non-current asset where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle.

Property development costs shall be reclassified to current assets when the development activities have been commenced and expected to be completed within the normal operating cycle.

When the financial outcome of development activity can be reliably estimated, property development revenue and expenses are recognised in the profit or loss by using the stage of completion. 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.

When 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 units sold are recognised as an expense in the period in which they are incurred.

When the revenue recognised in the profit or loss exceed billings to purchaser, the balance is shown as accrued billings under current assets. When the billings to purchaser exceed the revenue recognised in the profit or loss, the balance is shown as progress billings under current liabilities.

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

(j) Construction contracts

Construction contracts are stated at cost plus attributable profits less applicable progress billings and allowances for foreseeable losses, if any.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activities at the reporting date. The stage of completion is determined by the surveys of work performed and completion of a physical proportion of the contract work.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and 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.

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount owing by customers on contracts. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount owing to customers on contracts.

(k) Inventories

Inventories represent cost of unsold completed development units/properties that have been completed which is determined on specific identification basis. The inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less the selling expenses.

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(m) Lease and hire purchase

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. All other leases are treated as operating leases.

Assets acquired by way of hire purchase are stated at an amount equal to the lower of their fair values and the present value of the minimum hire purchase payments at the inception of the hire purchase, less accumulated depreciation and impairment losses. The corresponding liability is included in the statement of financial position as liabilities. In calculating the present value of the minimum hire purchase payments, the discount factor used is the interest rate implicit in the hire purchase, when it is practical to determine; otherwise, the Group's and the Company's incremental borrowing rate is used.

Hire purchase payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total hire purchase commitments and the fair value of the assets acquired, are recognised as an expense in the profit or loss over the term of the relevant hire purchase so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for hire purchase assets is consistent with that for depreciable property, plant and equipment which are owned.

Lease rental under operating lease is charged to the profit or loss on a straight line basis over the term of the relevant lease.

(n) Borrowings

Interest bearing bank borrowings are recorded at the amount of proceeds received, net of transaction costs incurred.

(o) 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 capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

When the borrowings are made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of funds drawdown from that borrowing facility.

When the borrowings are made generally, and used for the purpose of obtaining a qualifying asset, the borrowing costs eligible for capitalisation are determined by applying a capitalisation rate which is the weighted of the borrowing costs applicable to the Group's and the Company's borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of acquiring another qualifying asset.

Borrowing costs which are not eligible for capitalisation are recognised as an expense in the profit or loss in the period in which they are incurred.

(p) Provisions for liabilities

Provisions for liabilities are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(q) Equity instruments

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

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(r) Foreign currencies

(i) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

(ii) Foreign operations

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(2) income and expenses for each profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(3) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of foreign subsidiary companies are treated as assets and liabilities and translated at the rates of exchange ruling at the transaction dates.

The closing exchange rates used for each unit of the main foreign currency in the Group are as follows:

	2013 RM	2012 RM
100 Thailand Baht ("THB")	9.99	9.92
Brunei Dollar ("BND")	2.59	2.50

(s) Financial assets

Financial assets are recognised in the statement of financial position when the Group and the Company have become a party to the contractual provisions of the instruments.

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this at every reporting date except for financial assets at fair value through profit or loss.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets that are designated or held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss. After initial recognition, financial assets at fair value through profit or loss are subsequently measured at fair value.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are unquoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable.

Loans and receivables in the statements of financial position consist of trade and other receivables, fixed deposits and inter-company loans and advances. These are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current assets.

Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has positive intention and ability to hold to maturity.

Subsequent to initial recognition, held-to maturity investments are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Investments are initially recognised at fair value plus transaction costs that are directly attributable to their acquisitions. Investment in equity instruments whose fair value cannot be reliably measured are valued at cost less impairment loss.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains and losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss as part of other operating income when the Group's right to receive payments is established.

(t) Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. For an equity instrument, a significant or prolonged declined in fair value below its cost is also considered objective evidence of impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised costs, the reversal is recognised in profit or loss.

(u) Financial liabilities

Short-term borrowings, trade and other payables are classified as financial liabilities in the statement of financial position as there is a contractual obligation to make cash payments to another entity and is contractually obliged to settle the liabilities in cash.

Financial liabilities are initially recognised at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest method, except when the Group designates the liabilities at fair value through profit or loss. Financial liabilities are designated at fair value through profit or loss when:

(i) they are acquired or incurred for the purpose of selling or repurchasing in the near term;

(ii) the designation eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise from measuring financial liabilities or recognising gains or losses on them; or

(iii) the financial liability contains an embedded derivative that would need to be separately recorded.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(v) Revenue recognition

(i) Property development

Revenue derived from property development activities is recognised based on the percentage 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.

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

(ii) Construction contracts

Revenue from work done on construction contracts is recognised based on the percentage of completion method. The stage of completion is determined by the surveys of work performed and completion of a physical proportion of the contract work.

(iii) Goods sold and services rendered

Revenue from sales of goods is recognised when significant risk and rewards have been transferred to the buyer, net of discounts, if any.

(iv) Interest income

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset.

(v) Dividend income

Dividend income is recognised when a shareholder's right to receive payment is established.

(w) Employee benefits

(i) Short term employee 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 compensation absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the reporting date.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred.

(iii) Employees' Share Option Scheme ("ESOS")

The Prinsiptek Corporation Berhad ESOS, an equity-settled, share-based compensation plan, allows the Company's and its subsidiary companies' employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

(x) Income taxes

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

Deferred tax is recognised on the liability method for all temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base at the reporting date. 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 future 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 asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the reporting date. The carrying amount of a deferred tax asset is reviewed at each reporting date and is reduced to the extent that it becomes probable that sufficient future taxable profit will be available.

Deferred tax is recognised in the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited 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 negative goodwill.

(y) Segment reporting

For management purposes, the Group is organised into operating segment based on their business activities. An operating segment's operating results are reviewed regularly by the chief operating decision maker, who will make decisions to allocate resources to the segments and assess the segment performance.

Property, Plant and Equipment

Group	Freehold and leasehold land RM	Buildings RM	Computers RM	Furniture and fittings RM	Tools and instruments RM	Motor vehicles RM	Office and electrical equipment RM	Plant and machinery RM	Renovation RM	Total RM
Cost										
At 1 January 2013	2,431,980	2,426,330	1,495,933	1,316,195	294,977	4,208,646	987,942	11,639,603	515,366	25,316,972
Additions	-	-	30,325	126,200	91,939	5,100	55,251	5,074,716	-	5,383,531
Disposals	(292,480)	(438,720)	-	-	-	(92,626)	-	(305,495)	-	(1,129,321)
Written-off	-	-	(101,342)	(198,824)	(98,632)	-	(254,360)	(1,980,832)	(442,524)	(3,076,514)
Exchange differences	-	-	1,356	3,691	-	555	391	3,937	-	9,930
At 31 December 2013	2,139,500	1,987,610	1,426,272	1,247,262	288,284	4,121,675	789,224	14,431,929	72,842	26,504,598
Accumulated depreciation										
At 1 January 2013	-	303,039	1,322,751	708,404	32,030	2,026,088	568,473	5,188,934	482,045	10,631,764
Charge for the financial year	-	45,279	94,788	82,043	31,197	540,826	72,354	1,307,538	5,010	2,179,035
Disposals	-	(50,503)	-	-	-	(21,613)	-	(250,684)	-	(322,800)
Written-off	-	-	(101,311)	(152,444)	(8,254)	-	(223,838)	(1,840,325)	(442,470)	(2,768,642)
Exchange differences	-	-	1,399	3,459	-	556	384	3,934	-	9,732
At 31 December 2013	-	297,815	1,317,627	641,462	54,973	2,545,857	417,373	4,409,397	44,585	9,729,089
Carrying amount										
At 31 December 2013	2,139,500	1,689,795	108,645	605,800	233,311	1,575,818	371,851	10,022,532	28,257	16,775,509

Property, Plant and Equipment (Cont'd)

Group	Freehold and leasehold land RM	Buildings RM	Computers RM	Furniture and fittings RM	Tools and instruments RM	Motor vehicles RM	Office and electrical equipment RM	Plant and machinery RM	Renovation RM	Total RM
Cost										
At 1 January 2012	4,680,620	5,799,290	1,459,321	1,365,083	234,072	2,606,654	826,683	6,140,612	497,817	23,610,152
Additions	-	-	111,324	70,340	150,157	1,831,392	199,172	6,288,664	19,501	8,670,550
Disposals	(2,248,640)	(3,372,960)	-	-	-	(228,552)	-	(777,566)	-	(6,627,718)
Written-off	-	-	(74,140)	(117,751)	(89,252)	-	(37,762)	(7,594)	(1,952)	(328,451)
Exchange differences	-	-	(572)	(1,477)	-	(848)	(151)	(4,513)	-	(7,561)
At 31 December 2012	2,431,980	2,426,330	1,495,933	1,316,195	294,977	4,208,646	987,942	11,639,603	515,366	25,316,972
Accumulated depreciation										
At 1 January 2012	-	554,406	1,246,399	655,008	16,368	1,863,452	502,725	5,296,208	478,511	10,613,077
Charge for the financial year	-	68,383	147,394	101,155	26,652	392,034	82,197	575,725	5,372	1,398,912
Disposals	-	(319,750)	-	-	-	(228,550)	-	(677,516)	-	(1,225,816)
Written-off	-	-	(70,611)	(46,558)	(10,990)	-	(16,310)	(1,737)	(1,838)	(148,044)
Exchange differences	-	-	(431)	(1,201)	-	(848)	(139)	(3,746)	-	(6,365)
At 31 December 2012	-	303,039	1,322,751	708,404	32,030	2,026,088	568,473	5,188,934	482,045	10,631,764
Carrying amount										
At 31 December 2012	2,431,980	2,123,291	173,182	607,791	262,947	2,182,558	419,469	6,450,669	33,321	14,685,208

3. **Property, Plant and Equipment (Cont'd)**

Company	**Computers** RM	**Total** RM
Cost		
At 1 January 2013/31 December 2013	14,500	14,500
Accumulated depreciation		
At 1 January 2013/31 December 2013	14,499	14,499
Carrying amount		
At 31 December 2013	1	1
Cost		
At 1 January 2012/31 December 2012	14,500	14,500
Accumulated depreciation		
At 1 January 2012/31 December 2012	14,499	14,499
Carrying amount		
At 31 December 2012	1	1

(a) The freehold land and buildings of the Group with a carrying amount of RM1,983,260 and RM685,156 (2012: RM1,983,260 and RM1,096,733) respectively have been pledged to licensed banks as security for credit facilities granted to a subsidiary company as disclosed in Note 18 to the financial statements.

(b) The leasehold land of the Group of RM156,240 (2012: RM488,720) has been pledged to licensed banks as security for credit facilities granted to a subsidiary company as disclosed in Note 18 to the financial statements.

(c) Included in the property, plant and equipment of the Group is plant and machinery and motor vehicles acquired under hire purchase with carrying amount of RM9,713,157 and RM1,477,210 (2012: RM6,006,617 and RM2,115,724) respectively.

