PRINSIPTEK

PRINSIPTEK CORPORATION BERHAD
(595000-H)

Build To Last A Lifetime

ANNUAL
REPORT
2008

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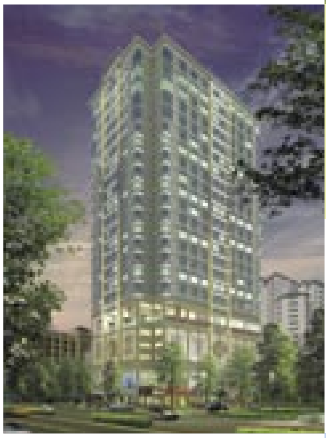

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VISION

PRINSIPTEK is a Highly Value Added Global Builder; Professionally Crystallizing your Dreams and Needs.

MISSION

Delivering Innovative and Cost Effective Concepts and Solutions that are Beyond Expectations.

VALUES

Respect - Always treat others as ourselves with dignity, tolerance and understanding.

Passion to succeed with a sense of urgency in achieving the goal.

Caring - Understanding for the needs and feelings of people.

Professional - Delivering our services to client and customers with professionalism, integrity and responsibility.

COVER RATIONALE

BUILT TO LAST A LIFETIME

Pyramids represent a lifetime achievement that the Egyptians, banded together as single unit, achieved. From the architecture and planning, down to the execution of construction and labor, to the detailed layout of each corridor, the pyramids are still a marvel in this age of skyscrapers.

The picture depicting a pyramid standing majestically against the desert sands signifies Prinsiptek's ability to withstand the test of time and emerge as one of the industry's leaders. The desert is notorious for its harsh winds, sub-zero nights and scorching sun. The weather represents economic turmoil and downturn, and with the pyramid remianing unfazed through these all, Prinsiptek remains strong through the current economic situation.

The sacrifice of the thousands that gave their lives to the completion of the pyramids is an underlying reminder of Prinsiptek's staff and management that have stayed loyal through thick and thin. Teamwork, perseverance and dedication were the factors that brough the pyramids to being, and the same principles hold strong within Prinsiptek's walls.

Prinsiptek's ability to withstand the test of time is a testimonial to why the illustration of a pyramid was used. And with the sun rising is the background, Prinsiptek is looking to grow and head towards new horizons.

CHAIRMAN'S STATEMENT

Y Bhg Tan Sri Dato' Seri Mohamad Noor Abdul Rahim
Chairman

On behalf of the Board of Directors of Prinsiptek Corporation Berhad ("PCB"), I am pleased to present the Annual Report and the Audited Financial Statements of PCB and its group of companies ("the Group") for the financial year ended 31 December 2008.

Year 2008 was a very challenging year for the Group. PCB entered into the year amidst an environment of escalating raw materials and energy costs coupled with the signs of softening market conditions.

CHAIRMAN'S STATEMENT (CONT'D)

FINANCIAL PERFORMANCE

Revenue

The Group's revenue dropped by 44.95% to RM119.62 million in year 2008 compared to RM217.29 million for the year 2007. Construction remained as the primary contributor to revenue at 92.05% followed by trading and others segment at 5.43% and property development division at 2.52%. Lower level of construction activities and fewer new property development launches resulted in the decrease of the revenue.

Profit

The net profit for the year under review decreased by 81.17% to RM2.94 million from RM15.61 million recorded in year 2007. The decrease of the net profit was mainly due to significantly lower construction activities and higher operating costs arising from the increased raw materials and energy prices.

OUTLOOK AND PROSPECT

The latest economic data showed that the domestic economy almost to a halt on the last quarter of 2008. Going forward into year 2009, it is expected that the domestic economy and the market will show further contraction as the external climate has deteriorated further since the beginning of the year.

In view of the difficult economic environment, the Board of Directors has decided to take a cautious approach on business expansion. The Group's focus will be on the construction activities in line with the government's proposed spending on infrastructure projects, while managing debts and cashflow to sustain the Group through this difficult period.

CHAIRMAN'S STATEMENT (CONT'D)

To counter the recession, many countries have passed economic stimulus packages to revive the spending and spur growth. Similarly, Malaysia had unveiled a RM7 billion stimulus package in November 2008. Subsequent to this, Malaysia government had announced its second stimulus plan on 10 March 2009 which worth a total of RM60 billion over two years with the aim to pull the country out of recession. The stimulus package has comprehensively allocated a total of RM6.23 billion for the Infrastructure and Utilities (RM2.28 billion), Transport (RM2 billion) and Community Development (RM1.95 billion). This will directly and indirectly boost the construction sectors.

The Group is expecting to benefit from these stimulus plans which are well planned and will be effectively executed by the relevant departments of the government.

As at 31 December 2008, the Group recorded a total of RM329.88 million unbilled construction order book and future property development projects with the total gross development value of RM459.46 million. These are expected to be converted to revenue for the coming 2 to 5 years. PCB is expected to commence several new construction projects in year 2009 and the Group is in the midst of finalizing few potential construction projects in the local market.

Nevertheless with the increasing competition in face of economic turmoil, the Board of Directors will continue to work together and strive harder to build a better prospect on the basis of a strong and sustainable growth path.

APPRECIATION

On behalf of the Board, I would like to extend my appreciation to the management and staff for their contribution and support in ensuring our continued success in the increasingly challenging global environment. I would also like to express my sincere thanks to our customers, suppliers, financial institutions, business partners, various government and regulatory bodies as well as shareholders for their continued support.

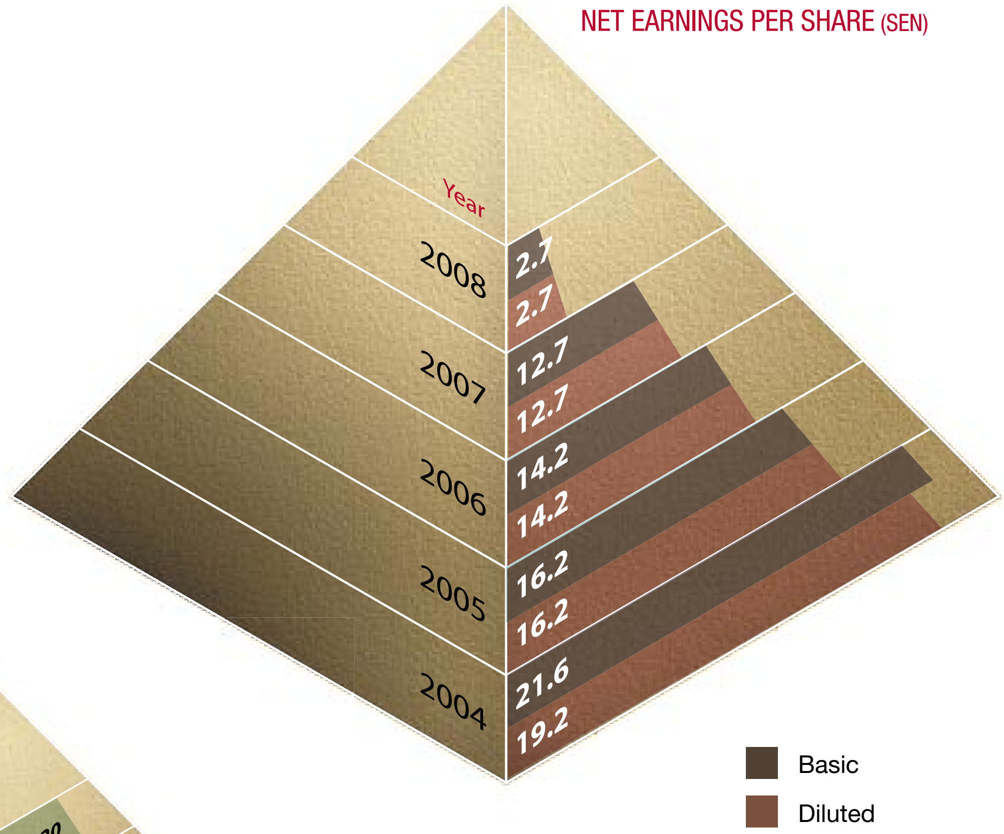
Lastly, I wish to record my thanks to my fellow Directors on the Board for their commitment and guidance to enable the Group to achieve its vision of becoming a leader in the domestic as well as global construction industry.

Tan Sri Dato' Seri Mohamad Noor Abdul Rahim

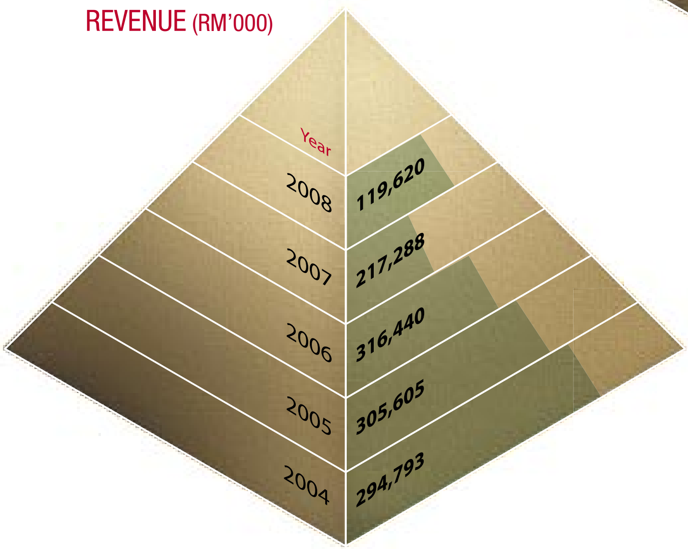
Chairman

FIVE-YEAR FINANCIAL HIGHLIGHTS

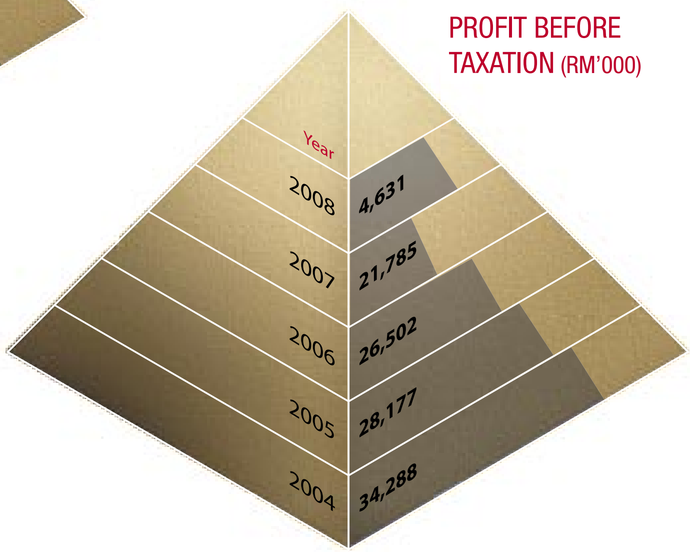
NET EARNINGS PER SHARE (SEN)



REVENUE (RM'000)



PROFIT BEFORE TAXATION (RM'000)



CORPORATE STRUCTURE AND PRINCIPAL ACTIVITIES

PRINSIPTEK

PRINSIPTEK CORPORATION BERHAD

100%
PRINSIPTEK PROPERTIES SDN BHD

100%
STRATEGIC DEVELOPMENT SDN BHD

100%
SEKINCHAN JAYA SDN BHD

100%
MAGNIFICENT DEGREE SDN BHD

70%
ANTARA MURNI DEVELOPMENT SDN BHD

100%
GLOBAL PANEL HONG KONG LTD *(under deregistration process)*

100%
PRINSIPTEK (M) SDN BHD

- 100% ANTAP WANGSA HOLDINGS SDN BHD
- 100% ESA PILE SDN BHD
- 100% LKD TRADING SDN BHD
- 60% PST CONCRETE SDN BHD

100%
GABUNGAN SANJUNG SDN BHD

- 100% NBL LAND DEVELOPMENT SDN BHD

100%
TANAH PERANGSANG SDN BHD

- 100% JERAM PERWIRA SDN BHD
- 100% PENTALAND SDN BHD
  - 100% SOLIDVEST PROPERTIES SDN BHD

91%
PRINSIPTEK INTERNATIONAL LIMITED

- 60% PRINSIPTEK THAI LIMITED

Principal Activity :

- ▲ Investment Holding
- ▲ Construction
- ▲ Property Development
- ▲ Trading
- ▲ Provision of Project Management & Secretarial Services
- ▲ Dormant

CORPORATE INFORMATION

BOARD OF DIRECTORS

Independent Non-Executive Chairman
Y Bhg Tan Sri Dato' Seri Mohamad Noor Abdul Rahim

Independent Non-Executive Directors
Y B Datuk Nur Jazlan Bin Tan Sri Mohamed
Y Bhg To' Puan Seri Hajjah Nur Rahmah Binti Hj Mohd Zain

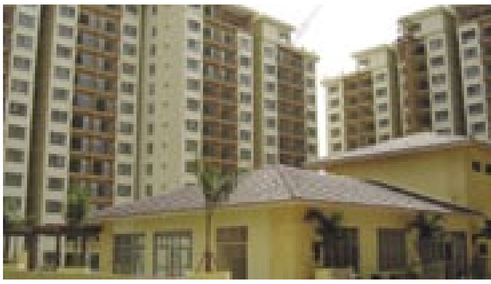
Managing Director
Y Bhg Dato' Foo Chu Jong

Executive Directors
Foo Chu Pak
Foo Chew Sam

AUDIT COMMITTEE

Chairman
Y Bhg Tan Sri Dato' Seri Mohamad Noor Abdul Rahim

Members
Y B Datuk Nur Jazlan Bin Tan Sri Mohamed
Y Bhg To' Puan Seri Hajjah Nur Rahmah Binti Hj Mohd Zain



COMPANY SECRETARIES

Teoh Yee Shien
Low Yin Fong

REGISTERED OFFICE

No. 83 & 85, Jalan SS15/4C,
47500 Subang Jaya
Selangor Darul Ehsan, Malaysia
Tel : 603-5629 2600
Fax : 603-5635 1802

SHARE REGISTRARS

Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi-Purpose
Capital Square
No. 8 Jalan Munshi Abdullah
50100 Kuala Lumpur, Malaysia
Tel : 603-2721 2222
Fax : 603-2721 2530/1

AUDITORS

Anuarul Azizan Chew & Co
18, Jalan 1/64
Off Jalan Kolam Air/Jalan Ipoh
51200 Kuala Lumpur, Malaysia

PRINCIPAL BANKERS

Malayan Banking Berhad
CIMB Bank Berhad
Public Bank Berhad

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad
Stock Name: PSIPTEK
Stock Code: 7145
Sector: Construction

PROFILE OF BOARD OF DIRECTORS

Y BHG TAN SRI DATO' SERI MOHAMAD NOOR ABDUL RAHIM

Independent Non-Executive Chairman

Y Bhg Tan Sri Dato' Seri Mohamad Noor Abdul Rahim, aged 64 and a Malaysian, was appointed as the Independent Non-Executive Chairman of Prinsiptek Corporation Berhad ("PCB") on 4 December 2003. He is also the Chairman of the Audit Committee of PCB.