4. Land and Property Development Costs

	Group 2013 RM	Group 2012 RM
Non-Current		
Leasehold land, at cost		
At 1 January	18,494,734	18,529,835
Other movement	-	(35,101)
At 31 December	18,494,734	18,494,734
Development costs		
At 1 January	60,819,549	13,833,312
Additions during the financial year	4,041,674	46,986,237
At 31 December	64,861,223	60,819,549
	83,355,957	79,314,283
Current		
Freehold land, at cost		
At 1 January	30,522,872	29,748,233
Additions during the financial year	132,608	891,828
Exchange difference	81,605	(117,189)
Less: Completed project	(880,846)	-
At 31 December	29,856,239	30,522,872
Development costs		
At 1 January	126,946,668	72,810,999
Additions during the financial year	67,094,308	54,149,475
Transferred to inventories	(3,512,612)	-
Exchange difference	27,244	(13,806)
Less: Completed project	(71,493,075)	-
At 31 December	119,062,533	126,946,668
Less: Costs recognised in the income statement		
At 1 January	84,290,746	26,631,695
Recognised during the financial year	98,520,905	57,659,051
At 31 December	182,811,651	84,290,746
Less: Completed project	(72,373,921)	-
	110,437,730	84,290,746
	38,481,042	73,178,794

(a) Certain subsidiary company entered into privatisation or joint venture agreements with the landowners to develop several pieces of leasehold land and freehold land solely at the cost of the subsidiary companies and based on the agreements, the subsidiary companies are required to pay a consideration of 22% to 35% (2012: 22% to 35%) of the total projected gross sales value of the development to the landowners in the manner specified in the agreements.

(b) A subsidiary company entered into a joint venture agreement with a landowner to develop several parcel of land solely at the cost of the subsidiary company and based on the agreement, the landowner is entitled to certain units of properties erected thereon free from all encumbrances.

(c) The freehold land and leasehold land of the Group with total carrying amount of RM39,067,385 (2012: RM39,891,037) have been pledged to licensed banks as security for credit facilities granted to subsidiary companies as disclosed in Note 18 to the financial statements.

(d) Included in the property development costs for the financial year is as follows:

		Group	
		2013	2012
	Note	RM	RM
Finance costs	23	5,546,636	5,136,819

5. **Investment in Subsidiary Companies**

(a) Investment in subsidiary companies

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Unquoted shares, at cost				
In Malaysia	67	67	47,093,284	47,093,284
Outside Malaysia	-	-	1,724,084	1,724,084
	67	67	48,817,368	48,817,368
Less: impairment	(67)	(67)	(1,928,533)	(1,628,533)
	-	-	46,888,835	47,188,835

(b) The subsidiary companies and shareholdings therein are as follows:

	Name of company	Country of incorporation	Effective interest 2013 %	Effective interest 2012 %	Principal activities
	Direct holding:				
	Prinsiptek (M) Sdn. Bhd.	Malaysia	100	100	Construction works
	Sekinchan Jaya Sdn. Bhd. +	Malaysia	100	100	Property development
	Tanah Perangsang Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
	Gabungan Sanjung Sdn. Bhd.	Malaysia	100	100	Investment holding
	Antara Murni Development Sdn. Bhd.	Malaysia	70	70	Property development
^	Prinsiptek Bina Sdn. Bhd. #	Brunei	70	70	Dormant
	Magnificent Degree Sdn. Bhd.	Malaysia	100	100	Provision of project management and secretarial services
	Prinsiptek Properties Sdn. Bhd.	Malaysia	100	100	Property development
*	Prinsiptek International Limited	Thailand	91	91	Property development and investment holding
	Indirect holding:				
	Subsidiary companies of Prinsiptek (M) Sdn. Bhd.:				
	Esa Pile Sdn. Bhd.	Malaysia	100	100	Construction works
	LKD Trading Sdn. Bhd.	Malaysia	100	100	Trading of building materials
	PST Concrete Sdn. Bhd. +	Malaysia	100	100	Ceased business operations
	Antap Wangsa Holdings Sdn. Bhd.	Malaysia	-	100	Strike-off pursuant to Section 308 of the Companies Act 1965

	Name of company	Country of incorporation	Effective interest 2013 %	Effective interest 2012 %	Principal activities
	Indirect holding:				
	Prinsiptek Panel Sdn. Bhd.#	Malaysia	100	100	Dormant
	Subsidiary companies of Tanah Perangsang Sdn. Bhd.:				
	Jeram Perwira Sdn. Bhd.	Malaysia	100	100	Property development
	Pentaland Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
	Solidvest Properties Sdn. Bhd.	Malaysia	100	100	Dormant
	Subsidiary company of Gabungan Sanjung Sdn. Bhd.:				
	NBL Land Development Sdn. Bhd.	Malaysia	100	100	Property development
^	Pan Rekajaya Sdn. Bhd. #	Malaysia	67	67	Dormant
	Subsidiary company of Prinsiptek International Limited:				
*	Prinsiptek Thai Limited	Thailand	60	60	Construction works

* Subsidiary companies audited by Morison CKS Company Limited, another member firm of Morison International.

^ Subsidiary company not audited by Morison Anuarul Azizan Chew

The financial statements of Pan Rekajaya Sdn. Bhd., Prinsiptek Panel Sdn. Bhd., and Prinsiptek Bina Sdn. Bhd. have not been adopted as these subsidiary companies have filed in an application to strike-off pursuant to Section 308 of the Companies Act, 1965 and Section 276(3) of the Companies Act, (Chapter 39) of Brunei Darussalam. Hence, the management financial statements of these subsidiary companies have not been consolidated for the financial year ended 31 December 2013. The said application is currently pending the approval by the relevant authorities.

\+ The financial statements of Sekinchan Jaya Sdn. Bhd. and PST Concrete Sdn. Bhd. have not been adopted as these subsidiary companies are in the process of submitting application to strike-off pursuant to Section 308 of the Companies Act, 1965. The Directors are of the opinion that the financial results of these subsidiary companies are not material to the Group as the said subsidiary companies are dormant. Hence, the management accounts of the said subsidiary companies for the financial year ended 31 December 2013 have been used for the consolidation purposes.

(c) Strike off of a subsidiary company during the financial year

The strike off of a subsidiary company does not have any effects on the financial results of the Group.

The assets and liabilities arising from the strike off of subsidiary company are as follows:

	Group 2013 RM
Amount owing by holding company	261,247
Cash and bank balances	1,819
	263,066
Other payables	1,270
Net assets	261,796

The cash outflow arising from the strike off is as follows:

	Group 2013 RM
Proceeds from strike-off of a subsidiary company	-
Less: Cash and cash equivalents of subsidiary company strike off	(1,819)
Net cash outflow of the Group	(1,819)

6. Intangible Assets

	Group 2013 RM	Group 2012 RM
Goodwill on consolidation		
At 1 January/31 December	8,260,819	8,260,819

(a) Impairment test for intangible assets

Goodwill on consolidation has been allocated for impairment testing purposes to the individual entities which is also the cash-generating units ("CGUs") identified.

(b) Key assumptions used to determine recoverable amount

The recoverable amount of a CGU is determined based on value in use calculations using cash flow projections based on financial budgets approved by the Directors covering a five-year period. A pre-tax discount rate of 4.30% per annum was applied to the cash flow projections, after taking into consideration the Group's cost of borrowings, the expected rate of return and various risk relating to the CGU.

7. Trade Receivables

	Group 2013 RM	Group 2012 RM
Trade receivables	119,364,238	92,601,796
Accrued billings in respect of property development costs	19,291,565	40,543,344
Retention sum on contracts	18,211,372	11,251,856
	156,867,175	144,396,996
Analysed as:		
Non-current	14,203,131	7,399,915
Current	142,664,044	136,997,081
	156,867,175	144,396,996

The Group's normal trade credit terms range from 21 to 60 days (2012: 21 to 60 days). Other credit terms are assessed and approved on a case by case basis.

The ageing analysis is as follows:

	Group 2013 RM	Group 2012 RM
Neither past due nor impaired	84,070,069	98,167,300
1 to 30 days past due but not impaired	24,964,370	6,014,085
31 to 60 days past due but not impaired	6,305,875	3,201,116
61 to 90 days past due but not impaired	7,889,491	1,309,998
91 to 120 days past due but not impaired	1,650,952	330,368
More than 121 days past due but not impaired	31,986,418	35,374,129
	72,797,106	46,229,696
	156,867,175	144,396,996

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. These debtors are mostly long term customers with no history of default in payments.

The Group's trade receivables that are past due at the reporting date but not impaired relate mainly to customers who have never defaulted on payments but are slow paymasters, hence, periodically monitored.

8. Other Investments

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Current				
Held-to-maturity investment				
Unquoted bond in Malaysia	5,000,000	5,000,000	5,000,000	5,000,000
Less: Impairment loss	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
	-	-	-	-

Unquoted bond represents investment in an unquoted subordinated bonds being part of the terms and conditions under primary collateralised loan obligations entered by the Company on 21 May 2004 in relation to an unsecured fixed loan of RM50,000,000 which has been fully settled in financial year ended 2009.

Impairment loss for unquoted bond classified as held-to-maturity financial assets after taking into consideration the probability of default or significant delay in repayments by the Issuers of the respective bonds.

9. Inventories

	Group 2013 RM	Group 2012 RM
At cost		
Unsold unit of completed property	3,512,611	188,819

10. Other Receivables

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Other receivables	24,694,723	32,148,984	2,460,181	2,460,181
Deposits	3,393,909	3,844,453	-	-
Prepayments	1,517,867	1,230,001	-	54,891
	29,606,499	37,223,438	2,460,181	2,515,072

11. Amount Owing by/(to) Customers on Contracts

	Group 2013 RM	Group 2012 RM
Aggregate cost incurred to date	1,175,694,381	1,080,782,280
Add: Attributable profits	88,907,498	136,908,384
	1,264,601,879	1,217,690,664
Less: Progress billings	(1,182,115,194)	(1,152,789,329)
	82,486,685	64,901,335
Represented by:		
Amount owing by customers on contracts	104,673,488	83,451,001
Amount owing to customers on contracts	(22,186,803)	(18,549,666)
	82,486,685	64,901,335
Advances received on contracts included in other payables	7,171,821	10,627,363
Retention sum included in the progress billings	20,450,626	12,996,547

Included in the cost incurred during the financial year are the following:

		Group	
		2013	2012
	Note	RM	RM
Hire of machinery		3,073,506	2,222,536
Depreciation of property, plant and equipment		643,755	305,591
Finance costs	23	3,209,359	3,660,205
Rental of premises		346,693	410,849
Lease rental		3,298,602	1,510,759
Staff costs	28	4,273,654	3,472,564

12. Amount Owing by/(to) Subsidiary Companies

(a) Amount owing by subsidiary companies

This represents unsecured advances at interest rates range from 1.86% to 2.78% (2012: 2.67% to 5.45%) per annum which are repayable on demand.

(b) Amount owing to subsidiary companies

This represents unsecured interest free advances which are repayable on demand.

13. Cash Held Under Housing Development Account

Cash held under the Housing Development Account represents monies received from purchasers of residential properties less payments or withdrawals in accordance with the Housing Development (Control and Licensing) Act, 1966.

14. Fixed Deposits with Licensed Banks

The fixed deposits of the Group and of the Company have been pledged to licensed banks as securities for banking facilities granted to the Company and certain subsidiary companies as disclosed in Note 18 to the financial statements.

The interest rates of deposits during the financial year range from 2.80% to 3.15% (2012: 2.80% to 3.15%) per annum and the maturities of deposits are 30 to 365 days (2012: 30 to 365 days) respectively.

15. Trade Payables

	Group 2013 RM	Group 2012 RM
Trade payables	119,554,198	98,690,982
Retention sum on contracts	25,745,035	17,409,444
	145,299,233	116,100,426
Analysed as:		
Current	124,720,632	99,850,779
Non-current	20,578,601	16,249,647
	145,299,233	116,100,426

Included in the trade payables of the Group is an amount of RM17,928,094 (2012: RM18,112,738) owing to the landowners as disclosed in Note 4 to the financial statements.

The normal trade credit terms granted to the Group range from 30 to 90 days (2012: 30 to 90 days).

16. Other Payables

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Other payables				
- Third parties	10,817,614	8,824,236	35,200	68,401
- Related party	6,996	5,866	-	-
	10,824,610	8,830,102	35,200	68,401
Advance payments	7,171,821	10,627,363	-	-
Accruals	3,877,082	3,097,268	12,156	14,791
Deposits	2,133,404	1,483,379	-	-
	24,006,917	24,038,112	47,356	83,192

17. Hire Purchase Payables

		Group	
		2013	2012
		RM	RM
(a)	Minimum hire purchase payments		
	Payable within one year	5,062,068	3,611,652
	Payable between one and five years	3,126,232	4,346,925
		8,188,300	7,958,577
	Less: Future finance charges	(406,589)	(527,028)
	Present value of hire purchase liabilities	7,781,711	7,431,549
(b)	Present value of hire purchase liabilities		
	Repayable within one year	4,761,015	3,275,428
	Repayable between one and five years	3,020,696	4,156,121
		7,781,711	7,431,549
	Analysed as:		
	Repayable within twelve months	4,761,015	3,275,428
	Repayable after twelve months	3,020,696	4,156,121
		7,781,711	7,431,549

Interest is charged at rates between 2.37% and 3.50% (2012: 2.26% and 3.50%) per annum.

18. Bank Borrowings

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Secured				
Project loans	17,081,206	13,220,150	-	-
Bank overdrafts	21,882,750	24,372,754	-	-
Bankers' acceptance	32,505,000	42,525,000	-	-
Trust receipts	-	48,915	-	-
Fixed loans	783,874	1,816,921	-	-
Term loan	6,914,881	6,155,815	-	-
Bridging -*i*	1,424,311	28,216,075	-	-
Bridging term loan	6,878,200	9,878,200	6,878,200	9,878,200
Commodity Murabahah Term Financing	11,199,984	13,999,992	-	-
Penyambung-*i*	33,000,000	33,000,000	-	-
Total bank borrowings	131,670,206	173,233,822	6,878,200	9,878,200

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Analysed as:				
Repayable within twelve months				
Secured				
Project loans	17,081,206	13,220,150	-	-
Bank overdrafts	21,882,750	24,372,754	-	-
Bankers' acceptance	32,505,000	42,525,000	-	-
Trust receipts	-	48,915	-	-
Fixed loans	346,245	304,967	-	-
Term loan	4,979,605	495,843	-	-
Bridging -*i*	1,424,311	8,400,000	-	-
Bridging term loan	6,878,200	9,878,200	6,878,200	9,878,200
Commodity Murabahah Term Financing	5,600,016	3,266,676	-	-
	90,697,333	102,512,505	6,878,200	9,878,200
Repayable after twelve months				
Secured				
Fixed loans	437,629	1,511,954	-	-
Term loan	1,935,276	5,659,972	-	-
Bridging -*i*	-	19,816,075	-	-
Commodity Murabahah Term Financing	5,599,968	10,733,316	-	-
Penyambung-*i*	33,000,000	33,000,000	-	-
	40,972,873	70,721,317	-	-
	131,670,206	173,233,822	6,878,200	9,878,200

The above credit facilities obtained from licensed banks are secured by the followings:

(a) charge over the freehold land and buildings of subsidiary companies as disclosed in Note 3 and Note 4 to the financial statements;

(b) charge over the leasehold land of subsidiary companies as disclosed in Note 3 and Note 4 to the financial statements;

(c) pledge of fixed deposits of the Group and of the Company as disclosed in Note 14 to the financial statements; and

(d) personal guarantee of certain Directors of the Company.

The secured fixed loans are repayable by monthly instalments over 6 to 20 years.

Maturity of borrowings is as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Within one year	90,697,333	102,512,505	6,878,200	9,878,200
Between one and two years	7,764,902	29,564,466	-	-
Between two and five years	33,031,120	40,783,212	-	-
More than five years	176,851	373,639	-	-
	131,670,206	173,233,822	6,878,200	9,878,200

Range of interest rates is as follows:

	Group		Company	
	2013 %	2012 %	2013 %	2012 %
Project loans	7.35	7.35	-	-
Bank overdrafts	7.60	7.60	-	-
Bankers' acceptance	3.21 - 3.55	2.98 - 3.53	-	-
Fixed loans	5.25 - 5.60	5.25 - 5.60	-	-
Letter of credits	1.20	1.20	-	-
Term loan	4.01 - 4.05	3.73	-	-
Bridging -*i*	7.85	7.85	-	-
Bridging term loan	8.05	8.05	8.05	8.05
Commodity Murabahah Term Financing	7.60	7.60	-	-
Penyambung-*i*	7.85	7.85	-	-

19. Share Capital

	Group/Company			
	2013	2012	2013	2012
	Number of Ordinary Shares		RM	RM
Ordinary shares of RM0.50 each:				
Authorised				
At 1 January/31 December	200,000,000	200,000,000	100,000,000	100,000,000
Issued and fully paid				
At 1 January/31 December	126,782,744	126,782,744	63,391,372	63,391,372

20. Reserves

	Group	
	2013	2012
	RM	RM
Non-distributable		
Foreign currency translation reserve	1,277,068	374,392
Capital reserve	12,150,000	12,150,000
	13,427,068	12,524,392

(a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(b) Capital reserve

Capital reserve represents a transfer from retained profits arising from bonus issue of shares in subsidiary companies.

The capital reserve will be eliminated upon the disposal of the subsidiary companies.

21. Deferred Tax Liabilities

	Group	
	2013	2012
	RM	RM
At 1 January	491,680	491,201
Recognised in profit or loss	183,472	11,857
Over provision in prior years	(125,248)	(11,378)
At 31 December	549,904	491,680

The components and movements of deferred tax liabilities of the Group are as follows:

	Accelerated capital allowances
	RM
Group	
At 1 January 2013	491,680
Recognised in profit or loss	183,472
Over provision in prior years	(125,248)
At 31 December 2013	549,904

	Accelerated capital allowances RM
At 1 January 2012	491,201
Recognised in profit or loss	11,857
Over provision in prior years	(11,378)
At 31 December 2012	491,680

Deferred tax assets have not been recognised in respect of the following temporary differences:

	Group	
	2013 RM	2012 RM
Unused tax losses	10,465,744	15,404,116

The unused tax losses are available indefinitely for offset against future taxable profits of the companies in which those items arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability.

22. Revenue

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Construction contracts	242,473,360	159,666,452	-	-
Property development	103,915,569	56,759,082	-	-
Trading	76,213,726	50,165,393	-	-
Dividend income received/receivable from subsidiary company	-	-	3,215,000	11,000,000
	422,602,655	266,590,927	3,215,000	11,000,000

23. Finance Costs

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Finance costs on:					
Bank overdrafts		1,184,107	1,433,836	-	-
Bankers' acceptance and bank guarantees		1,855,717	2,206,845	-	-
Fixed and project loans, Murabahah Commercial Papers, bridging loans		7,049,844	6,575,104	-	-
Letter of credits		27,741	59,292	-	-
Hire purchase		473,277	168,478	-	-
Financial liabilities - trade payables		2,572,909	817,161	-	-
Others		432,146	302,253	-	-
		13,595,741	11,562,969	-	-
Less: Finance costs capitalised in qualifying assets					
Property development costs	4	(5,546,636)	(5,136,819)	-	-
Amount owing by/(to) customers on contracts	11	(3,209,359)	(3,660,205)	-	-
		(8,755,995)	(8,797,024)	-	-
		4,839,746	2,765,945	-	-

Borrowing costs capitalised in the qualifying assets during the financial year arose on the general borrowing pool and have been calculated by applying capitalisation rates range from 1.86% to 7.85% (2012: 2.67% to 7.85%) per annum.

24. Profit before Taxation

Profit before taxation is derived after charging/(crediting):

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Auditors' remuneration				
- current year	103,429	96,864	15,000	15,000
- under provision in prior year	3,000	-	-	-
Depreciation of property, plant and equipment	1,535,280	1,093,321	-	-
Company's Directors				
- fees	111,632	84,000	111,632	84,000
- salaries and other emoluments	1,518,040	2,232,079	-	-
- EPF	182,017	273,000	-	-
Director of subsidiary company				
- fees	-	-	-	-
- salaries and other emoluments	195,802	423,820	-	-
- EPF	22,680	44,160	-	-

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Rental of premises	262,644	290,096	-	-
Property, plant and equipment written-off	307,872	180,407	-	-
Unrealised exchange loss	368,853	49,762	-	49,762
Lease rental	3,983,202	2,112,765	-	-
Gain on disposal of property, plant and equipment	(456,899)	(955,298)	-	-
Gain on disposal of held for trading investment	-	(362)	-	-
Gain on de-recognition of:				
- loan and receivables	(754)	-	-	-
- financial liabilities	(7,520)	(29,531)	-	-
Impairment loss on loan and receivables	-	148,126	-	-
Impairment on investment in subsidiary companies	-	67	300,000	1,628,533
Loss on strike off of a subsidiary company	261,796	-	-	-
Fair value loss/(gain) on:				
- loan and receivables	1,092,701	8,256,588	-	-
- financial liabilities	(1,019,272)	(10,189,599)	-	-
Fair value gain/(loss) on re-measurement of:				
- loan and receivables	-	37,937	-	-
- financial liabilities	-	(547,681)	-	-
Dividend income	-	(270)	(3,215,000)	(11,000,000)
Waiver of debts	(258,395)	-	-	-
Income from hire of plant and machinery	(3,299,440)	(30,000)	-	-
Interest income	(2,468,795)	(653,218)	(4,815)	(8,516)

25. Taxation

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Current income tax				
- Malaysian income tax	1,810,994	1,726,677	757,520	2,752,129
- Over provision in prior years	(55,680)	(31,529)	(40,388)	(29,085)
	1,755,314	1,695,148	717,132	2,723,044

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Deferred tax				
- Relating to origination and reversal of temporary differences	183,472	11,857	-	-
- Over provision in prior years	(125,248)	(11,378)	-	-
	58,224	479	-	-
Tax expense for the financial year	1,813,538	1,695,627	717,132	2,723,044

Domestic current income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Profit before taxation	5,796,936	5,763,755	2,483,032	10,672,128
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	1,449,234	1,440,939	620,758	2,668,032
Different tax rates in other countries	49,238	(1,732)	-	-
Expenses not deductible for tax purposes	1,050,400	2,097,162	136,762	84,097
Income not subject to tax	(476,654)	(2,047,280)	-	-
Deferred tax assets not recognised	213,204	417,447	-	-
Reversal of deferred tax assets not recognised	(290,956)	(168,002)	-	-
Over provision of current taxation in prior year	(55,680)	(31,529)	(40,388)	(29,085)
Over provision of deferred tax in prior years	(125,248)	(11,378)	-	-
Tax expense for the financial year	1,813,538	1,695,627	717,132	2,723,044

26. Earnings Per Share

(a) Basic earnings per share

The earnings per share has been calculated based on the consolidated profit for the financial year attributable to equity holders of the Company of RM4,545,494 (2012: RM3,801,863) for the Group and the weighted average number of ordinary shares in issue during the financial year of 126,782,744 (2012: 126,782,744).