He holds a Bachelor of Arts (Honours) Degree from University Malaya. His last post in the civil service was the Secretary General of the Ministry of Home Affairs in 2000. He was the Secretary General of the Ministry of Domestic Trade and Consumer Affairs from 1996 to 1998. Prior to that, he held the positions of State Secretary of Pulau Pinang, Federal Development Director (Prime Minister's Department) of Kelantan, State Financial Officer of Perak, Director General of Kuala Lumpur City Hall, Under-Secretary (Supply Division) for both the Ministry of Defence and Ministry of Finance.

Presently, he also sits on the Board of Mitrajaya Holdings Berhad, Multi Vest Resources Berhad and TSR Capital Berhad as an Independent Non-Executive Director respectively.

Y Bhg Tan Sri Dato' Seri Mohamad has no family relationship with any director and/ or major shareholder of PCB and does not have any conflict of interest with PCB. Further, he has never been convicted of any offences within the past ten years other than traffic offences, if any.

Y B DATUK NUR JAZLAN BIN TAN SRI MOHAMED

Independent Non-Executive Director

Y B Datuk Nur Jazlan Bin Tan Sri Mohamed, aged 43 and a Malaysian, was appointed as an Independent Non-Executive Director of PCB on 4 December 2003. He is also a member of the Audit Committee of PCB.

He is a fellow member of the Association of Chartered Certified Accountants, United Kingdom. He is also a Council Member and the Chairman of the Public Relations Committee of Malaysian Institute of Accountants as well as a Council Member of the Asean Federation of Accountants. Y B Datuk Nur Jazlan is active in politics and is currently a Member of Parliament for Pulai Constituency in Johor.

Presently, he also sits on the Board of United Malayan Land Berhad, Telekom Malaysia Berhad, Jaycorp Berhad, TSH Resources Berhad and Ekowood International Berhad.

Y B Datuk Nur Jazlan has no family relationship with any director and/ or major shareholder of PCB and does not have any conflict of interest with PCB. Further, he has never been convicted of any offences within the past ten years other than traffic offences, if any.

Y BHG TO' PUAN SERI HAJJAH NUR RAHMAH BINTI HJ MOHD ZAIN

Independent Non-Executive Director

Y Bhg To' Puan Seri Hajjah Nur Rahmah Binti Hj Mohd Zain, aged 54 and a Malaysian, was appointed as an Independent Non-Executive Director of PCB on 20 August 2008. She is also a member of the Audit Committee of PCB.

She is an Executive Director of Cempaka Anugerah Sdn Bhd since 2005. From 1985 to 2004, she was an Executive Director of Skoga Redimix Sdn Bhd. She has vast experience in the field of marketing, administration, management and strategic planning.

Y Bhg To' Puan Seri Hajjah Nur Rahmah has no family relationship with any director and/ or major shareholder of PCB and does not have any conflict of interest with PCB. Further, she has never been convicted of any offences within the past ten years other than traffic offences, if any.

PROFILE OF BOARD OF DIRECTORS (CONT'D)

Y BHG DATO' FOO CHU JONG

Managing Director

Y Bhg Dato' Foo Chu Jong, aged 51 and a Malaysian, is the founder of Prinsiptek (M) Sdn Bhd ("PST"). He was appointed as the Managing Director of PCB on 21 November 2003.

He started his career in the construction industry in the early eighties when he was exposed to the development of commercial buildings, condominiums, hotels and housing estates.

His sharp entrepreneurial acumen, hard work and visionary leadership are the main factors which have led PST to achieve a numerous highly acclaimed projects. These include the Staff Hostels and Hotel Awana Golf and Country Club in Genting Highlands, Mixed Development in Gohtong Jaya and First World Hotel in Genting Highlands.

Y Bhg Dato' Foo has gained a vast experience and knowledge through his involvement in most of the civil and engineering works where he has secured and completed a total of RM511 million worth of contracts. Being a hands-on Managing Director, he is actively involved in the day to day operations to ensure that all projects are carried out in a well managed and controlled manner.

Currently, he also sits on the Board of several subsidiaries of PCB. He does not hold any directorship in any other public company.

Y Bhg Dato' Foo is a brother of Mr Foo Chu Pak who is a director and major shareholder of PCB and Mr Foo Chew Sam who is a director of PCB. Save as mentioned, he has no family relationship with any other director and/ or major shareholder of PCB and does not have any conflict of interest with PCB. Further, he has never been convicted of any offences within the past ten years other than traffic offences, if any.

FOO CHU PAK

Executive Director

Mr Foo Chu Pak, aged 49 and a Malaysian, was appointed as an Executive Director of PCB on 21 November 2003. He is also a member of the Audit Committee of PCB.

He obtained his Certificate of Building Construction from Kolej Tunku Abdul Rahman in 1981. In 1997, he graduated with a Civil Engineering degree from the Summit University of Louisiana and completed his Masters Degree in Business Administration from Honolulu University of Hawaii in 2000.

Mr Foo has more than 20 years of experience in the building and construction industry. In 1981, he started his career with Serbanika (M) Sdn Bhd, a building construction company, as a project supervisor. From 1983 to 1985, he worked as a project supervisor cum quantity surveyor with Syarikat Pembinaan Sow Tee Sdn Bhd, a company involved in building construction activities. From 1981 to 1998, he was appointed as a director of Syarikat Bedena (M) Sdn Bhd, a company principally involved in building construction activities.

Currently, he also sits on the Board of several subsidiaries of PCB. He does not hold any directorship in any other public company.

Mr Foo is a brother of Y Bhg Dato' Foo Chu Jong who is a director and a major shareholder of PCB and Mr Foo Chew Sam who is a director of PCB. Save as mentioned, he has no family relationship with any other director and/ or major shareholder of PCB and does not have any conflict of interest with PCB. Further, he has never been convicted of any offences within the past ten years other than traffic offences, if any.

PROFILE OF BOARD OF DIRECTORS (CONT'D)

FOO CHEW SAM

Executive Director

Mr Foo Chew Sam, aged 41 and a Malaysian, was appointed as an Executive Director of PCB on 21 November 2003.

He holds a Bachelor of Science Degree majoring in Civil Engineering from the University of Arizona, United States of America. In 1991, he joined PST as a project engineer and was subsequently promoted to a project manager, where he is involved in the project management and the construction of government contracts.

Mr Foo does not hold any directorship in any other public company. He is a brother of Y Bhg Dato' Foo Chu Jong and Mr Foo Chu Pak who are directors and major shareholders of PCB. Save as mentioned, he has no family relationship with any other director and/ or major shareholder of PCB and does not have any conflict of interest with PCB. Further, he has never been convicted of any offences within the past ten years other than traffic offences, if any.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") affirms its overall responsibility in ensuring that the highest standard of Corporate Governance is practised throughout the Group with the objective of protecting and enhancing shareholders' value, and the financial position of the Group.

The Board has endeavoured to fully comply with all the Principles in Part 1 of the Malaysian Code on Corporate Governance ("Code") and to adopt the Best Practices as recommended in Part 2 of the Code in the best interest of the shareholders of the Group. Accordingly, the Board is pleased to outline in this Corporate Governance Statement as to its commitment to comply with Part 1 and Part 2 of the Code.

A. THE BOARD

The Group is led and controlled by an effective Board. The Board comprises highly reputable and professional persons of calibre and credibility, who have the necessary experience, knowledge and skills to bring an independent judgment in the process of strategic decision making. The Board recognises its key role in charting the strategic directions for the Group and regularly meets to review corporate strategies, resolve operational matters and monitor financial performance of the Group.

The Board has identified its Chairman, Y Bhg Tan Sri Dato' Seri Mohamad Noor Abdul Rahim, to whom concerns of shareholders, management and others may be conveyed.

Composition of the Board and Board Balance

The Board comprises six (6) members of whom three (3) are Executive Directors and three (3) are Independent Non-Executive Directors. This is in compliance with the one-third requirement for Independent Directors to be appointed to the Board as required under the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The individual profile of each Director is presented on pages 9 to 11 of this Annual Report. The combination of different professionals with varied background, experience and skills has also enabled the Board to discharge its responsibilities effectively and efficiently. The business and financial experience of each calibre member of the Board has inevitably contributed to the success in steering the Group toward sustaining its remarkable financial results.

Indeed, there is a clear segregation of duties between the Chairman of the Board ("the Chairman") and the Managing Director so as to ensure that there is always a balance of power and authority. Essentially, the Chairman has the obligations to preside at various meetings, namely general meetings of shareholders, Board and Audit Committee meetings in order to address issues to be highlighted by and to members independently, whilst the Managing Director has the responsibility to manage the day-to-day business operations of the Group by ensuring that strategies, policies and matters approved by the Board and other committees are carried out diligently.

All decisions of the Board are based on the decision of the majority and no single Board member can make any decision on behalf of the Board, unless duly authorized by the Board. As such, no individual or a group of individuals dominate the decision making process.

Appointment to the Board

Prior to the appointment of a director to the Board, all nominations for the appointment of new Directors will be submitted to the full Board for deliberation on the suitability of the candidate for directorship. A familiarisation programme, including visits to the Group's business and operation premises and meetings with Senior Management will be arranged for new Directors to facilitate their understanding of the Group.

Re-election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors including the Managing Director shall retire by rotation from office at each Annual General Meeting ("AGM") and they shall be eligible for re-election at such AGM. The Directors to retire shall be the Directors who have been longest in office since their appointment or last re-election. In addition, all Directors including the Managing Director shall be subject to retirement by rotation once every three (3) years.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

Board Meetings

The Board meets at least four (4) times a year, normally at the end of every quarter of the financial year to deliberate and approve the financial results of the Group, corporate plans, acquisition and disposal of assets, investment proposals and other pertinent issues. When necessary, additional meetings will be convened by the Board to make important decisions on an urgent basis.

The details of attendance of the Directors during the financial year ended 31 December 2008 are as follows:

Directors	Number of Meetings Attended	Percentage of Attendance
Y Bhg Tan Sri Dato' Seri Mohamad Noor Abdul Rahim	4/4	100%
Y B Datuk Nur Jazlan Bin Tan Sri Mohamed	4/4	100%
Y Bhg To' Puan Seri Hajjah Nur Rahmah Binti Hj Mohd Zain *(appointed on 20 August 2008)*	2/2	100%
Y Bhg Dato' Foo Chu Jong	4/4	100%
Foo Chu Pak	4/4	100%
Shariman Bin Zainal Abideen *(resigned on 17 November 2008)*	3/3	100%
Foo Chew Sam	3/4	75%

All the above meetings were held at the Company's registered office.

Directors' Training

All members of the Board have attended the Mandatory Accreditation Programme as required by the Bursa Securities. During the financial year ended 31 December 2008, all the Directors have also attended training. Various training programmes in relation to effective management of companies, business strategy, human resource development, performance measurement, telecommunication, real estate development and investment were attended by the Directors during the financial year. The Directors will continue to attend continuous education programmes so as to further enhance their skills and knowledge, and keep abreast with developments in the market place.

Supply of Information

All Directors have access to all information within the Group as well as the advice and services of the Company Secretaries whether as a full Board or in their individual capacity to assist them in their decision making. Where necessary, the Directors may engage independent professionals at the Group's expense on specialised issues to enable the Directors to discharge their duties with adequate knowledge on the matters being deliberated.

The agenda for the Board Meetings, together with appropriate reports and information on the Group's business operations and proposals for the Board's consideration are circulated to all the Directors prior to the meetings with sufficient notice so as to ensure that all Directors are given time to prepare, obtain additional information or clarification prior to their attendance at the meeting.

Committees of the Board

The Board delegated certain of its responsibilities to the Board Committees with clearly defined terms of reference outlining their objectives, duties and responsibilities.

- **Audit Committee**

  The terms of reference of the Company's Audit Committee and its activities during the financial year are set out under the Audit Committee Report on pages 19 to 22 of this Annual Report.

- **Nomination Committee and Remuneration Committee**

  In accordance with Part 2 of the Code, it is recommended that a formal procedure for appointment of Directors to the Board should be carried out based on the recommendation of a Nomination Committee but this function can be performed by the Board as a whole.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

In view of the above, the full Board is currently carrying out the aforesaid function of the Nomination Committee. The Managing Director proposes the nomination of appropriate Directors to the Board based on the respective Directors' experience, knowledge and skills. Indeed, the ultimate decision for the nomination of Directors to the Board will be decided and approved by the full Board in order to ensure that the mix of experience, knowledge and skills of the Board members is adequate in resolving various strategic and operational issues in the day-to-day running of the Group.