	Group	
	2013 RM	2012 RM
Net profit for the financial year attributable to the equity holders of the Company	4,545,494	3,801,863
Weighted average number of shares in issue	126,782,744	126,782,744

(b) Fully diluted earnings per share

Fully diluted earnings per share has been calculated based on the adjusted consolidated profit for the financial year attributable to equity holders of the Company of RM4,545,494 (2012: RM3,801,863) for the Group and the adjusted weighted average number of ordinary shares issued and issuable of 126,782,744 (2012: 126,782,744) shares.

	Group	
	2013	2012
Weighted number of ordinary shares in issue	126,782,744	126,782,744
Adjusted for:		
Assumed exercise of ESOS at no consideration	*	*
	126,782,744	126,782,744

* The number of shares under ESOS was not taken into account in the computation of diluted earnings per share because the effect on the basic earnings per share is antidilutive.

27. Purchase of Property, Plant and Equipment

	Group	
	2013	2012
	RM	RM
Aggregate costs	5,383,531	8,670,550
Less: Hire purchase financing	(4,602,474)	(7,847,596)
Cash payments	781,057	822,954

28. Staff Costs

		Group	
		2013	2012
	Note	RM	RM
Staff costs (excluding Directors) comprise:			
- charged to profit or loss		3,181,328	3,808,097
- capitalised in amount owing by/(to) customers on contracts	11	4,273,654	3,472,564
Total staff costs for the financial year		7,454,982	7,280,661

Included in the total staff costs above are contributions made to the Employees Provident Fund under a defined contribution plan for the Group amounting to RM750,014 (2012: RM683,886).

29. Employees' Share Option Scheme

The Prinsiptek Corporation Berhad Employees' Share Option Scheme ("ESOS") was approved by the shareholders at the Extraordinary General Meeting held on 21 February 2004. The ESOS was implemented on 10 March 2004 and shall be in force for a period of 10 years from the date of implementation.

The main features of the ESOS which is constituted under the by-laws are as follows:

(a) To be eligible for participating in the scheme, a person must satisfy the following conditions:

(i) be of at least eighteen (18) years of age on the offer date; and

(ii) be an executive Director or employee serving the Company or eligible subsidiary companies and has been confirmed in service on the offer date.

(b) The committee may at its absolute discretion at any time and from time to time as it shall deem fit during the duration of the scheme make one or more offers to any eligible employee whom the committee may select, based on the criteria of allocation set out in By-Law 8, to subscribe for new shares in accordance with the terms of the scheme.

(c) An offer shall be valid for the period of thirty (30) calendar days from the offer date or such longer period as may be determined by the committee on a case to case basis at its discretion.

(d) The aggregate number of new shares to be offered to an eligible employee under the scheme shall be determined at the discretion of the committee after taking into consideration, inter alia, the performance, length of service and/or such other direct or indirect contributions by the eligible employee to the Group.

Provided always that:

(i) Not more than fifty percent (50%) of the new shares to be allocated under the scheme should be allocated in aggregate to the executive Directors and senior management; and

(ii) Not more than ten percent (10%) of the new shares to be allotted under the scheme should be allocated to any eligible employee who, either singly or collectively through his/her associates holds twenty percent (20%) or more in the issued and paid-up capital of the Company.

(e) The price at which the grantee is entitled to subscribe for new shares under an option shall be the higher of:

(i) The weighted average market price of the shares for the five (5) market days immediately preceding the offer date, subject to a discount of not more than ten percent (10%) which the committee may at its discretion decide to give; or

(ii) The par value of the shares;

Subject to such adjustment in accordance with By-Law 16 herein.

(f) The scheme shall be in force for a period of 10 years from the date of the launch or implementation of the scheme.

Movements in the number of share options outstanding and their related weighted average exercise prices ("WAEP") are as follows:

	Number of share options					
	At 1 January	Granted	Exercised	Lapsed	At 31 December	Exercisable at 31 December
2013						
First Grant	3,398,400	-	-	6,000	3,392,000	3,392,000
WAEP	1.18	-	-	1.18	1.18	1.18
2012						
First Grant	3,554,900	-	-	156,500	3,398,400	3,398,400
WAEP	1.18	-	-	1.18	1.18	1.18

Details of share options outstanding at end of the financial year are as follows:

Share Options	**Exercise price RM**	**Exercise Period**
2013		
First Grant	1.18	10.3.2004 - 9.3.2014
2012		
First Grant	1.18	10.3.2004 - 9.3.2014

As allowed by the transitional provisions in FRS 2: Share-based payment, the recognition and measurement principles have not been applied to these grants.

30. **Financial Instruments**

(a) Financial risk management objectives and policies

The Group and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group and of the Company's operations whilst managing its financial risks, including foreign currency exchange risk, interest rate risk, market risk, credit risk, liquidity risk and cash flow risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(b) Foreign currency exchange risk

The Company is exposed to foreign currency risk on inter-company loans and advances and borrowings that are denominated in a currency other than Ringgit Malaysia. The currency giving rise to this risk is primarily Thailand Baht and United States Dollar. The Group maintains a natural hedge that minimises the foreign exchange exposure by matching foreign currency income with foreign currency costs.

The net unhedged financial assets and financial liabilities of the Company that are not denominated in their functional currencies are as follows:

	Financial Assets/(Liabilities) Held in Non-Functional Currency		
Functional Currency	Ringgit Malaysia RM	United States Dollar RM	Total RM
Group			
2013			
Bank borrowing			
Thailand Baht	-	(6,914,881)	(6,914,881)
2012			
Bank borrowing			
Thailand Baht	-	(6,155,815)	(6,155,815)
Company			
2013			
Amount owing by subsidiary company			
Thailand Baht	40,273,154	-	40,273,154
2012			
Amount owing by/(to) subsidiary company			
Thailand Baht	41,297,139	-	41,297,139

Currency risk sensitivity analysis

The following table shows the sensitivity of the Group's profit net of tax to a reasonably possible change in United States Dollar ("USD") exchange rate against the functional currency of a subsidiary company, with all other variables remain constant.

		Group	
		2013 RM	2012 RM
USD/THB	-strengthened 3%	(165,954)	(208,451)
	-weakened 3 %	165,954	208,451

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to the risk of changes in market interest rates relates primarily to the Group's and the Company's long-term debt obligations with floating interest rates.

The Group and the Company finance its operation through operating cash flows and borrowings. Interest rate exposure arises from the Group's and the Company's borrowings and deposits. The Group and the Company seek to achieve the desired interest rate profile by maintaining a prudent mix of fixed and floating rate borrowings.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the financial year are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Fixed rate instruments				
Amount owing by subsidiary companies	-	-	40,273,154	41,297,139
Fixed deposits with licensed banks	17,276,262	21,684,515	154,206	149,391
Hire purchase payables	7,781,711	7,431,549	-	-
	25,057,973	29,116,064	40,427,360	41,446,530
Floating rate instruments				
Bank borrowings	131,670,206	173,233,822	6,878,200	9,878,200

Interest rate risk sensitivity analysis

A change of 50 basis points ("bp") in interest rates at the end of the reporting period would have increase/(decrease) profit net of tax by the amounts shown below, assuming all other variables remain constant.

	Group	
	2013 RM	2012 RM
Profit net of tax		
50 bp increase	(104,619)	(117,214)
50 bp decrease	104,619	117,214

(d) Credit risk

Exposure to credit risk

The Group and the Company's exposure to credit risk arises mainly from receivables. Receivables are monitored on an ongoing basis via Group's management reporting procedures and action will be taken for long outstanding debts.

Credit risk concentration profile

At reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk associated with recognised financial assets is the carrying amount shown in the statement of financial position.

The Group determines concentrations of credit risk by monitoring the country and industry sector profiles of its trade receivables on an ongoing basis as follows:

	Group	
	2013	2012
	RM	RM
By country:		
Malaysia	156,575,080	144,149,075
Thailand	292,095	247,921
	156,867,175	144,396,996
By industry sectors:		
Construction	101,280,269	83,832,261
Property development	27,206,015	43,135,108
Trading and others	28,380,891	17,429,627
	156,867,175	144,396,996

(e) Liquidity and cash flow risk

The Group and the Company actively manage its debt maturity profile, operating cash flows and maintain a flexible and cost effective borrowing structure to ensure that all refinancing, repayment and funding needs are met. The Group and the Company also maintain a certain level of cash and cash convertible investments to meet its working capital requirements.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
2013				
Trade payables	124,968,130	24,190,426	-	149,158,556
Other payables	19,786,475	-	-	19,786,475
Hire purchase payables	4,761,015	3,020,696	-	7,781,711
Bank borrowings	90,697,333	40,796,022	176,851	131,670,206
Total undiscounted financial liabilities	240,212,953	68,007,144	176,851	308,396,948

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2012				
Trade payables	100,293,209	19,939,645	-	120,232,854
Other payables	24,038,112	-	-	24,038,112
Hire purchase payables	3,275,428	4,156,121	-	7,431,549
Bank borrowings	102,512,505	70,347,678	373,639	173,233,822
Total undiscounted financial liabilities	230,119,254	94,443,444	373,639	324,936,337

	On demand or within one year RM	One to five years RM	Total RM
Company			
2013			
Other payables	47,356	-	47,356
Amount owing to subsidiary companies	6,211,572	-	6,211,572
Bank borrowings	6,878,200	-	6,878,200
Total undiscounted financial liabilities	13,137,128	-	13,137,128
2012			
Other payables	83,192	-	83,192
Amount owing to subsidiary companies	6,288,153	-	6,288,153
Bank borrowings	9,878,200	-	9,878,200
Total undiscounted financial liabilities	16,249,545	-	16,249,545

(f) Fair values of financial instruments

Fair value of financial assets and liabilities are as follows:

	Group	
	2013	2012
	RM	RM
Financial assets		
Trade receivables (non-current)	14,203,131	7,399,915
Financial liabilities		
Trade payables (non-current)	20,578,601	16,249,647
Hire purchase payables (non-current)	2,908,563	4,225,560
Bank borrowings (non-current)	35,333,968	56,833,556

(i) The carrying amounts of cash and cash equivalents, current portion of trade and other receivables, inter-company loans and advances, current portion of trade and other payables, short term borrowings approximated their fair values at the reporting date due to the relatively short term nature of these financial instruments.

(ii) Fair value information has not been disclosed for unquoted investment that are carried at cost due to fair value cannot be measured reliably and is not quoted on any market.

(iii) The fair value of long term bank borrowings and long term hire purchase payables carried on the statement of financial position are estimated using valuation technique under the hierarchy level 2 mentioned below whereby the expected future cash flows are discounted at the market interest rate for similar types of borrowings.

(iv) The fair value of long term trade receivables and long term trade payables are estimated using valuation technique under the hierarchy level 2 mentioned below whereby the expected future cash flows are discounted at market incremental lending rate for similar types of lending at the reporting date.