At least on an annual basis, the Board will review the necessary mix of experience, knowledge and skills of the Board members so as to ensure that the Board consists of members who are well-versed in managing a company involving in the similar business as the Group.

On the other hand, Part 2 of the Code also recommends that it is a good practice for the Board to appoint Remuneration Committee, consisting wholly or mainly of Non-Executive Directors, to recommend to the Board the remuneration of the Executive Directors in all its forms, and Executive Directors should play no part in decisions on their own remuneration. The determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman should be a matter for the Board as a whole.

In this regard, the full Board of the Company will decide on the Executive and Independent Non-Executive Directors' remuneration packages. In doing so, the component parts of the remuneration packages are structured in a manner that the rewards are linked to individual Executive Directors' performance in managing the Group, whereas the level of remuneration for Independent Non-Executive Directors is based on the experience and responsibilities of individual Independent Non-executive Directors.

More importantly, it is the policy of the Company to preclude all Directors from deciding on their own remuneration packages and Directors' fee must be approved by shareholders in the AGM.

- **Employees' Share Option Scheme ("ESOS") Committee**

  The ESOS Committee administers the Company's ESOS in accordance with its By-Laws in determining the participation eligibility, option offers and share allocations and to attend to such other matters as may be required.

B. DIRECTORS' REMUNERATION

The aggregate remuneration of the Company's Directors derived from the Group for the financial year ended 31 December 2008 is as follows:

	Executive Director RM	Non-Executive Director RM	Total RM
Fee	-	70,000	70,000
Salary and other emoluments	1,720,883	-	1,720,883
Bonus and benefits-in-kind	330,691	-	330,691
Total	**2,051,574**	**70,000**	**2,121,574**

The number of Company's Directors whose total remuneration derived from the Group during the financial year 31 December 2008 that falls within the following bands is as follows:

Range of Remuneration	Number of Executive Directors	Number of Non-Executive Directors
RM50,000 and below	-	3
RM50,001 – RM100,000	1	-
RM100,001 – RM250,000	-	-
RM250,001 – RM300,000	1	-
RM300,001 – RM650,000	-	-
RM650,001 – RM700,000	1	-
RM700,001 – RM1,000,000	-	-
RM1,000,001 – RM1,050,000	1	-
Total	**4**	**3**

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

C. SHAREHOLDERS

Dialogue Between Company and Investors

The Group practises an open communication policy with its investors. In its efforts to promote effective communication, the Board has dialogue with shareholders and investors and recognises that timely and equitable dissemination of relevant information shall be provided to them through public announcements made to Bursa Securities, the Company's annual reports, circulars and financial results on quarterly basis to enable shareholders and investors to have an overview of the Group's business activities and performance.

Annual General Meeting

The shareholders are given sufficient notice for the holding of AGMs through annual reports sent to them at least 21 clear days prior to the date of the AGMs. At the AGMs, the Board will present to the shareholders a comprehensive report on the performance of the Group and the shareholders are encouraged to participate in the questions and answers session thereat, and are given the opportunity to raise question or seek more information during the AGMs.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

In preparing the annual financial statements and quarterly announcement of financial results to shareholders, the Board has always strived to present a balanced and understandable assessment of the Group's financial position and prospects to shareholders.

The Audit Committee assists the Board in ensuring accuracy and adequacy of information by reviewing and recommending for adoption of information for disclosure.

The Statement of Directors' Responsibility for preparing Annual Audited Financial Statements pursuant to Paragraph 15.27 (a) of the Listing Requirements of Bursa Securities is set out on page 85 of this Annual Report.

Internal Control

The Board affirms the importance of maintaining a sound system of internal controls and risk management practices to good corporate governance. In order to enhance consistency within the Group, the Board has appointed an external consultant, Grant Thornton Consulting Sdn Bhd to provide professional services for internal control assessment and to carry out internal audit function for the Group.

The Statement on Internal Control set out on pages 17 to 18 of this Annual Report provides an overview of the state of internal controls within the Group.

Relationship with the Auditors

The Board has appropriately established a formal and transparent relationship with the Group's auditors. The role of the Audit Committee in relation to the External Auditors may be found in the Audit Committee Report as set out on pages 19 to 22 of this Annual Report.

The External Auditors attend Audit Committee meetings when necessary and have direct access to the Audit Committee and Internal Auditors for independent discussion. The External Auditors met with the Audit Committee twice in the financial year ended 31 December 2008 without the presence of the Executive Directors, with the purposes of finalising the Group's audited financial statements for the financial year ended 31 December 2007 and approving the audit plan for the financial year ended 31 December 2008.

Statement on the Extent of Compliance with the Best Practices in Corporate Governance set out in Part 2 of the Malaysian Code on Corporate Governance

The Company is committed to achieving high standards of corporate governance throughout the Group and to the highest level of integrity and ethical standards in all its business dealings.

Apart from the alternative procedures as set out in Section A under the title "Nomination Committee and Remuneration Committee", the Board considers that the Group has complied throughout the financial year with the Best Practices as stipulated in Part 2 of the Code.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

E. CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, the Group will continuously ensure that all pertinent matters relating to corporate social responsibility are considered and supported in its operations for the well being of the stakeholders, community and environment.

Business Governance Ethics

In line with good corporate governance and transparent business practices, the Group constantly reviews its policy statements and management practices to ensure that its operations are managed effectively and ethically with adequate control mechanisms to manage risks and deliver accountability, sustainability and profitability.

The Group is unwavering in meeting its standards of excellence by ensuring the delivery of quality in project execution and meeting all customer deliverables as detailed in contracts.

The Group aspires towards full realization of ISO standards throughout its operations and the application of established quality practices and policies. The Company's major subsidiary, Prinsiptek (M) Sdn Bhd is accredited with the BS EN ISO 9001:2000 for Quality Management System.

Workforce and Workplace

The Group values its people as its key business asset and competitive advantage and aims to create a highly competent and productive workforce to support its business growth. The Group has been emphasizing on people development through adequate training and learning opportunities to enhance its employees' skills and knowledge in preparation for future challenges.

Whilst continuously seeking to improve the performance of its people, the Group also strives to promote a healthy living, good relationship and teamwork spirit among the workforce whereby regular social gatherings and recreational activities including sport tournaments and activities organised by its sport club, events on festive and cultural occasions are encouraged. All employees are also provided adequate medical benefits as well as hospitalization and personal accident insurance coverage.

In ensuring public safety at all locations of its operations and providing a safe and healthy working environment for all employees, the Group has in place safety control system to prevent accidents and occupational illnesses. The Group ensures its compliance with all health and safety requirements in carrying out its business activities whilst constantly monitoring and improving its health and safety standard through increasing the awareness and accountability at all levels of the organization.

Community

The Group makes donations and contributions to the local communities from time to time. In addition, the Group also offers industrial training opportunities to the undergraduates from colleges and universities to assist them in gaining hands-on experience in their respective fields.

Environment

The Group believes that sustainability of its business is not only achieved through long-term economic success but also through caring for the environment. Thus, the Group constantly monitors areas of environmental concerns relating to its businesses and takes effort to prevent damage to the environment.

As part of efforts towards the preservation of environment, the Group has implemented sufficient measures at all construction and property development sites to prevent soil erosion, flood, landslides and other adverse impact on the environment.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("Board") is committed in maintaining a sound system of internal controls to safeguard shareholders' investment and the Group's assets. In doing so, the Board acknowledges its responsibility to identify major risks faced by the Group and ensure that relevant internal controls are in place in order to manage these risks.

In view of the above, the Board is pleased to provide the following Statement on Internal Control which outlines the nature and scope of internal controls of the Group during the year pursuant to Paragraph 15.27 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

Meanwhile, the Board also understands fully its responsibility to maintain a sound system of internal controls and ensure accurate information to be presented in the financial statements. Hence, the system of internal controls is designed to manage rather than eliminate the risk of failure in achieving its business objectives.

In pursuing the business objectives, internal controls can only provide reasonable but not absolute assurance against material misstatement, loss or fraud. As such, the Board recognises that a sound system of internal controls is an important part of managing risks in an effort to attain a balanced achievement of its business objectives, and operational efficiency and effectiveness.

THE RISK MANAGEMENT PROCESS

The Board has endeavoured to identify the relevant major risks faced by the Group on a regular basis and has implemented additional internal controls in order to monitor these risks so as to ensure that the Group achieves its business objectives.

In managing the major risks, the Board has always carried out necessary preliminary studies and evaluation on various projects which will be undertaken by the Group. This entails proper delegation of duties and responsibilities from the Board to the Managing Director, Executive Directors and Senior Management ("Management") in running the main operating functions of the Group within the Group's strategic business plans.

In this respect, the Management comprises personnel with many years of "hands-on" experience who are able to identify business risks relevant to the Group and design the appropriate internal controls to manage these risks.

At the same time, the Management also attends various management and operation meetings in order to discuss matters of concern in relation to various projects undertaken by the Group as well as any obstacles in achieving the Group's strategic business plans.

The Management has also adopted the "open discussion" approach in the day-to-day running of the Group. This has enabled various major business risks being identified easily and dealt with in a prompt manner.

KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROLS

The Group has implemented various key internal controls for identifying, evaluating and managing the significant risks that may affect the achievement of its business objectives throughout the financial year under review.

In fact, the Group has incorporated various key elements into its system of internal controls in order to safeguard shareholders' investment and the Group's assets by:

- giving authority to the Board Committee members to investigate and report on any areas of improvement for the betterment of the Group;
- performing in-depth study on major variances and deliberating irregularities in the Board meetings and Audit Committee meetings so as to identify the causes of the problems and formulate solutions to resolve them;
- arranging regular interactive meetings between the External Auditors, Internal Auditors and other consultants to identify and rectify any weaknesses in the system of internal controls. The Board would also be informed on the matters brought up at the Audit Committee meetings on a timely basis;
- delegating necessary authority to the Managing Director in order for him to play a major role as the link between the Board and Senior Management in implementing the Board's expectation of effective system of internal controls and managing the Group's various operations;

STATEMENT ON INTERNAL CONTROL (CONT'D)

- determining proactive actions to create awareness on the importance of staff's and line management's involvement in the system of internal controls as well as risk management by providing various training courses, seminars and workshops conducted by the external consultants;
- keeping the Management informed on the development of action plan for enhancing system of internal controls and allowing various management personnel to have access to important information for better decision making;
- making frequent on-site visits to the business and operations premises by Senior Management personnel so as to acquire a first hand view on various operational matters and addressing the issues accordingly; and
- monitoring key commercial, operational and financial risks through reviewing the system of internal controls and other operational structures so as to ensure that reasonable assurance on the effectiveness and efficiency of the same will mitigate the various risks faced by the Group to an appropriate level acceptable to the Board.

INTERNAL AUDIT FUNCTIONS AND EFFECTIVENESS OF INTERNAL CONTROL

In order to ensure the effectiveness of the system of internal controls, the internal audit functions of the Group has been outsourced to an external consultant, Grant Thornton Consulting Sdn Bhd.

The Group adopts a risk-based approach to the implementation and monitoring of relevant internal controls. The Internal Auditors conduct briefing and interview on risk assessment to identify significant concerns and risks perceived by the Senior Management in order to draw up the risk-based internal audit plan.

Certain control weaknesses have been identified and are being addressed by the Board and Audit Committee so as to ensure that the integrity of internal controls can be enhanced in the future. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require mention in the Company's Annual Report 2008. The Management of the Group continues to take measures to strengthen the internal control environment from time to time based on the recommendations proposed by the Internal Auditors.

Furthermore, the Board recognises that the development of the system of internal controls is an ongoing process for identifying, evaluating and managing the risk faced by the Group. The Board maintains an ongoing commitment to strengthen the Group's internal control function and processes.

Indeed, the Board and Audit Committee have always ensured that the Group adopts good system of internal controls, corporate governance and best practices in its Board meetings and Audit Committee meetings taking into cognisance of possible establishment of additional processes for identifying, evaluating and managing the significant risks within the Group which is in accordance with the guidelines stipulated in the "Statement on Internal Control: Guidance for Directors of Public Listed Companies" issued by the Bursa Securities.

AUDIT COMMITTEE REPORT

FORMATION

The Audit Committee ("AC") was formed by the Board of Directors ("Board") on 4 December 2003.

MEMBERS

The AC consists of the following members during the financial year:

1. Y Bhg Tan Sri Dato' Seri Mohamad Noor Abdul Rahim - Chairman
   (Independent Non-Executive Chairman of the Board)

2. Y B Datuk Nur Jazlan Bin Tan Sri Mohamed - Member
   (Independent Non-Executive Director)

3. Y Bhg To' Puan Seri Hajjah Nur Rahmah Binti Hj Mohd Zain – Member
   (Independent Non-Executive Director) *(appointed on 20 August 2008)*

4. Foo Chu Pak - Member
   (Executive Director) *(resigned on 20 August 2008)*

MEETINGS AND ATTENDANCE

The AC held five (5) meetings during the financial year 2008. The attendance of the Committee members is as follows:

AC Members	Number of Meetings Attended	Percentage of Attendance
Y Bhg Tan Sri Dato' Seri Mohamad Noor Abdul Rahim	5/5	100%
Y B Datuk Nur Jazlan Bin Tan Sri Mohamed	5/5	100%
Y Bhg To' Puan Seri Hajjah Nur Rahmah Binti Hj Mohd Zain	2/2	100%
Foo Chu Pak	2/2	100%

The Audit Committee meetings were attended by the Committee members and Senior Management. The Managing Director and Executive Directors were also present at certain meetings as invitees. The Company Secretary acted as Secretary at the meetings to record and maintain minutes for the proceedings of the meetings.