(v) The aggregate fair value of the other financial assets and liabilities carried on the statement of financial position approximates its carrying value and the Group and the Company does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be settled.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Financial liabilities subject to offsetting, enforceable netting arrangement:

	Gross amount of recognised financial liabilities RM	Gross amount of recognised financial assets set off in the statements of financial position RM	Net amount of financial liabilities presented in the statements of financial position RM
2013			
Financial liabilities at amortised cost	36,143,294	27,252,854	8,890,440
2012			
Financial liabilities at amortised cost	34,389,432	25,979,842	8,409,590

A subsidiary company's financial liability and financial asset with a landowner as disclosed in Note 4(a) to the financial statements and based on supplementary joint venture agreement dated 23 June 2012, there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Consequently, the said financial asset is set off against the financial liability resulting in the presentation of a net financial liability of RM8,890,440 (2012: RM8,409,590) in the statements of financial position.

31. Contingent Liabilities

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Secured guarantees given:				
- as performance and advance guarantees	48,446,601	60,909,758	-	-
- to trade suppliers	5,075,436	6,140,964	-	-
	53,522,037	67,050,722	-	-
Unsecured corporate guarantees given:				
- as performance guarantees	7,611,155	6,961,155	7,611,155	6,961,155
- to trade suppliers	-	-	17,445,263	13,386,980
- to licensed banks	-	-	170,158,452	222,923,809
	7,611,155	6,961,155	195,214,870	243,271,944
	61,133,192	74,011,877	195,214,870	243,271,944

32. Capital Commitments

	Group	
	2013	2012
	RM	RM
Authorised and contracted for:		
Purchase of property, plant and equipment	-	620,000

33. Non-Cancellable Operating Lease Commitments

	Group	
	2013	2012
	RM	RM
Future minimum rentals payables:		
Within one year	3,154,983	3,676,972
Between one and two years	1,491,629	2,163,652
Between two to five years	33,264	781,403
	4,679,876	6,622,027

Operating lease payments represents rentals payable by the Group for use of the scaffolding and machinery. Leases are fixed for a term of two to three years.

34. **Segment Information - Group**

Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure. Management monitors the operating results of its business segment separately for the purposes of making decision about resource allocation and performance assessment.

(a) Business segments

The main business segments of the Group comprise the following:

Construction	Construction works.
Property Development	Development of residential and commercial properties.
Trading and others	Trading in building materials, provision of project management and secretarial services and investment holding.

Segment Information - Group (Cont'd)

2013	Construction RM	Property Development RM	Trading and others RM	Elimination RM	Total RM
Revenue					
External sales	257,849,153	92,949,776	71,803,726	-	422,602,655
Inter-segment sales	54,761,098	10,965,793	42,686,006	(108,412,897)	-
	312,610,251	103,915,569	114,489,732	(108,412,897)	422,602,655
Results					
Segment results	3,393,479	4,805,197	(30,789)	-	8,167,887
Interest expense					(4,839,746)
Interest income					2,468,795
Profit before taxation					5,796,936
Taxation					(1,813,538)
Net profit for the financial year					3,983,398
Assets					
Segment assets	251,057,546	158,352,181	37,874,183	-	447,283,910
Unallocated assets					17,558,439
Consolidated total assets					464,842,349
Liabilities					
Segment liabilities	128,336,956	17,610,930	53,326,778	-	199,274,664
Unallocated liabilities					132,319,205
Consolidated total liabilities					331,593,869
Other information					
Capital expenditure	5,383,531	-	-	-	5,383,531
Depreciation of property, plant and equipment	2,038,788	6,467	351,365	(217,585)	2,179,035
Non-cash expenses other than depreciation and amortisation	2,072,523	2,531,510	98	-	4,604,131

Segment Information – Group (Cont'd)

2012	Construction RM	Property Development RM	Trading and others RM	Elimination RM	Total RM
Revenue					
External sales	159,666,452	56,759,082	50,165,393	-	266,590,927
Inter-segment sales	46,931,529	-	40,338,777	(87,270,306)	-
	206,597,981	56,759,082	90,504,170	(87,270,306)	266,590,927
Results					
Segment results	2,314,537	6,345,210	(783,265)	-	7,876,482
Interest expense					(2,765,945)
Interest income					653,218
Profit before taxation					5,763,755
Taxation					(1,695,627)
Net profit for the financial year					4,068,128
Assets					
Segment assets	218,193,898	201,287,083	27,143,869	-	446,624,850
Unallocated assets					21,802,955
Consolidated total assets					468,427,805
Liabilities					
Segment liabilities	107,228,014	26,771,543	32,120,196	-	166,119,753
Unallocated liabilities					173,978,871
Consolidated total liabilities					340,098,624
Other information					
Capital expenditure	8,301,662	-	368,888	-	8,670,550
Depreciation of property, plant and equipment	1,270,967	6,455	339,075	(217,585)	1,398,912
Non-cash expenses other than depreciation and amortisation	1,851,494	7,588,725	49,829	-	9,490,048

All the inter-segment transactions were carried out on normal commercial basis and in the ordinary course of business.

(i) Unallocated assets consist of the following:

	Group 2013 RM	Group 2012 RM
Fixed deposits with licensed banks	17,276,262	21,684,515
Tax recoverable	282,177	118,440
	17,558,439	21,802,955

(ii) Unallocated liabilities consist of the following:

	Group 2013 RM	Group 2012 RM
Bank borrowings	131,670,206	173,233,822
Tax payable	99,095	253,369
Deferred tax liabilities	549,904	491,680
	132,319,205	173,978,871

(iii) Other significant non-cash expenses consist of the following:

	Group 2013 RM	Group 2012 RM
Fair value loss on re-measurement of loan and receivables	-	37,937
Fair value loss on:		
- loan and receivables	1,092,701	8,256,588
Interest expense on financial liabilities	2,572,909	817,161
Unrealised loss on foreign exchange	368,853	49,762
Property, plant and equipment written off	307,872	180,407
Impairment loss on loan and receivables	-	148,126
Impairment on investment in a subsidiary company	-	67
Loss on strike off of a subsidiary company	261,796	-

(b) Geographical information

(i) Revenue by geographical location of customers

	Group 2013 RM	Group 2012 RM
Malaysia	420,301,726	262,089,630
Thailand	2,300,929	4,501,297
	422,602,655	266,590,927

(ii) Non-current assets by geographical location of assets are as follows:

	Group 2013 RM	Group 2012 RM
Malaysia	122,574,105	109,635,671
Thailand	21,311	24,554
	122,595,416	109,660,225

(c) Information about major customers

Revenue from 3 (2012: 3) major customers amounting to RM173,679,821 (2012: RM108,210,596), arising from the construction segment.

35. Related Party Disclosures

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	2013 RM	2012 RM
Group		
* Professional fees payable to Perunding CMF Sdn. Bhd.	242,747	132,772
Company		
* Dividend received from subsidiary company	3,215,000	11,000,000

A shareholder and Director of Perunding CMF Sdn. Bhd. is the brother of Dato' Foo Chu Jong and Foo Chu Pak who are the Directors of the Company. Dato' Foo Chu Jong and Foo Chu Pak are also the substantial shareholders of the Company.

* 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.

(b) Information regarding outstanding balances arising from related party transactions is disclosed in Note 16 to the financial statements.

(c) Information regarding compensation of key management personnel is as follows:

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Short-term employee benefits	2,030,171	3,057,059	-	-

Executive Directors of the Group and the Company and other members of key management have been granted the following number of options under the ESOS:

	Number of Share Options					
		Movement during the < ------ financial year ------ >				
	Outstanding at 1 January	**Granted**	**Exercised**	**Lapsed**	**Outstanding at 31 December**	**Exercisable at 31 December**
2013						
First Grant	1,700,000	-	-	-	1,700,000	1,700,000
WAEP	1.18	-	-	-	1.18	1.18
2012						
First Grant	1,700,000	-	-	-	1,700,000	1,700,000
WAEP	1.18	-	-	-	1.18	1.18

The share options were granted on the same terms and conditions as those offered to other employees of the Group as disclosed in Note 29 to the financial statements.

36. Capital Management

The objective of the Group on capital management is to ensure that it maintains a strong credit rating and safeguard the Group's ability to continue as a going concern, so as to support its business, maintain the market confidence and maximise shareholder value.

The Group monitors the capital using gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 50% and 100%.

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Trade and other payables	169,306,150	140,138,538	47,356	83,192
Amount owing to a subsidiary company	-	-	6,211,572	6,288,153
Hire purchase payables	7,781,711	7,431,549	-	-
Bank borrowings	131,670,206	173,233,822	6,878,200	9,878,200
Less: cash and cash equivalents	(23,027,072)	(27,610,007)	(196,838)	(210,887)
Net debt	285,730,995	293,193,902	12,940,290	16,038,658
Equity attributable to equity holders of the Company	133,474,432	128,026,262	76,793,466	75,027,566
Total equity plus net debt	419,205,427	421,220,164	89,733,756	91,066,224
Gearing ratio	68.1%	69.6%	14.4%	17.6%

There were no changes to the Group's approach to capital management during the financial year.

37. MFRSs and IC Interpretation Not Yet Adopted

Certain new accounting standards and interpretations have been issued and are mandatory for accounting periods as mentioned in Note 2(a) to the financial statements. The Group and the Company have assessed those applicable standards and interpretations issued as follows:

(a) Amendments to MFRS 136: Impairment of Assets

These amendments remove the unintended consequences of MFRS 13 on the disclosures required under MFRS 136. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period.

(b) IC Interpretation 15: Agreements for the Construction of Real Estate

This new interpretation provides guidance on when to account for revenue from the construction of real estate based on the percentage of completion and when based on the delivery. The implementation of this interpretation will mainly change the Group's revenue recognition of housing developer contracting to take place at the time of delivery instead of recognised based on the percentage of completion method.

(c) MFRS 9: Financial Instruments

This Standard addresses the classification and measurement of financial assets and financial liabilities. All financial assets shall be classified on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are initially measured at fair value plus, in the case of a financial asset classified as fair value through profit or loss, particular transaction costs. Financial assets are subsequently measured at amortised cost or fair value. Financial liabilities are subsequently measured at amortised cost or fair value. However, changes due to own credit risk in relation to the fair value option for financial liabilities shall be recognised in other comprehensive income.

38. Retained Profits/(Accumulated Losses)

The breakdown of the retained profits/(accumulated losses) of the Group and of the Company as of 31 December into realised and unrealised amounts is as follows:

	Group	
	2013 RM	2012 RM
Total retained profits		
Realised	70,162,317	65,242,493
Unrealised	(918,757)	(491,680)
	69,243,560	64,750,813
Less: Consolidation adjustments	(30,822,283)	(30,875,030)
Total retained profits as per consolidated statement of financial position	38,421,277	33,875,783

	Company	
	2013 RM	2012 RM
Total accumulated losses		
Realised	(4,832,621)	(6,598,521)
Unrealised	-	-
Total accumulated losses as per statement of financial position	(4,832,621)	(6,598,521)

The above disclosure of realised and unrealised profits or losses is made solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and is not made for any other purposes.

39. **Date of Authorisation for Issue**

The financial statements of the Group and of the Company for the financial year ended 31 December 2013 were authorised for issue in accordance with a resolution of the Board of Directors on 27 March 2014.

Lodged by : Magnificent Degree Sdn. Bhd. (653787-W)
Address : 83 & 85, Jalan SS 15/4C,
47500 Subang Jaya,
Selangor Darul Ehsan.
Tel. : 03-5629 2600

UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE SIX (6)-MONTH FPE 30 JUNE 2014

PRINSIPTEK CORPORATION BERHAD
(Company No. 595000-H)
(Incorporated in Malaysia)

QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		(Unaudited) Current Year Quarter 30.06.2014	(Audited) Preceding Year Corresponding Quarter 30.06.2013	(Unaudited) Current Year To Date 30.06.2014	(Audited) Preceding Year To Date 30.06.2013
		RM'000	RM'000	RM'000	RM'000
Revenue	9	93,168	113,476	185,441	203,084
Cost of sales		(88,445)	(108,219)	(175,740)	(193,981)
Gross profit		4,723	5,257	9,701	9,103
Other operating income		2,753	2,834	4,068	4,477
Operating expenses		(2,712)	(3,895)	(5,928)	(6,820)
Finance costs		(2,149)	(2,145)	(2,577)	(2,807)
Profit before taxation	9, 20	2,615	2,051	5,264	3,953
Taxation	21	(707)	(841)	(1,382)	(1,252)
Net profit for the period		1,908	1,210	3,882	2,701
Other comprehensive income:-					
Items that will be reclassified subsequently to profit or loss:					
Foreign currency translation		(435)	(18)	(578)	517
Total comprehensive income		1,473	1,192	3,304	3,218
Net profit attributable to:-					
Equity holders of the parent		2,190	1,592	4,183	2,221
Non-controlling interests		(282)	(382)	(301)	480
		1.908	1,210	3,882	2,701
Total comprehensive income attributable to:-					
Equity holders of the parent		1.719	777	3,585	3,048
Non-controlling interests		(246)	415	(281)	170
		1,473	1,192	3,304	3,218
Earnings per share attributable to equity holders of the parent:-					
Basic and diluted earnings per share (sen)	26	1.73	1.25	3.30	1.75

The Unaudited Condensed Consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2013.

The notes set out on pages 5 to 15 form an integral part of the interim financial report.

PRINSIPTEK CORPORATION BERHAD
(Company No. 595000-H)
(Incorporated in Malaysia)

QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	(Unaudited) At End Of Current Year To Date 30.06.2014	(Audited) At End Of Preceding Financial Year 31.12.2013
		RM'000	RM'000
NON CURRENT ASSETS			
Property, plant and equipment		15,746	16,775
Land and development expenditure		81,674	83,356
Intangible assets		8,261	8,261
Trade receivables - retention sum		8,813	14,203
Other receivables		19,995	-
Total Non Current Assets		134,489	122,595
CURRENT ASSETS			
Inventories		673	3,513
Property development costs		40,681	38,481
Amount owing by customers on contracts		116,769	104,673
Trade receivables		140,202	142,664
Other receivables		19,959	29,607
Tax recoverable		166	282
Fixed deposits with license bank		13,837	17,276
Cash held under Housing Development Account		165	1,237
Cash and bank balances		2,701	4,514
Total Current Assets		335,153	342,247
CURRENT LIABILITIES			
Amount owing to customers on contracts		26,881	22,187
Trade payables		130,285	124,721
Other payables		30,536	24,007
Hire purchase payables		3,833	4,761
Short term borrowings	23	71,009	71,469
Short term loans	23	14,546	19,228
Tax payables		750	99
Total Current Liabilities		277,840	266,472
NET CURRENT ASSETS		57,313	75,775
		191,802	198,370
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Share Capital		63,391	63,391
Share Premium		18,235	18,235
Reserves		55,433	51,848
		137,059	133,474
NON-CONTROLLING INTERESTS		(507)	(226)
TOTAL EQUITY		136,552	133,248
LONG TERM AND DEFERRED LIABILITIES			
Trade payables - retention sum		16,200	20,578
Hire purchase payables		1,471	3,021
Long term loans	23	37,029	40,973
Deferred taxation		550	550
Total Long Term And Deferred Liabilities		55,250	65,122
		191,802	198,370
NET ASSETS PER SHARE (RM)		1.08	1.05

The Unaudited Condensed Statements of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2013.

The notes set out on pages 5 to 15 form an integral part of the interim financial report.

UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE SIX (6)-MONTH FPE 30 JUNE 2014 (Cont'd)

PRINSIPTEK CORPORATION BERHAD
(Company No. 595000-H)
(Incorporated in Malaysia)

QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Company							
		Non - Distributable			Distributable			
	Share Capital	Share Premium	Exchange Reserve	Capital Reserve	Retained Profits	Total	Non-Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At End Of Current Year To Date 30.06.2014 (Unaudited)								
At 1 January 2014	63.391	18,235	1,277	12.150	38,421	133.474	(226)	133.248
Net profit for the period	-	-	-	-	4,183	4.183	(301)	3.882
Other comprehensive income for the period	-	-	(598)	-	-	(598)	20	(578)
Total comprehensive income for the period	-	-	(598)	-	4,183	3,585	(281)	3,304
At 30 June 2014	63,391	18,235	679	12,150	42,604	137,059	(507)	136,552
At End Of Preceding Year Corresponding Period 30.06.2013 (Audited)								
At 1 January 2013	63,391	18,235	374	12,150	33,876	128,026	303	128,329
Net profit for the period	-	-	-	-	2,221	2,221	480	2,701
Other comprehensive income for the period	-	-	827	-	-	827	(310)	517
Total comprehensive income for the period	-	-	827	-	2,221	3,048	170	3,218
At 30 June 2013	63,391	18,235	1,201	12,150	36,097	131,074	473	131,547

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2013.

The notes set out on pages 5 to 15 form an integral part of the interim financial report.

UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE SIX (6)-MONTH FPE 30 JUNE 2014 (Cont'd)

PRINSIPTEK CORPORATION BERHAD
(Company No. 595000-H)
(Incorporated in Malaysia)

QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) Current Year To Date 30.06.2014	(Audited) Preceding Year To Date 30.06.2013
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	5,264	3,953
Adjustments for:-		
Non-cash items	979	2,037
Non-operating items	1,571	2,476
Operating profit before working capital changes	7,814	8,466
Net change in current assets	(13,134)	(975)
Net change in current liabilities	16,056	15,518
Cash generated from operations	10,736	23,009
Interest received	255	330
Interest paid	(4,398)	(7,782)
Tax refund	-	8
Tax paid	(614)	(784)
Net cash from operating activities	5,979	14,781
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	145	821
Purchase of property, plant and equipment	(186)	(51)
Increase/(release) in retention sums	1,011	(2,970)
Additions to land held for property development	(1,725)	(1,094)
Net cash used in investing activities	(755)	(3,294)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(2,479)	(1,116)
Drawdown of bank borrowings	-	834
Repayment of bank borrowings	(8,627)	(16,587)
Release/(placement) of fixed deposits pledged	3,440	(5,112)
Net cash used in financing activities	(7,666)	(21,981)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,442)	(10,494)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	17	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	(65,718)	(74,241)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(68,143)	(84,735)
Cash and cash equivalents at the end of period comprise:-		
Cash and bank balances	2,866	3,497
Fixed deposits with licensed banks	13,837	26,797
Less: short term borrowings	(71,009)	(88,232)
	(54,306)	(57,938)
Less: fixed deposits pledged with licensed banks	(13,837)	(26,797)
	(68,143)	(84,735)

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2013.

The notes set out on pages 5 to 15 form an integral part of the interim financial report.

PRINSIPTEK CORPORATION BERHAD
(Company No. 595000-H)
(Incorporated in Malaysia)

QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2014

PART A: EXPLANATORY NOTES IN COMPLIANCE WITH FINANCIAL REPORTING STANDARDS ("FRS") 134

1. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with FRS 134 "Interim Financial Reporting" and Paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial report should be read in conjunction with the annual audited financial statements of the Prinsiptek Corporation Berhad ("the Company") Group ("the Group") for the financial year ended 31 December 2013.

These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2013.

2. CHANGES IN ACCOUNTING STANDARDS

The Group falls within the scope definition of Transitioning Entities. Transitioning Entities were initially allowed to defer adoption of the new Malaysian Financial Reporting Standards ("MFRS") Framework for an additional one year. Adoption of the MFRS Framework by Transitioning Entities were then mandatory for annual periods beginning on or after 1 January 2013, thereby requiring the Group to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2013.

Having taken into consideration the fact that International Accounting Standards Board ("IASB") is planning to issue a new standard on revenue recognition this year that will subsume IC Interpretation 15: Agreements for the Construction of Real Estate for property developers, on 30 June 2012, MASB has decided to allow Transitioning Entities to defer adoption of the MFRS Framework for another year. Consequently, adoption of MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014. On 7 August 2013, MASB has decided to extend the transitional period for another one year as a result of the revisions by IASB on the timeline for the issue of new Revenue Standard i.e. the adoption of MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015. For the financial year ending 31 December 2014, the Group therefore continued to prepare financial statements using Financial Reporting Standards ("FRS").

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2013 except for the adoption of the following amendments to Financial Reporting standards ("FRSs") and Issues Committee ("IC") Interpretations effective for financial periods as stated below:-

2. CHANGES IN ACCOUNTING STANDARDS (CONTD)

		Effective date for financial periods beginning on or after
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities		1 January 2014

The adoption of the above standards, amendments and interpretations does not have any significant impact to the financial results of the Group.

At the date of authorisation of these interim financial statements, the Group has not applied the FRS, IC Interpretations and Amendments to IC Interpretations which were issued but not yet effective. The potential material impact arising from the future application of these standards and the MFRS framework are described as follows:

MFRS 9: Financial Instruments

This Standard addresses the classification and measurement of financial assets and financial liabilities. All financial assets shall be classified on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are initially measured at fair value plus, in the case of a financial asset classified as fair value through profit or loss, particular transaction costs. Financial assets are subsequently measured at amortised cost or fair value. Financial liabilities are subsequently measured at amortised cost or fair value. However, changes due to own credit risk in relation to the fair value option for financial liabilities shall be recognised in other comprehensive income.

The Group would apply this MFRS retrospectively when it becomes effective.

2. CHANGES IN ACCOUNTING STANDARDS (CONTD)

IC Interpretation 15: Agreements for Construction of Real Estate

This interpretation applies to the accounting for revenue and associated expenses by entities undertaking construction or real estate directly or via subcontractors. Within a single agreement, the Group may contract to deliver goods or services in addition to the construction of real estate. Such an agreement shall therefore, be split into separately identifiable components. An agreement for the construction of real estate shall be accounted for in accordance with FRS 111 if the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/or specify major structural changes once construction is in progress. Accordingly, revenue shall be recognised by reference to the stage of completion of the contract.

An agreement for the construction of the real estate in which buyers only have limited ability to influence the design of the real estate or to specify only minor variations to the basic designs is an agreement for the sale of goods in accordance with FRS 118. Accordingly, revenue shall be recognised by reference to the criteria in paragraph 14 of FRS 118 (e.g. transfer of significant risks and rewards, no continuing managerial involvement nor effective control, reliable measurement, etc.). This new interpretation further provides guidance on accounting for revenue from the construction of real estate.