TERMS OF REFERENCE

The Terms of Reference of the AC are as follows:

1. Objectives

1.1 To provide additional assurance to the Board by giving objective and independent review of the Group's financial, operational and administrative controls and procedures.

1.2 To assist the Board in establishing and maintaining internal controls for areas of risks as well as safeguarding of assets within the Group.

1.3 To assess and supervise the quality of audits conducted by the Internal Auditors and External Auditors.

1.4 To reinforce the independence of the External Auditors and to assure that the External Auditors will have free rein in the audit process.

1.5 To provide a forum for regular, informal and private discussion between the External Auditors and Directors who have no significant relationship with the Management.

1.6 To reinforce the objectivity of the Internal Auditors.

AUDIT COMMITTEE REPORT (CONT'D)

2. Membership

2.1 The AC shall be appointed by the Board pursuant to a Board Resolution.

2.2 It shall comprise at least three (3) members. All members of the AC shall be Non-Executive Directors, with a majority of them being Independent Directors.

2.3 The Chairman of the AC shall be appointed by the Board, or failing which, amongst the members of the AC themselves.

2.4 If the number of the members is reduced to below three (3) as a result of resignation or death of a member, or for any other reason(s) a member ceases to be a member of the AC, the Board shall, within three (3) months of that event, appoint amongst such other Non-Executive Directors, a new member to make-up the minimum number required herein.

2.5 At least one (1) member of the AC:

2.5.1 must be a member of the Malaysian Institute of Accountants ("MIA"); or

2.5.2 if he/ she is not a member of MIA, he/ she must have at least three (3) years of working experience; and:

(a) he/ she must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act, 1967; or

(b) he/ she must be a member of one (1) of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or

2.5.3 must possess such qualifications as may from time to time be prescribed by Bursa Malaysia Securities Berhad.

2.6 An alternate Director is not eligible for membership in the AC.

3. Authority

3.1 The AC is authorised by the Board to investigate any activity within its Terms of Reference.

3.2 It shall have unlimited access to both the Internal Auditors and External Auditors as well as all employees of the Group.

3.3 It shall also have the authority to obtain independent legal or other professional advice and to secure attendance of outsiders with relevant experience and expertise if it considers this necessary.

3.4 It shall also have the power to establish Sub-AC(s) and delegate its powers to such Sub-AC(s) for the purpose of carrying out certain investigations on its behalf in such manner as the AC deems fit and necessary and, to appoint such officers within the Group as members of the Sub-AC(s).

4. Functions

4.1 To review with both the Internal Auditors and External Auditors their audit plans and reports.

4.2 To review the scope of the internal audit programme and procedures, consider the results of internal audit investigations and assess the Management's responses and actions to rectify any reported shortcoming.

4.3 To discuss with the External Auditors before the audit commences, the nature and scope of their audit and ensure co-ordination where more than one audit firm is involved.

4.4 To discuss problems and reservations arising from the interim and final audits, and any other matter the External Auditors may wish to discuss in the absence of the Management, where necessary.

4.5 To review the External Auditors' management letter and the Management's response.

4.6 To review the Group's quarterly and annual consolidated financial statements and thereafter to submit them to the Board, focusing particularly on any changes in accounting policies and practices; significant adjustments arising from audit; the going concern assumption; compliance with accounting standards and other legal requirements.

AUDIT COMMITTEE REPORT (CONT'D)

4.7 To evaluate the adequacy and effectiveness of the internal control systems as well as the administrative, operating and accounting policies employed.

4.8 To review any related party transactions that may arise within the Company or Group.

4.9 To nominate a person or persons as the External Auditors. To consider the audit fee and any question of resignation or dismissal of the External Auditors.

4.10 To consider and decide all matters concerning the appointment or dismissal of the Internal Auditors.

4.11 To take cognizance of resignation of members of the Company's internal audit function and provide the resigning member an opportunity to submit his/ her reasons for resigning.

4.12 To monitor and review the effectiveness of the Internal Auditors and External Auditors.

4.13 To review any appraisal or assessment of the performance of members of the Company's internal audit function.

4.14 To review the assistance given by the officers and employees of the Group to the Internal Auditors and External Auditors.

4.15 To review reports and consider recommendations of the Sub-AC(s), if any.

4.16 To identify and direct any special projects or investigations it deems necessary.

4.17 To carry out such other functions and consider other topics as may be agreed upon from time to time with the Board.

5. Meetings

5.1 The AC shall hold regular meetings as and when the need arises and any such additional meetings as the Chairman of the AC so decides to fulfill its duties.

5.2 A quorum shall consist of two (2) members. The majority of members present must be Independent Non-Executive Directors.

5.3 Notice of not less than three (3) working days shall be given for the calling of any meeting to those entitled and required to be present.

5.4 Matters raised and tabled at all meetings shall be decided by a majority of votes of the members.

5.5 A resolution in writing, signed by all the members shall be as valid and effective as if it had been deliberated and decided upon at a meeting of the AC.

5.6 Proceedings of all meetings held and resolutions passed as referred to in Clause 5.5 above shall be recorded by the Secretary and kept at the Company's registered office.

5.7 Every member of the Board shall have the right at any time to inspect the minutes of all meetings held and resolutions passed by the AC and the reports submitted thereat.

5.8 The External Auditors shall have the right to appear and be heard at any meeting and shall appear before the AC when so required by the AC.

5.9 Upon the request of the External Auditors, the Chairman shall convene a meeting to consider any matters the External Auditors believe should be brought to the attention of the Directors or shareholders of the Company.

5.10 The Executive Directors of any company within the Group, representatives of the Internal Auditors, the Management and any employees of the Group, as the case requires, may be requested to attend such meetings.

5.11 The AC shall meet with the External Auditors at least twice in a financial year without the presence of the executive board members of the Company.

AUDIT COMMITTEE REPORT (CONT'D)

6. Compliance

6.1 The provisions of Articles 119, 120 and 121 of the Company's Articles of Association except as otherwise expressly provided in these Terms of Reference shall apply to the AC.

SUMMARY OF ACTIVITIES

During the financial year, the activities of the AC include the following:

- reviewed and approved the audited financial statements for the financial year ended 31 December 2007;
- adopted the proposed schedule of AC meetings during the financial year ended 31 December 2008;
- reviewed and approved the financial results for the quarters ended 31 December 2007, 31 March 2008, 30 June 2008 and 30 September 2008;
- reviewed and approved all recurrent related party transactions during the same financial quarters as above;
- reviewed the audit reports prepared by the Internal Auditors, considered their material findings and assess the Management's responses and actions thereto; and
- reviewed and discussed with the External Auditors the nature and scope of their audit plan for the financial year ended 31 December 2008 before the commencement of audit.

In addition, the Audit Committee had after the financial year ended 31 December 2008, reviewed and approved the following:

- the financial results for the quarter ended 31 December 2008;
- the audited financial statements for the financial year ended 31 December 2008;
- all recurrent related party transactions during the quarter ended 31 December 2008;
- the Statement on Internal Control;
- the Statement on Corporate Governance; and
- the Audit Committee Report.

INTERNAL AUDIT FUNCTION AND SUMMARY OF ACTIVITIES

The internal audit function for the Group has been outsourced to an external consultant who has performed an independent review of the Group's various departments during the financial year ended 31 December 2008.

The Internal Auditors of the Group reports directly to the Audit Committee and assists the Board in monitoring and managing risks and internal control system. The Audit Committee approves the internal audit plan and the scope of Internal Audit covering the relevant departments within the Group from time to time.

The Board is of the view that there is no significant breakdown or weaknesses in the systems of internal controls of the Group that may result in material losses incurred by the Group for the financial year.

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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 2008.

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 6 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/(Loss) before taxation	4,631,414	(186,315)
Taxation	(1,690,658)	(14,624)
Net profit/(loss) for the financial year	2,940,756	(200,939)
Attributable to:		
Equity holders of the Company	3,356,270	(200,939)
Minority shareholders' interests	(415,514)	-
	2,940,756	(200,939)

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 current financial year.

DIVIDEND

During the financial year, a final dividend of 4% less income tax at 26% on 126,782,744 ordinary shares of RM0.50 each, amounting to a total dividend of RM1,876,382 in respect of the previous financial year was paid on 22 August 2008.

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 Note 27 to the financial statements.

ISSUE OF SHARES AND DEBENTURES

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

DIRECTORS' REPORT (CONT'D)

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 31 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	
Dato' Foo Chu Jong	
Datuk Nur Jazlan Bin Tan Sri Mohamed	
Foo Chu Pak	
Foo Chew Sam	
To' Puan Seri Hajjah Nur Rahmah Bt Hj. Mohd Zain	(appointed on 20.8.2008)
Shariman Bin Zainal Abideen	(resigned on 17.11.2008)

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 1.1.2008	Acquired	Disposed	At 31.12.2008
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 1.1.2008	Granted	Exercised	At 31.12.2008
Prinsiptek Corporation Berhad				
Dato' Foo Chu Jong	900,000	-	-	900,000
Foo Chu Pak	800,000	-	-	800,000
Foo Chew Sam	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.

DIRECTORS' REPORT (CONT'D)

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 income statements and balance sheets 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;

    (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.

DIRECTORS' REPORT (CONT'D)

SIGNIFICANT EVENT

The significant event is disclosed in Note 36 to the financial statements.

AUDITORS

The auditors, Anuarul Azizan Chew & Co., 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
15 APRIL 2009

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 24 to 77 are drawn up in accordance with the applicable approved 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 2008 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
15 APRIL 2009

STATUTORY DECLARATION

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

I, DATO' FOO CHU JONG, being the Director primarily responsible for the financial management of PRINSIPTEK CORPORATION BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 24 to 77 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 DATO' FOO CHU JONG at)
KUALA LUMPUR in the Federal Territory)
this 15 APRIL 2009) DATO' FOO CHU JONG

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PRINSIPTEK CORPORATION BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Prinsiptek Corporation Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 24 to 77.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. 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' judgment, 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 applicable approved 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 2008 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report 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 6 to the financial statements.

(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 were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF PRINSIPTEK CORPORATION BERHAD

OTHER MATTERS

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.

ANUARUL AZIZAN CHEW & CO.
Firm Number: AF 0791
Chartered Accountants

CHEW KOK BIN
Approved Number: 1294/06/10 (J)
Partner of Firm

KUALA LUMPUR
15 APRIL 2009

BALANCE SHEETS

AS AT 31 DECEMBER 2008

	Note	Group 2008 RM	Group 2007 RM Restated	Company 2008 RM	Company 2007 RM Restated
Non-Current Assets					
Property, plant and equipment	3	10,149,980	13,271,705	1	1
Prepaid lease payments	4	2,853,600	2,924,800	-	-
Land and property development costs	5	68,418,685	78,512,517	-	-
Investment in subsidiary companies	6	-	-	43,192,467	43,192,467
Other investments	7	5,010,800	5,010,800	5,000,000	5,000,000
Intangible assets	8	10,714,383	10,922,459	-	-
		97,147,448	110,642,281	48,192,468	48,192,468
Current Assets					
Land and property development costs	5	17,066,215	569,181	-	-
Inventories	9	4,162,327	5,882,120	-	-
Trade receivables	10	140,237,402	203,001,416	-	-
Other receivables	11	29,756,374	27,783,516	2,128,901	2,757,670
Tax recoverable		2,520,208	514,489	70,988	96,265
Amount owing by customers on contracts	12	95,403,405	90,239,461	-	-
Amount owing by subsidiary companies	13	-	-	101,769,896	103,333,169
Cash held under Housing Development Account	14	68,357	1,040,646	-	-
Fixed deposits with licensed banks	15	25,240,320	28,602,476	197,000	143,110
Cash and bank balances		983,431	944,553	18,178	21,427
		315,438,039	358,577,858	104,184,963	106,351,641
Current Liabilities					
Trade payables	16	55,240,620	73,952,075	-	-
Other payables	17	21,495,059	28,513,027	345,719	435,076
Hire purchase payables	18	54,729	92,308	-	-
Bank borrowings	19	112,901,181	81,964,269	80,000,000	30,000,000
Amount owing to customers on contracts	12	70,768,796	90,810,100	-	-
Tax payables		61,129	1,442,957	-	-
		260,521,514	276,774,736	80,345,719	30,435,076
Net current assets		54,916,525	81,803,122	23,839,244	75,916,565
		152,063,973	192,445,403	72,031,712	124,109,033

BALANCE SHEETS (CONT'D)

AS AT 31 DECEMBER 2008

	Note	Group 2008 RM	Group 2007 RM Restated	Company 2008 RM	Company 2007 RM Restated
Financed By:					
Share capital	20	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
Exchange reserve		(1,830)	131	-	-
Retained profits/(Accumulated losses)		44,593,999	43,114,111	(9,594,375)	(7,517,054)
Equity attributable to equity holders of the Company		126,218,256	124,740,329	72,031,712	74,109,033
Minority shareholders' interests		1,966,708	2,358,039	-	-
Total equity		128,184,964	127,098,368	72,031,712	74,109,033
Non-Current Liabilities					
Trade payables	16	10,087,746	-	-	-
Hire purchase payables	18	57,751	91,034	-	-
Bank borrowings	19	13,268,330	64,759,282	-	50,000,000
Deferred tax liabilities	21	465,182	496,719	-	-
		23,879,009	65,347,035	-	50,000,000
		152,063,973	192,445,403	72,031,712	124,109,033

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

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

		Group		Company	
		2008	2007	2008	2007
	Note	RM	RM	RM	RM
Revenue	22	119,620,309	217,288,236	-	33,615,787
Cost of sales		(103,423,132)	(184,831,951)	-	-
Gross profit		16,197,177	32,456,285	-	33,615,787
Other operating income		1,634,397	1,988,843	5,515	-
Administration expenses		(7,334,730)	(6,663,362)	(103,687)	(93,884)
Other operating expenses		(2,307,095)	(2,548,421)	(88,143)	(80,675)
Finance costs	23	(3,558,335)	(3,448,811)	-	-
Profit/(Loss) before taxation	24	4,631,414	21,784,534	(186,315)	33,441,228
Taxation	25	(1,690,658)	(6,176,767)	(14,624)	(8,997,770)
Net profit/(loss) for the financial year		2,940,756	15,607,767	(200,939)	24,443,458
Net profit for the financial year attributable to:					
Equity holders of the Company		3,356,270	16,054,884		
Minority shareholders' interests		(415,514)	(447,117)		
		2,940,756	15,607,767		
Earnings per share attributable to equity holders of the Company (sen):					
Basic	26(a)	2.65	12.66		
Fully diluted	26(b)	2.65	12.66		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

		Attributable to Equity Holders of the Company						
			Non-Distributable		Distributable			
	Note	Share Capital RM	Share Premium RM	Exchange Reserve RM	Retained Profits RM	Total RM	Minority Shareholders' Interests RM	Total Equity RM
Group								
At 1 January 2007								
- As previously stated		63,391,372	21,734,715	(2,175)	64,743,793	149,867,705	1,615,759	151,483,464
- Prior year adjustment	27	-	(3,500,000)	-	(34,908,020)	(38,408,020)	-	(38,408,020)
- As restated		63,391,372	18,234,715	(2,175)	29,835,773	111,459,685	1,615,759	113,075,444
Issue of shares by a subsidiary company to minority shareholders		-	-	-	-	-	1,184,412	1,184,412
Exchange difference arising during the financial year		-	-	2,306	-	2,306	4,985	7,291
Net profit for the financial year		-	-	-	16,054,884	16,054,884	(447,117)	15,607,767
Dividend	28	-	-	-	(2,776,546)	(2,776,546)	-	(2,776,546)
At 31 December 2007		63,391,372	18,234,715	131	43,114,111	124,740,329	2,358,039	127,098,368
At 1 January 2008								
- As previously stated		63,391,372	21,734,715	131	78,022,131	163,148,349	2,358,039	165,506,388
- Prior year adjustment	27	-	(3,500,000)	-	(34,908,020)	(38,408,020)	-	(38,408,020)
- As restated		63,391,372	18,234,715	131	43,114,111	124,740,329	2,358,039	127,098,368
Exchange difference arising during the financial year		-	-	(1,961)	-	(1,961)	24,183	22,222
Net profit for the financial year		-	-	-	3,356,270	3,356,270	(415,514)	2,940,756
Dividend	28	-	-	-	(1,876,382)	(1,876,382)	-	(1,876,382)
At 31 December 2008		63,391,372	18,234,715	(1,830)	44,593,999	126,218,256	1,966,708	128,184,964

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Note	Share Capital RM	Non-Distributable Share Premium RM	Accumulated Losses RM	Total RM
Company					
At 1 January 2007					
- As previously stated		63,391,372	21,734,715	5,724,054	90,850,141
- Prior year adjustment	27	-	(3,500,000)	(34,908,020)	(38,408,020)
- As restated		63,391,372	18,234,715	(29,183,966)	52,442,121
Net profit for the financial year		-	-	24,443,458	24,443,458
Dividend	28	-	-	(2,776,546)	(2,776,546)
At 31 December 2007		63,391,372	18,234,715	(7,517,054)	74,109,033
At 1 January 2008					
- As previously stated		63,391,372	21,734,715	27,390,966	112,517,053
- Prior year adjustment	27	-	(3,500,000)	(34,908,020)	(38,408,020)
- As restated		63,391,372	18,234,715	(7,517,054)	74,109,033
Net loss for the financial year		-	-	(200,939)	(200,939)
Dividend	28	-	-	(1,876,382)	(1,876,382)
At 31 December 2008		63,391,372	18,234,715	(9,594,375)	72,031,712

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

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash Flows From Operating Activities				
Profit/(Loss) before taxation	4,631,414	21,784,534	(186,315)	33,441,228
Adjustments for:				
Amortisation of development rights	208,076	523,101	-	-
Depreciation of property, plant and equipment	447,939	424,767	-	3,624
Interest expense	3,558,335	3,448,811	-	-
Property, plant and equipment written-off	60,628	-	-	-
Waiver of debts	9,582	-	-	-
Unrealised exchange loss	265,597	387,024	-	-
Gain on disposal of property, plant and equipment	(220,416)	(170,581)	-	-
Loss on disposal of prepaid lease payments	71,200	-	-	- -
Interest income	(1,046,417)	(1,461,046)	(5,515)	(15,787)
Dividend income	(135)	(225)	-	(33,600,000)
Operating profit/(loss) before working capital changes	7,985,803	24,936,385	(191,830)	(170,935)
Decrease/(Increase) in working capital				
Inventories	1,719,793	(5,865,552)	-	-
Property development expenditure	(2,757,522)	(16,356,583)	-	-
Amount owing by/to customers on contracts	(18,019,922)	44,601,889	-	-
Trade and other receivables	60,781,573	(21,702,061)	628,769	(420,279)
Trade and other payables	(16,128,680)	(10,217,138)	(89,357)	65,452
Amount owing by subsidiary companies	-	-	1,563,273	(22,067,034)
	25,595,242	(9,539,445)	2,102,685	(22,421,861)
Cash from/(used in) operations	33,581,045	15,396,940	1,910,855	(22,592,796)
Interest received	1,046,417	1,461,046	5,515	15,787
Interest paid	(11,719,418)	(9,227,831)	-	-
Tax refund	342,981	735,766	11,188	11,941
Tax paid	(5,452,688)	(7,245,800)	(535)	(9,079,552)
	(15,782,708)	(14,276,819)	16,168	(9,051,824)
Net cash from/(used in) operating activities	17,798,337	1,120,121	1,927,023	(31,644,620)

CASH FLOW STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

		Group		Company	
		2008	2007	2008	2007
	Note	RM	RM	RM	RM
Cash Flows From Investing Activities					
Purchase of property, plant and equipment	29	(814,403)	(7,336,232)	-	-
Purchase of leasehold land		-	(2,853,600)	-	-
Proceeds from disposal of property, plant and equipment		1,214,905	632,600	-	-
Acquisition of subsidiary companies		-	-	-	(90,896)
Dividend received		100	225	-	33,600,000
Net cash from/(used in) investing activities		400,602	(9,557,007)	-	33,509,104
Cash Flows From Financing Activities					
Drawdown of bank borrowings		-	16,367,100	-	-
Repayment of bank borrowings		(1,983,359)	(1,982,669)	-	-
Repayment of hire purchase payables		(70,862)	(179,468)	-	-
Proceeds from issue of shares to minority shareholders		-	1,184,412	-	-
Release/(Increase) of fixed deposits pledged		3,362,156	24,544,779	(53,890)	895,094
Dividend paid	28	(1,876,382)	(2,776,546)	(1,876,382)	(2,776,546)
Net cash (used in)/from financing activities		(568,447)	37,157,608	(1,930,272)	(1,881,452)
Net increase/(decrease) in cash and cash equivalents		17,630,492	28,720,722	(3,249)	(16,968)
Effects of foreign exchange rate changes		6,778	(223)	-	-
Cash and cash equivalents at beginning of the financial year		(48,207,897)	(76,928,396)	21,427	38,395
Cash and cash equivalents at end of the financial year		(30,570,627)	(48,207,897)	18,178	21,427
Cash and cash equivalents at end of the financial year comprises:					
Fixed deposits with licensed banks		25,240,320	28,602,476	197,000	143,110
Cash and bank balances		983,431	944,553	18,178	21,427
Cash held under Housing Development Account		68,357	1,040,646	-	-
Bankers' acceptance		(5,778,000)	(14,931,000)	-	-
Bank overdrafts and project loans		(25,844,415)	(35,262,096)	-	-
		(5,330,307)	(19,605,421)	215,178	164,537
Less: Fixed deposits pledged with licensed banks		(25,240,320)	(28,602,476)	(197,000)	(143,110)
		(30,570,627)	(48,207,897)	18,178	21,427

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

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 6 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 Board of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are located at 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 except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and the applicable approved Financial Reporting Standards in Malaysia.

During the financial year, the Group and the Company has adopted the following applicable revised Financial Reporting Standards ("FRSs"), amendment to FRS and Issues Committee ("IC") Interpretations issued by the Malaysian Accounting Standards Board that are mandatory for current financial year:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
IC Interpretation 8	Scope of FRS 2 Share-Based Payment

The adoption of the above revised FRSs, amendment to FRS and IC Interpretations does not have any significant impact on the financial statements of the Group and of the Company.

The Directors of the Group and the Company anticipate that the application of the following new FRSs and IC Interpretations, 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 39 to the financial statements:

		Effective date for financial periods beginning on or after
FRS 8	Operating Segments	1 July 2009
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

(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 balance sheet 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 2008 are disclosed in Note 3 to the financial statements.

(ii) Amortisation of prepaid lease payments

The costs of prepaid lease payments of the Group and of the Company are amortised on a straight-line basis over the useful lives of the assets. These are common life expectancies applied in the industry. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future amortisation charges could be revised. The carrying amounts of the Group's and of the Company's prepaid lease payments at 31 December 2008 are disclosed in Note 4 to the financial statements.

(iii) 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.

(iv) Property development costs

The Group recognises property development revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs. 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 2008 are disclosed in Note 5 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

(v) **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(h)(i). 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 2008 are disclosed in Note 8 to the financial statements.

(vi) **Amortisation of development rights**

The costs of development rights of the Group are amortised through the consolidated income statement based on the percentage of completion of each project commencing from the launching date of the project. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual value of this asset, therefore future amortisation charges could be revised. The carrying amounts of the Group's development rights at 31 December 2008 are disclosed in Note 8 to the financial statements.

(vii) **Construction contracts**

The Group recognises contracts revenue and contracts costs in the income statement 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 contracts costs incurred, the estimated total contracts revenue and costs, as well as the recoverability of the constructions 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 2008 are disclosed in Note 12 to the financial statements.

(viii) **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.

(d) Basis of consolidation

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

In the Company's separate financial statements, investments in subsidiary companies and investment in associated companies are stated at cost less impairment losses in accordance with Note 2(i). On disposal of these investments, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

The purchase 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, plus costs directly attributable to the acquisition. 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. 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(h)(I). Reserve on consolidation is recognised immediately in income statement.

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

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unimpaired balance of goodwill which were not previously recognised in the consolidated income statement.

Minority interest is measured at the minorities' share of the fair value of identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority are attributed to the equity holders of the Company.

(ii) Changes in Group composition

Where a subsidiary issues new equity shares to minority shareholders for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statement.

When a group purchases a subsidiary's equity shares from minority shareholders for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition accounting method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iii) Transaction costs

Costs directly attributable to an acquisition are included as part of the cost of acquisition.

(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(i).

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 income statements as incurred.

(iii) **Depreciation**

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of property, plant and equipment. Freehold land is not depreciated.

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

Buildings	50 years
Computers	3 - 10 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 income statement. On disposal of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred to distribution reserve.

(f) Prepaid lease payments

Leasehold land that normally has an indefinite economic life and its title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted as prepaid lease payments that is amortised over the lease term except for leasehold land classified as investment property. The land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification.

(g) Other investments

Other investments are long term investments stated at cost and allowance is made where, in the opinion of the Directors, there is a permanent diminution in value. Permanent diminution in the value of investment is recognised as an expense in the financial year in which the diminution is identified.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

(h) Intangible assets

(I) 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 income statements.

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 frequent when there is objective evidence that the carrying value may be impaired, in accordance with Note 2(i).

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.

(II) Development rights

Development rights represent the excess of the acquisition cost over the fair values of the net assets of subsidiary companies, which own development rights over certain development land, acquired at the date of acquisition.

Following the initial recognition, development rights are measured at cost less accumulated impairment losses, in accordance with Note 2(i). Development rights are amortised through the consolidated income statement based on the percentage of completion of each project commencing from the launching date of the project.

(i) Impairment of 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 largely are independent from other assets and groups. Impairment losses are recognised in the income statements 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 income statements, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

(j) 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(i).

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.

(k) 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 income statement 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 income statement 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 income statement, 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.

(l) Inventories

(i) Development properties

Inventories represent cost of unsold completed development units which is determined on a specific identification basis. The inventories are stated at the lower of cost and net realisable value.

(ii) Other inventories

Inventories are valued at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damaged, obsolete or slow-moving inventories.

Cost is determined using the first in, first out method. The cost of raw materials comprises the original cost of purchase plus the cost of bringing the stocks to its present location and condition.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

(m) Trade and other receivables

Trade and other receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts. Doubtful debts are provided based on specific review of the receivables. Bad debts are written off when identified.

(n) 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 balance sheet 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.

(o) 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.

(p) Trade and other payables

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether billed or unbilled.

(q) 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 balance sheet 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 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 income statement 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

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 income statements on a straight line basis over the term of the relevant lease.

(r) Borrowings

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

(s) 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 income statement in the period in which they are incurred.

(t) 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 balance sheet 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.

(u) Equity instruments

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

(v) 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 income statements.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

(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 balance sheet presented are translated at the closing rate at the date of that balance sheet;

(2) income and expenses for each income statement 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 income statements 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 is:

	2008 RM	2007 RM
Thailand Baht ("THB")	0.0987	0.0996

(w) 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. Allowance for foreseeable losses is made in the financial statements when such losses can be determined.

(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 the shareholder's right to receive payment is established.

(x) 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 balance sheet 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 income statement 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 balance sheet 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 income statement, 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.

(y) 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 balance sheet date.