Where the Group undertakes a property development project involving sale of goods, the implementation of this interpretation will change the Group's revenue recognition to take place at the time of delivery when risk and reward is transferred instead of recognised based on the percentage of completion method.

The Group would apply IC Interpretation 15 retrospectively at the date of transition.

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the preceding audited financial statements of the Group was not subjected to any audit qualifications.

4. SEASONAL OR CYCLICAL FACTORS

The Group's performance during the current financial quarter under review and financial year to date was not affected by unusual seasonal or cyclical fluctuations.

5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows of the Group during the current financial quarter under review and financial year to date.

6. CHANGES IN ESTIMATES

There were no material changes in estimates of the amounts reported by the Group in prior financial years which have a material effect in the current financial quarter.

PRINSIPTEK CORPORATION BERHAD
(Company No. 595000-H)
(Incorporated in Malaysia)

QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2014

7. DEBT AND EQUITY SECURITIES

There were no cancellation, repurchases, resale and repayments of debt and equity securities by the Company during the current financial quarter under review and financial year to date.

8. DIVIDEND

There was no dividend paid during the current financial quarter under review and financial year to date.

9. SEGMENTAL INFORMATION

Segmental information for the current financial year to date is presented in respect of the Group's business segments as follows:-

	Construction	Property Development	Trading and Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External sales	123,763	23,643	38,035	-	185,441
Inter-segment sales	12,258	3,138	9,470	(24,866)	-
Total revenue	136,021	26,781	47,505	(24,866)	185,441
Results					
Segment results	2,590	3,747	498	-	6,835
Interest expense					(2,577)
Interest income					1,006
Total results					5,264

10. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The Group states its property, plant and equipment at cost less accumulated depreciation and accumulated impairment losses. The Group does not adopt a policy to revalue its property, plant and equipment.

11. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There were no material subsequent events from the end of the current interim financial period to the date of this report that have not been reflected in this report.

PRINSIPTEK CORPORATION BERHAD
(Company No. 595000-H)
(Incorporated in Malaysia)

QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2014

12. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in composition of the Group during the current financial quarter under review and financial year to date.

13. DISCONTINUED OPERATIONS

There was no discontinued operations event during the current financial quarter under review / year to date.

14. CAPITAL COMMITMENT

There is no capital commitment for the interim financial statement as at 30 June 2014.

15. CHANGES IN CONTINGENT ASSETS AND CONTINGENT LIABILITIES

	RM'000	RM'000
Unsecured corporate guarantees given by the Company and the Group to trade suppliers		12,483
Unsecured corporate guarantees given by the Company to:-		
- financial institutions for banking, hire purchase and leasing facilities granted to subsidiary companies		155,122
- clients		7,611
Secured bank guarantees given by the Group in the ordinary course of business to:-		
- trade suppliers	3,899	
- authorities	890	
- clients	35,191	39,980
		215,196

PRINSIPTEK CORPORATION BERHAD
(Company No. 595000-H)
(Incorporated in Malaysia)

QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2014

PART B: ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES")

16. REVIEW OF PERFORMANCE

For the current financial quarter, the Group achieved a total revenue of RM93.17 million representing a decrease of 17.90% as compared to RM113.48 million in the preceding year corresponding quarter. This was mainly due to the completion of certain construction and property development projects. The Group recorded a higher profit after taxation of RM1.91 million representing an increase of 57.85% as compared to RM1.21 million in the preceding year corresponding quarter. The improvement of profit after taxation was mainly due to the recognition of higher profit margin projects coupled with a better control of its operating expenses incurred during the current financial quarter.

The Construction Division continued to be the main contributor to the Group revenue representing 66.74% of the total revenue, with the Trading and Others Division of 20.51% and the Property Development Division contributed the balance of 12.75% of the Group revenue.

The Construction Division recorded a slight increase of its revenue of RM6.35 million or 5.41% for the current financial quarter as compared to the preceding year corresponding quarter.

There was a slight decrease of revenue from the Trading and Other Division of RM1.11 million or 2.85% as compared to the preceding year corresponding quarter.

The Property Development Division recorded a decrease of its revenue of RM22.88 million or 49.18% and this was due to the completion of one of the property development projects in Klang Valley.

The Group registered a total revenue of RM185.44 million for the current financial period representing a decrease of RM17.64 million or 8.69% as compared to the preceding financial period. The Group recorded a profit after taxation of RM3.88 million during the current financial period as compared to RM2.70 million in the preceding financial period, representing an increase of RM1.18 million or 43.70% of the profit after taxation.

17. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group registered a slight increase of total revenue of RM93.17 million for the current financial quarter as compared to RM92.27 million in the preceding financial quarter.

The profit before taxation was maintained at RM2.61 million in the current financial quarter as compared to RM2.65 million in the preceding quarter.

18. PROSPECTS

With the existing balance order book in the Construction Division and the potential launching of the new projects from the Property Development Division, the Board of Directors is cautious of the sustaining performance of the Group for the coming financial quarter.

The Group will continue to adopt a prudent approach in its investments and focus on its core activities to enhance and strengthen the synergy among its group of companies.

PRINSIPTEK CORPORATION BERHAD
(Company No. 595000-H)
(Incorporated in Malaysia)

QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2014

19. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT AND SHORTFALL IN PROFIT GUARANTEE

The Group did not publish any profit forecast in respect of the current financial quarter.

20. PROFIT BEFORE TAXATION IS DERIVED AFTER CHARGING/(CREDITING)

	Current Year Quarter 30.06.2014 RM'000	Current Year To Date 30.06.2014 RM'000
Interest income	(893)	(1,006)
Other income	(1,849)	(2,933)
Interest expense	2,149	2,577
Gain on disposal of property, plant and equipment	(11)	(129)
Depreciation and amortization	345	688
Provision for doubtful debts	123	1,029

21. TAXATION

	Current Year Quarter 30.06.2014 RM'000	Current Year To Date 30.06.2014 RM'000
Malaysia tax in respect of:-		
- current results	707	1,382

Overall effective tax rate for the Group for the current financial quarter and the financial year to date was higher than the statutory tax rate due to no group relief is available with respect to losses incurred by companies within the Group.

PRINSIPTEK CORPORATION BERHAD
(Company No. 595000-H)
(Incorporated in Malaysia)

QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2014

22. CORPORATE PROPOSALS - STATUS OF THE CORPORATE PROPOSALS

On 12 June 2014, the Company announced that the Company proposed to undertake the followings:-

i. Proposed par value reduction via the cancellation of RM0.40 of the par value of every existing ordinary share of RM0.50 each in Prinsiptek Corporation Berhad ("PCB") pursuant to section 64(1) of the Companies Act, 1965 ("Proposed Par Value Reduction");

ii. Proposed renounceable right issue of 190,174,116 new ordinary shares of RM0.10 each in PCB ("Right Share(s)") on the basis of three (3) rights shares for every two (2) ordinary shares of RM0.10 each in PCB after the proposed par value reduction, together with 126,782,744 free detachable new warrants ("Warrant(s)") on the basis of two (2) warrants for every three (3) rights shares successfully subscribed for at an entitlement date to determined and announced later; and

iii. Proposed amendment to the memorandum of association of PCB as a consequence of the proposed par value reduction;

(Collectively referred to as the "Proposals").

On behalf of the Board of Directors of PCB, RHB Investment Bank Berhad had announced that the listing application and draft circular in relation to the Proposal has been submitted to Bursa Malaysia Securities Berhad on 23 June 2014.

Bursa Malaysia Securities Berhad ("Bursa Securities") had vide its letter dated 11 July 2014 approved the following:-

i. Admission of Warrants to Official List of Bursa Securities and the listing and quotation for 126,782,744 Warrants to be issued pursuant to the Proposed Rights Issue with Warrants;

ii. Listing and quotation for 190,174,116 new Rights Shares to be issued pursuant to the Proposed Right Issue with Warrants; and

iii. Listing for 126,782,744 new ordinary shares of RM0.10 each in PCB to be issued arising from exercise of the Warrants.

On 16 July 2014, a notice of the Extraordinary General Meeting ("EGM") was dispatched to the shareholders of PCB for the EGM to be held on 8 August 2014 to approve the Proposals.

All the resolutions set out in the Notice of EGM were duly approved by the shareholders of PCB at the EGM held on 8 August 2014.

On 12 August 2014, Messrs Tan, Goh & Associates, on behalf of the Company had filed petition with the High Court of Malaya at Kuala Lumpur and the hearing for the Notice of Application is scheduled to be held on the 27 August 2014.

PRINSIPTEK CORPORATION BERHAD
(Company No. 595000-H)
(Incorporated in Malaysia)

QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2014

23. GROUP BORROWINGS

	Current Year To Date 30.06.2014 RM'000
Secured	
Short term borrowings and loans	85,555
Long term loans	37,029
	122,584
Foreign borrowings in Ringgit equivalent	
U.S Dollar	5,925

24. REALISED AND UNREALISED PROFITS / (LOSSES)

The breakdown of retained profits of the Group as at reporting date, into realised and unrealised is as follow:

	Current Year To Date 30.06.2014 RM'000	(Audited) At end of Financial Year 31.12.2013 RM'000
Total retained profits of the Company and its subsidiary companies		
- Realised	73,253	70,162
- Unrealised	(550)	(919)
	72,703	69,243
Less: Consolidation adjustments	(30,099)	(30,822)
Total Group retained profits as per statements of financial position	42,604	38,421

25. MATERIAL LITIGATIONS

Save as disclosed below, the Company and its subsidiary companies are not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant as at the date of this report:-

In respect of an arbitration filed by Prinsiptek (M) Sdn Bhd ("PST"), PST is claiming against Teamforce Builders Sdn Bhd ("Teamforce") for a sum of RM648,526.57 being the advance payment for the construction and completion of structural and architectural works and the supply of labour and materials for the installation of cornice works rendered by Teamforce to PST.

PST has filed the Statement of Claim dated 22 May 2014 and Teamforce has filed the Statement of Defence and Counterclaim for a sum of RM2,547,603.02 for workdone on 25 July 2014. PST has filed the reply to the Statement of Defence and Counterclaim on 25 August 2014. The matter is now pending filling of reply by Teamforce before 25 September 2014.

26. EARNINGS PER SHARE

The basic and diluted earnings per share has been calculated by dividing the Group's net profit attributable to the shareholders for the current financial quarter / financial year to date by the weighted average number of ordinary shares in issue during the financial quarter / financial year to date under review as follows:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2014	Preceding Year Corresponding Quarter 30.06.2013	Current Year To Date 30.06.2014	Preceding Year To Date 30.06.2013
Net profit attributable to the equity holders of parent (RM'000)	2,190	1,592	4,183	2,221
Weighted average number of ordinary shares in issue ('000)	126,783	126,783	126,783	126,783
Basic and diluted earnings per share (sen)	1.73	1.25	3.30	1.75

PRINSIPTEK CORPORATION BERHAD
(Company No. 595000-H)
(Incorporated in Malaysia)

QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2014

PART C : INFORMATION ON PROVISION OF FINANCIAL ASSISTANCE PURSUANT TO PARAGRAPH 8.23 AND PRACTICE NOTE 11 / 2001 UNDER LISTING REQUIREMENTS OF BURSA SECURITIES

27. FINANCIAL ASSISTANCE

There is no financial assistance rendered by the Company and the Group for the current financial quarter / financial year to date.