Deferred tax is recognised on the liability method for all temporary differences between the carrying amount of an asset or liability in the balance sheets and its tax base at the balance sheet 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 balance sheet date. The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it becomes probable that sufficient future taxable profit will be available.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

Deferred tax is recognised in the income statements, 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.

(z) Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, deposits, other investments, receivables, payables and borrowings. Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

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

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual accounting policy statements associated with each item.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold 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 2008	2,581,960	5,044,480	1,471,639	1,177,823	58,689	2,134,391	1,111,559	8,035,038	494,577	22,110,156
Reclassification	(1,545,073)	-	-	-	-	-	-	-	-	(1,545,073)
Additions	-	-	186,767	57,362	2,072	12,390	173,008	382,804	-	814,403
Disposals	(598,700)	(106,800)	(104,528)	(30,900)	-	(10,000)	(42,425)	(541,629)	-	(1,434,982)
Written-off	-	-	(4,652)	(103,161)	-	-	(508,455)	-	-	(616,268)
Exchange differences	-	-	472	2,033	-	3,496	234	27,609	-	33,844
At 31 December 2008	438,187	4,937,680	1,549,698	1,103,157	60,761	2,140,277	733,921	7,903,822	494,577	19,362,080
Accumulated depreciation										
At 1 January 2008	-	131,182	1,268,072	339,187	252	1,715,791	750,943	4,248,193	384,831	8,838,451
Charge for the financial year	-	103,604	135,123	92,607	942	113,814	68,095	818,493	36,609	1,369,287
Disposals	-	(12,105)	(104,481)	(7,983)	-	(7,000)	(23,318)	(285,606)	-	(440,493)
Written-off	-	-	(1,109)	(67,758)	-	-	(486,773)	-	-	(555,640)
Exchange differences	-	-	93	(31)	-	314	26	93	-	495
At 31 December 2008	-	222,681	1,297,698	356,022	1,194	1,822,919	308,973	4,781,173	421,440	9,212,100
Carrying amount										
At 31 December 2008	438,187	4,714,999	252,000	747,135	59,567	317,358	424,948	3,122,649	73,137	10,149,980

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold 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 2007										
- As previously stated	2,653,160	764,080	1,311,506	981,765	74,604	1,972,687	1,110,917	6,195,041	494,577	15,558,337
- Effect of adoption of FRS 117	(71,200)	-	-	-	-	-	-	-	-	(71,200)
- As restated	2,581,960	764,080	1,311,506	981,765	74,604	1,972,687	1,110,917	6,195,041	494,577	15,487,137
Reclassifications	-	-	34,694	978	(24,909)	-	(24,848)	14,085	-	-
Additions	-	4,280,400	125,523	195,387	8,969	248,785	25,490	2,551,678	-	7,436,232
Disposals	-	-	-	-	-	(86,769)	-	(721,600)	-	(808,369)
Exchange differences	-	-	(84)	(307)	25	(312)	-	(4,166)	-	(4,844)
At 31 December 2007	2,581,960	5,044,480	1,471,639	1,177,823	58,689	2,134,391	1,111,559	8,035,038	494,577	22,110,156
Accumulated depreciation										
At 1 January 2007	-	72,157	1,102,399	270,004	870	1,693,382	670,912	3,812,902	348,212	7,970,838
Reclassifications	-	-	5,005	15	(870)	-	(4,868)	718	-	-
Charge for the financial year	-	59,025	160,700	69,201	252	107,823	84,900	696,079	36,619	1,214,599
Disposals	-	-	-	-	-	(85,323)	-	(261,027)	-	(346,350)
Exchange differences	-	-	(32)	(33)	-	(91)	(1)	(479)	-	(636)
At 31 December 2007	-	131,182	1,268,072	339,187	252	1,715,791	750,943	4,248,193	384,831	8,838,451
Carrying amount										
At 31 December 2007	2,581,960	4,913,298	203,567	838,636	58,437	418,600	360,616	3,786,845	109,746	13,271,705

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Computers RM	Total RM
Cost		
At 1 January 2008/31 December 2008	14,500	14,500
Accumulated depreciation		
At 1 January 2008/31 December 2008	14,499	14,499
Carrying amount		
At 31 December 2008	1	1
Cost		
At 1 January 2007/31 December 2007	14,500	14,500
Accumulated depreciation		
At 1 January 2007	10,875	10,875
Charge for the financial year	3,624	3,624
31 December 2007	14,499	14,499
Carrying amount		
At 31 December 2007	1	1

(a) The freehold land and buildings of the Group with a carrying amount of RM438,187 and RM4,714,999 (2007: RM1,983,260 and RM4,816,645) respectively have been pledged to licensed banks as security for credit facilities granted to a subsidiary company as disclosed in Note 19 to the financial statements.

(b) Included in the property, plant and equipment of the Group is motor vehicles acquired under hire purchase with carrying amount of RM225,880 (2007: RM417,438).

4. PREPAID LEASE PAYMENTS

	Group 2008 RM	2007 RM
Cost		
At 1 January	2,924,800	71,200
Additions during the financial year	-	2,853,600
Disposal	(71,200)	-
At 31 December	2,853,600	2,924,800

(a) The above prepaid lease payments consist of upfront payments made for long term leasehold land.

(b) The prepaid lease payments of RM2,853,600 (2007: RM2,853,600) have been pledged to licensed banks as security for credit facilities granted to a subsidiary company as disclosed in Note 19 to the financial statements.

(c) The amortisation of the prepaid lease payments will take effect from the date the individual titles are issued.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

5. LAND AND PROPERTY DEVELOPMENT COSTS

	Group 2008 RM	2007 RM
Non-Current		
Leasehold land, at cost		
At 1 January/31 December	3,800,000	3,800,000
Freehold land, at cost		
At 1 January	28,625,797	3,596,689
Additions during the financial year	-	25,029,108
Transferred from property, plant and equipment	1,545,073	-
Exchange difference	152,284	-
Transferred to current assets	(13,795,028)	-
At 31 December	16,528,126	28,625,797
	20,328,126	32,425,797
Development costs		
At 1 January	46,086,720	32,789,072
Additions during the financial year	2,552,766	13,297,648
Exchange difference	6,127	-
Transferred to current assets	(555,054)	-
At 31 December	48,090,559	46,086,720
	68,418,685	78,512,517
Current		
Leasehold land, at cost		
At 1 January	-	4,178,570
Transferred to inventories	-	(1,325,235)
Transferred to income statements	-	(2,853,335)
At 31 December	-	-
Freehold land, at cost		
At 1 January	-	-
Transferred from non-current assets	13,795,028	-
At 31 December	13,795,028	-
Development costs		
At 1 January	24,717,404	102,427,907
Additions during the financial year	3,231,795	6,817,361
Transferred from non-current assets	555,054	-
Transferred to inventories	-	(4,556,815)
Transferred to income statements	(25,233,066)	(79,971,049)
At 31 December	3,271,187	24,717,404
	17,066,215	24,717,404
Less: Costs recognised in the income statement		
At 1 January	24,148,223	85,943,218
Recognised during the financial year	1,084,843	21,029,389
	25,233,066	106,972,607
Less: Completed projects	(25,233,066)	(82,824,384)
At 31 December	-	24,148,223
	17,066,215	569,181

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

(a) Certain subsidiary companies entered into privatisation agreements with the landowners to develop several pieces of leasehold land solely at the cost of the subsidiary companies and based on the agreements, that subsidiary companies are required to pay a consideration of 20% of the total projected gross sales value of the development to the landowner 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 RM20,328,126 (2007: RM18,783,053) have been pledged to licensed banks as security for credit facilities granted to subsidiary companies as disclosed in Note 19 to the financial statements.

(d) Included in the property development costs for the financial year are the following expenses:

		Group	
		2008	2007
	Note	RM	RM
Finance costs	23	1,942,195	1,876,095
Director of a subsidiary company			
- fees		22,068	22,068

6. INVESTMENT IN SUBSIDIARY COMPANIES

(a) Investment in subsidiary companies

	Company	
	2008	2007
	RM	RM
Unquoted shares, at cost		
In Malaysia	43,096,912	43,096,912
Outside Malaysia	95,555	95,555
	43,192,467	43,192,467

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

Name of company	Country of incorporation	Effective interest 2008 %	Effective interest 2007 %	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
Strategic Development Sdn. Bhd.	Malaysia	100	100	Property development
Magnificent Degree Sdn. Bhd.	Malaysia	100	100	Provision of project management and secretarial services

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Name of company	Country of incorporation	Effective interest 2008 %	Effective interest 2007 %	Principal activities
	Direct holding:				
	Prinsiptek Properties Sdn. Bhd.	Malaysia	100	100	Property development
#	Global Panel Hong Kong Ltd	British Virgin Island	100	100	Dormant
*	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	60	60	Manufacturing and trading of ready mixed concrete
	Antap Wangsa Holdings Sdn. Bhd.	Malaysia	100	100	Construction works
	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
	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.

The audited financial statements for the financial year ended 31 December 2008 of this subsidiary company are not available at the date the financial statements of the Group are authorised for issue. However, the Directors are of the opinion that the financial results of this subsidiary company are not material to the Group as the said subsidiary company is dormant. Hence, the management accounts of the said subsidiary company for the financial year ended 31 December 2008 have been used for the consolidation purposes. The said subsidiary company will be deregistered by end of year 2009.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

7. OTHER INVESTMENTS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
At cost:				
Quoted shares in Malaysia	10,800	10,800	-	-
Unquoted bond in Malaysia	5,000,000	5,000,000	5,000,000	5,000,000
	5,010,800	5,010,800	5,000,000	5,000,000
At market value:				
Quoted shares in Malaysia	2,790	4,500	-	-

8. INTANGIBLE ASSETS

	Note	Goodwill on consolidation RM	Listing status RM	Development rights RM	Total RM
Group					
Cost					
At 1 January 2008/ 31 December 2008					
- As previously stated		8,260,819	38,408,020	4,337,446	51,006,285
- Prior year adjustment	27	-	(38,408,020)	-	(38,408,020)
- As restated		8,260,819	-	4,337,446	12,598,265
Accumulated amortisation					
At 1 January 2008		-	-	(1,675,806)	(1,675,806)
Amortisation during the financial year		-	-	(208,076)	(208,076)
At 31 December 2008		-	-	(1,883,882)	(1,883,882)
		8,260,819	-	2,453,564	10,714,383
Cost					
At 1 January 2007/ 31 December 2007					
- As previously stated		8,260,819	38,408,020	4,337,446	51,006,285
- Prior year adjustment	27	-	(38,408,020)	-	(38,408,020)
- As restated		8,260,819	-	4,337,446	12,598,265
Accumulated amortisation					
At 1 January 2007		-	-	(1,152,705)	(1,152,705)
Charge for the financial year		-	-	(523,101)	(523,101)
At 31 December 2007		-	-	(1,675,806)	(1,675,806)
		8,260,819	-	2,661,640	10,922,459

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Note	Goodwill on consolidation RM	Listing status RM	Development rights RM	Total RM
Company					
At 1 January 2008/ 31 December 2008					
- As previously stated		-	38,408,020	-	38,408,020
- Prior year adjustment	27	-	(38,408,020)	-	(38,408,020)
- As restated		-	-	-	-
At 1 January 2007/ 31 December 2007					
- As previously stated		-	38,408,020	-	38,408,020
- Prior year adjustment	27	-	(38,408,020)	-	(38,408,020)
- As restated		-	-	-	-

(a) Impairment test for intangible assets

Goodwill on consolidation and development rights have 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 4.50% 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.

During the financial year, the Group did not recognise any impairment loss in respect of the goodwill on consolidation.

9. INVENTORIES

	Group 2008 RM	Group 2007 RM
Raw material	-	70
Unsold units of completed properties	4,162,327	5,882,050
	4,162,327	5,882,120

The unsold units of completed properties with a carrying amount of Nil (2007: RM5,882,050) have been pledged to a licensed bank as security for credit facilities granted to a subsidiary company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

10. TRADE RECEIVABLES

	Group	
	2008	2007
	RM	RM
Trade receivables	131,043,532	190,419,720
Accrued billings in respect of property development costs	5,119,145	9,675,368
Retention sum on contracts	4,074,725	2,906,328
	140,237,402	203,001,416

The Group's normal trade credit terms range from 14 to 60 days (2007: 14 to 60 days). Other credit terms are assessed and approved on a case by case basis.

11. OTHER RECEIVABLES

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Other receivables	21,071,990	16,870,726	1,934,687	2,526,328
Deposits	7,992,973	9,636,902	-	-
Prepayments	691,411	1,275,888	194,214	231,342
	29,756,374	27,783,516	2,128,901	2,757,670

12. AMOUNT OWING BY/(TO) CUSTOMERS ON CONTRACTS

	Group	
	2008	2007
	RM	RM
Aggregate cost incurred to date	1,139,758,975	1,137,895,588
Add: Attributable profits	158,804,016	160,455,928
	1,298,562,991	1,298,351,516
Less: Progress billings	(1,273,928,382)	(1,298,922,155)
	24,634,609	(570,639)
Represented by:		
Amount owing by customers on contracts	95,403,405	90,239,461
Amount owing to customers on contracts	(70,768,796)	(90,810,100)
	24,634,609	(570,639)
Advances received on contracts included in other payables	15,858,848	24,173,160
Retention sum included in the progress billings	3,754,575	2,906,328

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

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

		Group	
		2008	2007
	Note	RM	RM
Hire of machinery		295,595	621,843
Company's Director			
- salaries and other emoluments		142,789	103,745
Depreciation of property, plant and equipment		921,348	789,832
Finance costs	23	6,529,573	9,227,272
Rental of premises		68,965	142,146
Staff costs	30	1,924,344	2,128,936

13. AMOUNT OWING BY SUBSIDIARY COMPANIES

These represent unsecured advances at interest rates range from 7.80 to 8.10% (2007: 7.80% to 8.10%) per annum with no fixed term of repayment.

14. 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.

15. 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 19 to the financial statements.

The interest rates of deposits during the financial year range from 2.25% to 4.50% (2007: 2.25% to 4.50%) per annum and the maturities of deposits are 30 to 365 days (2007: 30 to 365 days) respectively.

16. TRADE PAYABLES

	Group	
	2008	2007
	RM	RM
Payable within 12 months		
Trade payables		
- Related party	53,601	42,294
- Third parties	40,251,059	53,345,867
	40,304,660	53,388,161
Retention sum on contracts	14,935,960	20,563,914
	55,240,620	73,952,075
Payable after 12 months		
Trade payables		
- Third parties	10,087,746	-

Included in the trade payables of the Group is an amount of RM10,312,188 (2007: RM11,834,800) owing to the landowner as disclosed in Note 5 to the financial statements.

The normal trade credit terms granted to the Group range from 30 to 90 days (2007: 30 to 90 days).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

17. OTHER PAYABLES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Other payables	3,160,006	1,488,945	14,782	88,530
Advance payments	15,858,848	24,173,610	-	-
Accruals	2,471,205	2,633,693	330,937	346,546
Deposits	5,000	216,779	-	-
	21,495,059	28,513,027	345,719	435,076

18. HIRE PURCHASE PAYABLES

		Group	
		2008 RM	2007 RM
(a)	Minimum hire purchase payments		
	Payable within one year	57,656	96,156
	Payable between one and five years	61,215	97,425
		118,871	193,581
	Less: Future finance charges	(6,391)	(10,239)
	Present value of hire purchase liabilities	112,480	183,342
(b)	Present value of hire purchase liabilities		
	Repayable within one year	54,729	92,308
	Repayable between one and five years	57,751	91,034
		112,480	183,342
	Analysed as:		
	Repayable within twelve months	54,729	92,308
	Repayable after twelve months	57,751	91,034
		112,480	183,342

Interest is charged at rates between 3.10% and 4.25% (2007: 3.10% and 4.25%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

19. BANK BORROWINGS

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Secured				
Project loans	6,079,085	13,874,301	-	-
Bank overdrafts	19,765,330	21,387,795	-	-
Bankers' acceptance	5,778,000	14,931,000	-	-
Fixed loans	14,547,096	15,727,974	-	-
Bridging loan	-	802,481	-	-
Murabahah Commercial Papers	30,000,000	30,000,000	30,000,000	30,000,000
	76,169,511	96,723,551	30,000,000	30,000,000
Unsecured				
Fixed loans	50,000,000	50,000,000	50,000,000	50,000,000
Total bank borrowings	126,169,511	146,723,551	80,000,000	80,000,000
Analysed as:				
Repayable within twelve months				
Secured				
Project loans	6,079,085	13,874,301	-	-
Bank overdrafts	19,765,330	21,387,795	-	-
Bankers' acceptance	5,778,000	14,931,000	-	-
Fixed loans	1,278,766	968,692	-	-
Bridging loan	-	802,481	-	-
Murabahah Commercial Papers	30,000,000	30,000,000	30,000,000	30,000,000
	62,901,181	81,964,269	30,000,000	30,000,000
Unsecured				
Fixed loans	50,000,000	-	50,000,000	-
	112,901,181	81,964,269	80,000,000	30,000,000
Repayable after twelve months				
Secured				
Fixed loans	13,268,330	14,759,282	-	-
Unsecured				
Fixed loans	-	50,000,000	-	50,000,000
	13,268,330	64,759,282	-	50,000,000
	126,169,511	146,723,551	80,000,000	80,000,000

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 5 to the financial statements;

(b) charge over the leasehold land of subsidiary companies as disclosed in Note 4 and Note 5 to the financial statements;

(c) pledge of fixed deposits of the Group and of the Company as disclosed in Note 15 to the financial statements; and

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

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

The unsecured fixed loan of RM50,000,000 (2007: RM50,000,000) represents primary collateralised loan obligations entered by the Company on 21 May 2004. The borrowing is for 5 years with interest to be serviced semi-annually at a fixed interest rate of 8.10% per annum and the principal sum is repayable in one lump sum on the last day of the tenure of the facility. A total of RM5,000,000 (2007: RM5,000,000) out of the above borrowing was used to invest in an unquoted subordinated bonds as disclosed in Note 7 to the financial statements being part of the terms and conditions under the above borrowing arrangement. The balance of the fund was utilised primarily for working capital purposes.

Maturity of borrowings is as follows:

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Within one year	112,901,181	81,964,269	80,000,000	30,000,000
Between one and two years	1,242,383	51,034,815	-	50,000,000
Between two and five years	2,683,535	3,388,071	-	-
More than five years	9,342,412	10,336,396	-	-
	126,169,511	146,723,551	80,000,000	80,000,000

Range of interest rates is as follows:

	Group	
	2008	2007
	%	%
Project loans	7.25 - 7.75	7.50 - 8.50
Bank overdrafts	7.75 - 8.25	8.00 - 8.50
Bankers' acceptance	4.21 - 5.23	4.00 - 5.00
Fixed loans	7.30 - 8.10	7.55 - 8.00
Bridging loan	-	8.00
Murabahah Commercial Papers	6.60 - 8.25	5.30 - 5.90

20. SHARE CAPITAL

	Group / Company	
	2008	2007
	RM	RM
Ordinary shares of RM0.50 each:		
Authorised	100,000,000	100,000,000
Issued and fully paid	63,391,372	63,391,372

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

21. DEFERRED TAX LIABILITIES

	Group 2008 RM	Group 2007 RM
At 1 January	496,719	565,368
Recognised in income statement	(12,888)	(54,833)
Reduction in tax rate	(18,608)	(19,105)
(Over)/Under provision in prior years	(41)	5,289
At 31 December	465,182	496,719

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

	Accelerated capital allowances RM
Group	
At 1 January 2008	496,719
Recognised in income statement	(12,888)
Reduction in tax rate	(18,608)
Over provision in prior years	(41)
At 31 December 2008	465,182
At 1 January 2007	565,368
Recognised in income statement	(54,833)
Reduction in tax rate	(19,105)
Under provision in prior years	5,289
At 31 December 2007	496,719

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

	Group 2008 RM	Group 2007 RM
Unused tax losses	2,728,494	531,817

The unused tax losses are available indefinitely for offset against future taxable profits of the companies in which those items arose.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

22. REVENUE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Construction contracts	110,111,886	185,428,374	-	-
Property development	3,015,005	23,005,094	-	-
Trading	6,493,418	8,854,768	-	-
Dividend income received/receivable from subsidiary company	-	-	-	33,600,000
Interest income	-	-	-	15,787
	119,620,309	217,288,236	-	33,615,787

23. FINANCE COSTS

		Group		Company	
	Note	2008 RM	2007 RM	2008 RM	2007 RM
Finance costs on:					
Bank overdrafts		1,747,957	1,943,220	-	-
Bankers' acceptance and bank guarantees		1,278,448	1,690,809	-	-
Bridging loan		-	125,459	-	-
Fixed and project loans, Murabahah Commercial Papers		8,586,696	10,664,365	-	-
Hire purchase		4,554	4,923	-	-
Others		412,448	123,402	-	-
		12,030,103	14,552,178	-	-
Less: Finance costs capitalised in qualifying assets					
Property development costs	5	(1,942,195)	(1,876,095)	-	-
Amount owing by/(to) customers on contracts	12	(6,529,573)	(9,227,272)	-	-
		(8,471,768)	(11,103,367)	-	-
		3,558,335	3,448,811	-	-

Borrowing costs capitalised in the qualifying assets during the financial year arose on the general borrowing pool and have been calculated by applying a capitalisation rate of 4.21% to 8.10% (2007: 4.00% to 8.50%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

24. PROFIT/(LOSS) BEFORE TAXATION

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Amortisation of development rights	208,076	523,101	-	-
Auditors' remuneration				
- current year	65,713	56,170	10,000	10,000
- under/(over) provision in prior year	1,500	(2,000)	-	-
Depreciation of property, plant and equipment	447,939	424,767	-	3,624
Company's Directors				
- fees	70,000	60,000	70,000	60,000
- salaries and other emoluments	1,720,465	1,613,317	-	-
- EPF	188,320	173,290	-	-
Director of subsidiary company				
- fees	-	2,995	-	-
Rental of equipment	-	1,155	-	-
Rental of premises	139,390	86,484	-	-
Property, plant and equipment written-off	60,628	-	-	-
Unrealised exchange loss	265,597	387,024	-	-
Gain on disposal of property, plant and equipment	(220,416)	(170,581)	-	-
Loss on disposal of prepaid lease payments	71,200	-	-	-
Waiver of debts	9,582	-	-	-
Dividend income	(135)	(225)	-	(33,600,000)
Income from hire of plant and machinery	(258,100)	(90,100)	-	-
Interest income	(1,046,417)	(1,461,046)	(5,515)	(15,787)

25. TAXATION

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Current income tax:				
- Malaysian income tax	1,696,991	6,301,566	-	9,029,131
Under/(Over) provision in prior years				
- Malaysian income tax	25,204	(56,150)	14,624	(31,361)
	1,722,195	6,245,416	14,624	8,997,770
Deferred tax				
- Relating to origination and reversal of temporary differences	(12,888)	(54,833)	-	-
- Relating to the change in tax rate	(18,608)	(19,105)	-	-
- (Over)/Under provision in prior year	(41)	5,289	-	-
	(31,537)	(68,649)	-	-
Tax expense for the financial year	1,690,658	6,176,767	14,624	8,997,770

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

Domestic current income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the financial year. The domestic statutory tax rate will be reduced to 25% from the current year's rate of 26% effective year of assessment 2009. The computation of deferred tax at 31 December 2008 has reflected these changes. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit/(loss) 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	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit/(Loss) before taxation	4,631,414	21,784,534	(186,315)	33,441,228
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	1,204,168	5,881,824	(48,442)	9,029,131
Different tax rates in other countries	46,579	231,125	-	-
Tax incentive for small and medium scale companies at 20% tax rate	(52,538)	(118,179)	-	-
Expenses not deductible for tax purposes	207,021	296,422	48,442	-
Income not subject to tax	(142,290)	(139,465)	-	-
Deferred tax assets not recognised	421,163	111,200	-	-
Reduction in tax rate used for deferred tax	(18,608)	(19,105)	-	-
Reversal of deferred tax assets not recognised	-	(16,194)	-	-
Under/(Over) provision of current taxation in prior years	25,204	(56,150)	14,624	(31,361)
(Over)/Under provision of deferred tax in prior years	(41)	5,289	-	-
Tax expense for the financial year	1,690,658	6,176,767	14,624	8,997,770

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 RM3,356,270 (2007: RM16,054,884) for the Group and the weighted average number of ordinary shares in issue during the financial year of 126,782,744 (2007: 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 RM3,356,270 (2007: RM16,054,884) for the Group and the adjusted weighted average number of ordinary shares issued and issuable of 126,782,744 (2007: 126,782,744) shares.

	Group	
	2008 RM	2007 RM
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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

27. PRIOR YEAR ADJUSTMENT

During the financial year, the Group changed its policy to discontinue the recognition of listing premium as an intangible asset, pursuant to the Financial Reporting Standards Implementation Committee Consensus 5/2008 dated 27 March 2008 issued by the Malaysian Institute of Accountants which stated that premium paid for the transfer of the listing status in a reverse takeover scenario should be expensed off to the income statement.

The listing premium represents:

(a) the cost of shares issued, comprising 816,040 new ordinary shares of RM0.50 each at an issue price of RM0.50 for the acquisition of L&M Corporation (M) Berhad (Special Administrators Appointed) ("L&M") pursuant to its Corporate Restructuring Exercise and the transfer of its listing status to the Company in the financial year 2003;

(b) RM36,000,000 nominal amount of ICULS at 100% for the settlement of scheme creditors under the Corporate and Debt Restructuring Scheme ("CDRS") of L&M via a creditors' agent; and

(c) cash payment of RM2,000,000, to the creditors in accordance with the terms of the CDRS of L&M via the Special Administrator of L&M.

The Group had previously recognised listing premium as an intangible asset which was retained in the balance sheet. The listing premium was reviewed annually and adjusted for impairment where it was considered necessary.

The financial effects arising from the change in the above accounting policy has been effected retrospectively as prior year adjustment and the correspondence comparative figures have been restated as follows:

	As previously stated RM	Prior year adjustment RM	As restated RM
Group			
Balance Sheet			
Intangible assets	49,330,479	(38,408,020)	10,922,459
Share premium	(21,734,715)	3,500,000	(18,234,715)
Retained profits	(78,022,131)	34,908,020	(43,114,111)
Company			
Balance Sheet			
Intangible assets	38,408,020	(38,408,020)	-
Share premium	(21,734,715)	3,500,000	(18,234,715)
Retained profits	(27,390,966)	34,908,020	7,517,054

28. DIVIDEND

	Group / Company 2008 RM	2007 RM
Final dividend of 4% (2007: 6%) less income tax at 26% (2007: 27%) on 126,782,744 (2007: 126,782,744) ordinary shares of RM0.50 each in respect of financial year ended 31 December 2007 (2007: 31 December 2006)	1,876,382	2,776,546

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

29. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group 2008 RM	Group 2007 RM
Aggregate costs	814,403	7,436,232
Less: Hire purchase financing	-	(100,000)
Cash payments	814,403	7,336,232

30. STAFF COSTS

	Note	Group 2008 RM	Group 2007 RM
Staff costs (excluding Directors) comprise:			
- charged to income statement		4,213,230	3,684,391
- capitalised in amount owing by/to customers on contracts	12	1,924,344	2,128,936
Total staff costs for the financial year		6,137,574	5,813,327

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 RM495,769 (2007: RM499,906).

31. 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) days 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

(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 per cent (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**
2008						
First Grant	6,524,500	-	-	800,000	5,724,500	3,447,540
WAEP	1.18	-	-	1.18	1.18	1.18
2007						
First Grant	6,524,500	-	-	-	6,524,500	2,929,155
WAEP	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**
2008		
First Grant	1.18	10.3.2004 - 9.3.2014
2007		
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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

32. 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 Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than Ringgit Malaysia. The currency giving rise to this risk is primarily Thailand Baht. The Group maintains a natural hedge that minimises the foreign exchange exposure by matching foreign currency income with foreign currency costs.

(c) Interest rate risk

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.

(d) 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.

At balance sheet 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 balance sheet.

(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.

(f) Fair values

(i) The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings approximated their fair values at the balance sheet date due to the relatively short term nature of these financial instruments.

(ii) The fair value of quoted financial instruments are determined by reference to the stock exchange quoted market bid prices at the close of the business on the balance sheet date as disclosed in Note 7 to the financial statements. It is not practical to estimate the fair value of the non-current unquoted investments because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

(iii) It is not practical to estimate the fair values of non-trade intercompany balances as there are no fixed repayment terms between the parties involved and without having to incur excessive costs. However, the Company does not anticipate the carrying amounts recorded in the balance sheet to be significantly different from the values that would eventually be received or settled.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

(iv) The long term borrowings are estimated by discounting the expected future cash flows using the current interest rates for the liabilities with similar risk profiles. Based on the prevailing borrowing rates of similar borrowings with the same maturity profile obtainable by the Group, the carrying values of the long term borrowings approximate their fair values.

(v) It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, cost and eventual outcome.

33. CONTINGENT LIABILITIES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Secured guarantees:				
- as performance and advance guarantees	60,489,163	69,453,001	-	-
- to trade suppliers	4,939,798	5,178,546	-	-
	65,428,961	74,631,547	-	-
Unsecured corporate guarantees given:				
- as performance guarantees	-	-	5,869,606	3,319,283
- to trade suppliers	-	-	2,721,240	4,519,971
- to licensed banks	-	-	86,239,666	111,876,636
	-	-	94,830,512	119,715,890
	65,428,961	74,631,547	94,830,512	119,715,890

34. CAPITAL COMMITMENTS

	Group	
	2008 RM	2007 RM
Authorised and contracted for:		
Acquisition of freehold land in overseas	11,607,605	11,479,468

35. NON-CANCELLABLE OPERATING LEASE COMMITMENTS

	Group	
	2008 RM	2007 RM
Future minimum rentals payables:		
Within one year	540,690	1,276,434
Between one and two years	218,331	322,358
Between two and five years	127,708	-
	886,729	1,598,792

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

36. SIGNIFICANT EVENT

During the financial year, the Company announced the termination of its Murabahah Medium Term Notes ("MMTNs") Programme of RM50.0 million nominal value. Pursuant to the said termination, the Company has no further obligations over its MMTNs Programme.

37. 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.

Segment revenue, results, assets and liabilities include items directly attributable to a segment and those where a reasonable basis of allocation exists. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used during more than one period.

The accounting policies of the segments are consistent with the accounting policies of the Group.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

37. SEGMENT INFORMATION - GROUP (CONT'D)

2008	Construction RM	Property Development RM	Trading and others RM	Elimination RM	Total RM
Revenue					
External sales	110,111,886	3,015,005	6,493,418	-	119,620,309
Inter-segment sales	348,648	-	13,839,805	(14,188,453)	-
	110,460,534	3,015,005	20,333,223	(14,188,453)	119,620,309
Results					
Segment results	7,464,494	(778,464)	457,302	-	7,143,332
Interest expense				-	(3,558,335)
Interest income				-	1,046,417
Profit before tax					4,631,414
Taxation					(1,690,658)
Net profit for the financial year					2,940,756
Assets					
Segment assets	270,912,776	94,998,951	18,913,232	-	384,824,959
Unallocated assets					27,760,528
Consolidated total assets					412,585,487
Liabilities					
Segment liabilities	131,419,918	21,322,031	4,962,752	-	157,704,701
Unallocated liabilities					126,695,822
Consolidated total liabilities					284,400,523
Other information					
Amortisation of development rights	-	208,076	-	-	208,076
Capital expenditure	782,924	31,479	-	-	814,403
Depreciation of property, plant and equipment	1,363,506	3,958	1,823	-	1,369,287
Non-cash expenses other than depreciation and amortisation	381,268	15,659	498	-	397,425

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

37. SEGMENT INFORMATION - GROUP (CONT'D)

2007	Construction RM	Property Development RM	Trading and others RM	Elimination RM	Total RM
Revenue					
External sales	185,428,374	23,005,094	8,854,768	-	217,288,236
Inter-segment sales	21,091,641	-	41,006,761	(62,098,402)	-
	206,520,015	23,005,094	49,861,529	(62,098,402)	217,288,236
Results					
Segment results	22,369,552	995,349	407,398	-	23,772,299
Interest expense					(3,448,811)
Interest income					1,461,046
Profit before tax					21,784,534
Taxation					(6,176,767)
Net profit for the financial year					15,607,767
Assets					
Segment assets	317,098,832	101,096,725	21,907,617	-	440,103,174
Unallocated assets					29,116,965
Consolidated total assets					469,220,139
Liabilities					
Segment liabilities	165,363,718	21,391,282	6,703,544	-	193,458,544
Unallocated liabilities					148,663,227
Consolidated total liabilities					342,121,771
Other information					
Amortisation of development rights	-	523,101	-	-	523,101
Capital expenditure	7,436,232	-	-	-	7,436,232
Depreciation of property, plant and equipment	1,208,961	-	5,638	-	1,214,599
Non-cash expenses other than depreciation and amortisation	359,675	27,349	-	-	387,024

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

(b) **Geographical segments**

In determining the geographical segments of the Group, segment revenue is based on the geographical location of customers. Segment assets and segment capital expenditure are based on geographical location of assets.

(i) **Revenue by geographical market**

	2008 RM	2007 RM
Malaysia	99,260,814	204,411,255
Thailand	20,359,495	12,876,981
	119,620,309	217,288,236

(ii) **Segment assets and additions to capital expenditure by geographical location of assets**

	Segment assets		Additions to capital expenditure	
	2008 RM	2007 RM	2008 RM	2007 RM
Malaysia	352,324,117	409,513,502	394,931	4,576,805
Thailand	32,500,842	30,589,672	419,472	2,859,427
	384,824,959	440,103,174	814,403	7,436,232

38. RELATED PARTY DISCLOSURES

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

	2008 RM	2007 RM
Group		
* Professional fees payable to Perunding CMF Sdn. Bhd.	185,787	167,354
* Purchases from SKC Machinery Sdn. Bhd.	-	906,241
Company		
* Dividend received from subsidiary companies	-	33,600,000

A shareholder and Director of Perunding CMF Sdn. Bhd. and SKC Machinery Sdn. Bhd. is the brother of Dato' Foo Chu Jong, Foo Chu Pak and Foo Chew Sam 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 Notes 13 and 16 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Short-term employee benefits	2,051,574	1,890,352	-	-

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:

	No. of Share Options					
		Movement during the < ------ financial year ------ >				
	Outstanding at 1 January	Granted	Exercised	Lapsed	Outstanding at 31 December	Exercisable at 31 December
2008						
First Grant	3,300,000	-	-	800,000	2,500,000	1,500,000
WAEP	1.18	-	-	1.18	1.18	1.18
2007						
First Grant	3,300,000	-	-	-	3,300,000	1,485,000
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 31 to the financial statements.

39. NEW FRSS 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 standards and interpretations issued which are applicable to the Group and the Company as follows:

(a) FRS 8: Operating Segments

This FRS requires the entity to disclose the following:

(i) Segment information based on the information reviewed by the entity's chief decision maker.

(ii) Factor used to identify the entity's reportable segments, including the basis of organisation (for example, whether management has chosen to organise the entity around differences in products and services, geographical areas, regulatory environments, or a combination of factors and whether operating segments have been aggregated).

(iii) Type of products and services from which each reportable segment derives its revenues.

(iv) The amounts of additions to non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

(v) Information about the extent of its reliance on its major customers. If revenues from transactions with a single external customer amount to 10 per cent or more of an entity's revenues, the entity shall disclose that fact, the total amount of revenues from each such customer, and the identity of the segment or segments reporting the revenues.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

(b) FRS 7: Financial Instruments: Disclosures

This new standard requires disclosures in financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and performance, and the nature and extent of risks arising from financial instruments to which an entity is exposed and how these risks are managed. This standard requires both qualitative disclosures describing management's objectives, policies and processes for managing those risks, and quantitative disclosures providing information about the extent to which an entity is exposed to risk, based on information provided internally to the entity's key management personnel.

(c) FRS 139: Financial Instruments: Recognition and Measurement

This standard establishes the principles for the recognition, derecognition and measurement of an entity's financial instruments and for hedge accounting.

The Group and the Company has applied the transitional provisions in FRS 7 and FRS 139 which exempt entities from disclosing the possible impact arising from initial application of the respective standards on the financial statements of the Group and the Company.

40. MATERIAL LITIGATION

On 4 March 2009, a winding-up petition against Prinsiptek (M) Sdn. Bhd. ("PSTM"), a subsidiary of the Company was presented via Shah Alam High Court Winding Up Petition No. MT5-28-57-2009.

Pembinaan Pakat Sejati Sdn. Bhd. ("the Petitioner") as a sub-contractor to PSTM has claimed for a sum of RM1,360,991.74 as at 15 January 2009 being sum due for works done.

On 10 March 2009, PSTM applied to the Court to strike out the petition and to restrain advertising the petition which was fixed for hearing on 19 March 2009.

On 19 March 2009, PSTM withdrawn its application to restrain advertising the petition since the petition had been advertised before the hearing. The application to strike out the petition has been fixed for continued hearing on 6 April 2009.

On 25 March 2009, PSTM's appeal against the Court's decision to set aside the appearance and disallow the setting aside of the judgment in default upon which the winding-up petition is based was transferred to the case management court. Pursuant to the case management instructions, the hearing of PSTM's appeal has been fixed on 14 April 2009.

On 6 April 2009, the Board of Directors of the Company announced that PSTM's application to stay/strike out the petition was set for continued hearing on 10 April 2009.

On 13 April 2009, the Court dismissed PSTM's application to stay/strike out the petition.

On 14 April 2009, PSTM filed its written submissions to the Court but the Petitioner had failed to file on the same date. The Court has fixed the hearing of the winding-up petition on 24 April 2009.

The Directors of PSTM have been advised by their solicitors that PSTM has a reasonable chance of successfully defending the Petitioner's claim.

The ultimate outcome of this claim cannot presently be determined and therefore no provision for liability has been made in the financial statements.

41. DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31 December 2008 were authorised for issue in accordance with a resolution of the Board of Directors on 15 April 2009.

STATEMENT OF DIRECTORS' RESPONSIBILITY

IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of their results and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are prudent and reasonable; and
- ensured applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been followed.

The Directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

OTHER COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

There were no proceeds raised from any proposal during the financial year ended 31 December 2008 ("Financial Year 2008").

2. SHARE BUY-BACKS

The Company did not purchase any of its own shares, cancel or resell any treasury shares during the Financial Year 2008.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no exercise of options under the Employees' Share Option Scheme of the Company during the Financial Year 2008.

4. AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR")

The Company did not sponsor any ADR or GDR programme during the Financial Year 2008.

5. SANCTIONS AND/ OR PENALTIES

There were no sanctions and/ or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the Financial Year 2008.

6. NON-AUDIT FEES

The total amount of non-audit fees paid and payable to the external auditors by the Company and its subsidiaries during the Financial Year 2008 is RM1,800.

7. VARIATION IN RESULTS

There is no material variance between the audited financial results for the Financial Year 2008 and the unaudited financial results previously announced by the Company.

The Company did not release any profit estimate, forecast or projection during the financial year.

8. PROFIT GUARANTEES

The Company did not give any profit guarantees during the Financial Year 2008.

9. REVALUATION POLICY

The Company does not adopt any revaluation policy on landed properties.

10. MATERIAL CONTRACTS

None of the Company and/ or its subsidiaries has any material contract involving its directors and major shareholders during the Financial Year 2008.

11. RECURRENT RELATED PARTY TRANSACTIONS

The details of the recurrent related party transactions conducted pursuant to shareholders' mandate during the Financial Year 2008 are disclosed in note 38 to the Financial Statements in this Annual Report.

LIST OF PROPERTIES
AS AT 31 DECEMBER 2008

Location	Description/ Existing Use	Area (Sq. Feet)	Tenure & Expiry Date	Net Book Value (RM'000)	Age of Building (Years)	Year of Acquisition
PT Nos. 3742 and 3743 H.S. (D) 9104 and 9105 Mukim Damansara Daerah Petaling Selangor Darul Ehsan	3-storey shop offices	4,047	Freehold	999	27	1990
PT Nos. 26720 – 26761 H.S. (M) 17037-17078 Mukim Batu Daerah Gombak Selangor Darul Ehsan	Land under development	177,723	Leasehold – expiring 2091	3,800	-	2004
Lot No. 2223 Geran Mukim No. 2 Mukim 13 Daerah Timur Laut Pulau Pinang	Land under development	65,394	Freehold	3,597	-	2006
Lot No. 9348 Geran No. 29632 Mukim Batu Daerah Gombak Selangor Darul Ehsan	Land under development	406,198	Freehold	1,545	-	2006
Lot Nos. 109-115, 435, 443-447 and 471 Geran Nos. 24607-