By order of the Board

Dato' Foo Chu Jong
Managing Director

Subang Jaya
Date: 27 August 2014

DIRECTORS' REPORT

PRINSIPTEK®
宏 毅 集 团

(595000-H)

PRINSIPTEK CORPORATION BERHAD

http://www.facebook.com/prinsiptek

Registered Office:-

No. 83 & 85, Jalan SS15/4C
47500 Subang Jaya
Selangor Darul Ehsan

Date: 09 OCT 2014

To: The Shareholders of Prinsiptek Corporation Berhad ("PCB" or the "Company")

On behalf of the Board of Directors of PCB ("**Board**"), I wish to report that, after making due enquiries in relation to PCB and its subsidiaries ("**Group**") during the period between 31 December 2013, being the date to which the latest audited consolidated financial statements of our Group have been made up, and the date of this letter, being a date not earlier than 14 days before the date of this Abridged Prospectus:

(i) The business of the Group, in the opinion of the Board, has been satisfactorily maintained;

(ii) In the opinion of the Board, no circumstances have arisen since the latest audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;

(iii) The current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) Save as disclosed in this Abridged Prospectus, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;

(v) There has been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/ or principal sums in relation to any borrowings in our Group since the latest audited consolidated financial statements of our Group; and

(vi) There have been no material changes in the published reserves or any unusual factors affecting the profits of our Group since the latest audited consolidated financial statements of our Group.

Yours faithfully,
For and on behalf of the Board of
PRINSIPTEK CORPORATION BERHAD

DATO' FOO CHU JONG
Managing Director

ADDITIONAL INFORMATION

1. SHARE CAPITAL

(i) Save for the Rights Shares, the Warrants and the PCB Shares to be issued arising from the exercise of the Warrants, no securities in our Company will be allotted or issued on the basis of this Abridged Prospectus later than 12 months after the date of this Abridged Prospectus.

(ii) As at the date of this Abridged Prospectus, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only one (1) class of shares in our Company, namely the ordinary shares of RM0.10 each, all of which rank *pari passu* with one another.

(iii) All the Rights Shares and the PCB Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the then PCB Shares, save and except that such shares will not be entitled to any dividends, rights, allotments and/ or other forms of distribution that may be declared, made or paid prior to the relevant date of allotment and issuance of such shares.

(iv) Save for the Entitled Shareholders who will be allotted the Provisional Rights Shares with Warrants, no person has been or is entitled to be granted an option to subscribe for any of our securities as at the LPD.

(v) Save for the Rights Shares, the Warrants and the PCB Shares to be issued arising from the exercise of the Warrants, as at the LPD, none of the securities of our Group have been issued or agreed to be issued either as fully or partly paid-up otherwise than in cash within the two (2) years immediately preceding the LPD.

2. DIRECTORS' REMUNERATION

The provisions in our Company's Articles of Association in relation to the remuneration of our Directors are set out below:

Article 93

(i) The fees payable to the Directors shall from time to time be determined by an ordinary resolution of the Company in general meeting provided that such fees shall not be increased except pursuant to an ordinary resolution passed at a general meeting, where notice of the proposed increase has been given in the notice covening the meeting;

(ii) In addition to the fees payable to the Directors as provided in Article 93(1), executive Directors shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration as the Directors may from time to time determine;

(iii) Fees payable to non-executive Directors shall be a fixed sum and not by a commission on or percentage of profits or turnover;

(iv) Salaries payable to executive Directors may not include commission on or percentage of tunrover; and

(v) Any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 94

(i) The Directors shall be paid all travelling and other expenses properly and necessarily incurred by them in and about the business of the Company including their travelling and other expenses incurred in attending general meetings, meetings of the Directors or committee of Directors of the Company or other meetings in connection with the business of the Company and in the course of the performance of their duties as Directors; and

(ii) Without limiting the generality of the foregoing Articles, if any Director being willing shall be called upon to render special duties or services outside his ordinary duties as Director of if any Director being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a commission on or percentage of profits or turnover) as may be determined by the Board of Directors and such remuneration may be, either in addition to or in substitution for his or their share in remuneration from time to time provided for the Directors. Any extra remuneration payable to non-executive Directors shall not include a commission on or percentage of profits or turnover.

3. MATERIAL CONTRACTS

As at the LPD, our Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the two (2) years preceding the date of this Abridged Prospectus.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, as at the LPD, neither PCB nor its subsidiary companies have been engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of PCB and/ or its subsidiary companies and the Board has no knowledge of any proceedings pending or threatened against PCB and/ or its subsidiary companies or any fact likely to give rise to any proceeding which may materially and adversely affect the financial position of the PCB Group.

In a matter of an arbitration between Prinsiptek (M) Sdn. Bhd. ("Claimant") and Teamforce Builders Sdn. Bhd. ("Respondent"):

By a letter of award dated 11 October 2004 and its supplement dated 12 September 2005, letter of award dated 8 September 2005 and letter of award dated 25 October 2005 ("Letters of Award"), the Claimant awarded certain works, more particularly described as the construction and completion of structural and architectural works (wet trades) and the supply of labour and materials for the installation of cornice works in relation to the cadangan pembangunan 1 block pangsapuri 11 tingkat dan 3 blok pangsapuri 13 tingkat di atas 3 paras tempat letak kerata, di atas PT 1533 (Lot 41453), Mukim Ampang, Daerah Hulu Langat, Selangor Darul Ehsan ("Project") to the Respondent.

By a letter dated 29 July 2011, the Claimant enclosed the Statement of Final Account, which showed that a sum of RM648,526.57 was due and owing from the Respondent to the Claimant.

Despite the aforesaid letter dated 29 July 2011, the Claimant alleges that the Respondent failed, neglected and/or omitted to pay the Claimant the sum of RM648,526.57 in breach of the Letters of Award.

By a Statement of Claim dated 22 May 2014, the Claimant claimed against the Respondent RM648,526.57 together with interest and costs.

The Respondent has filed the Statement of Defence and Counterclaim for a sum of RM2,547,603.02 on 24 July 2014. The Claimant has filed the reply to the Statement of Defence and Counterclaim on 25 August 2014. On 25 September 2014, the Respondent filed the reply to the Claimant's Defence and Counterclaim. Pleadings have closed. The next stage is discovery where an application is to be filed no later than 24 October 2014.

The solicitors on record are of the view that there is a good chance that the claim will be allowed provided that all relevant documents are adduced as evidence. There is a likelihood that the quantum of the claim may be adjusted if it is assessed by the arbitrator.

5. GENERAL

(i) There is no existing or proposed service contract entered or to be entered into by our Group with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus.

(ii) Save as disclosed in this Abridged Prospectus, after having made all reasonable enquiries and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:

(a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of our Group;

(b) material commitments for capital expenditure of our Group, the purpose of such commitments and the source of funding;

(c) unusual, infrequent events or transactions or significant economic changes which materially affect the amount of reported income from the operations of our Group;

(d) known trends or uncertainties which have had, or will have, a material favourable or unfavourable impact on the revenue or operating income of our Group;

(e) substantial increase in revenues; and

(f) material information, including special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group.

6. CONSENTS

Our Principal Adviser and Underwriter, company secretaries, principal bankers, Bloomberg LP, share registrar and due diligence solicitor for the Rights Issue with Warrants have given and have not subsequently withdrawn their written consents the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Our Auditors and Reporting Accountants have given and have not subsequently withdrawn their written consent the inclusion in this Abridged Prospectus of name, the letter on the proforma consolidated statements of financial position of our Group as at 31 December 2013, the audited consolidated financial statements of our Group for the FYE 31 December 2013, and all references thereto in the form and context in which they appear in this Abridged Prospectus.

7. DECLARATIONS OF CONFLICT OF INTEREST

7.1 Principal Adviser and Underwriter

Save for an existing loan facility extended by RHB Investment Bank to PCB, as at the LPD, RHB Investment Bank is not aware of any equity, financial or any other relationship or circumstances with the Undertaking Shareholders that has resulted in or may result in a situation of conflict of interest in its role as the Principal Adviser and Underwriter in respect of the Rights Issue With Warrants.

RHB Investment Bank is of the opinion that the relationships disclosed above will not give rise to a situation of conflict of interest in its advisory capacity to PCB based on the following reasons:

(i) the Rights Issue with Warrants is a fund raising exercise in which all the shareholders of PCB are entitled to subscribe for on equal terms as the Undertaking Shareholders;

(ii) there are no common directors on the board of directors of RHB Investment Bank and the board of directors of PCB;

(iii) none of the substantial shareholders of PCB is a substantial shareholder of RHB Investment Bank;

(iv) the Structured Lending department of RHB Investment Bank have their own distinct management teams and employees from that of corporate finance division. In addition, structured lending division has its own check and balances, including segregation of reporting structures, in that its lending activities are approved by its own Investment and Underwriting Committee and where applicable, affirmed by a board credit committee comprising the non-executive directors of the RHB Bank Berhad and its subsidiaries;

(v) the corporate finance division of RHB Investment Bank is required under its investment banking license to comply with strict policies and guidelines issued by the SC, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines call for, amongst others, firewall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations; and

(vi) save for the advisory fees in relation to the Rights Issue with Warrants to be received by RHB Investment Bank, RHB Investment Bank will not be receiving any other benefits from the Rights Issue with Warrants.

7.2 Due diligence solicitors

Messrs Tan, Goh and Associates, the Due Diligence Solicitors for the Rights Issue with Warrants, confirm that as at the LPD, they have no equity, financial or any other relationship or circumstances with PCB that has resulted in or may result in a situation of conflict of interest in their role as the due diligence solicitors to the Company for the Rights Issue with Warrants.

7.3 Reporting Accountants

Messrs Morison Anuarul Azizan Chew, the Reporting Accountants and Auditor for the Rights Issue with Warrants, confirm that as at the LPD, they have no equity, financial or any other relationship or circumstances with PCB that has resulted in or may result in a situation of conflict of interest in their role as the Reporting Accountants and Auditor to the Company for the Rights Issue with Warrants.

8. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the No. 83 & 85, Jalan SS15/4C 47500 Subang Jaya Selangor Darul Ehsan, during normal business hours (except public holidays) for a period of 12 months from the date of this Abridged Prospectus:

(i) Our Memorandum and Articles of Association;

(ii) The proforma consolidated statements of financial position of PCB as at 31 December 2013 together with the reporting accountants' report thereon, as set out in **Appendix III** of this Abridged Prospectus;

(iii) The Deed Poll constituting the Warrants;

(iv) Our audited consolidated financial statements of PCB for the past two (2) financial years up to the FYE 31 December 2013;

(v) Our latest unaudited quarterly report for the six (6)-month FPE 30 June 2014, as set out in **Appendix V** of this Abridged Prospectus;

(vi) The Directors' Report, as set out in **Appendix VI** of this Abridged Prospectus;

(vii) The relevant cause papers in respect of the material litigation referred to in **Section 4** above;

(viii) The letters of consent referred to in **Section 6** above; and

(ix) The Undertaking letter from the Undertaking Shareholder referred to in **Section 4** of this Abridged Prospectus.

9. RESPONSIBILITY STATEMENT

This Abridged Prospectus together with the accompanying NPA and RSF have been seen and approved by our Board. They collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make any statement herein false or misleading.

RHB Investment Bank, being our Principal Adviser and Underwriter for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK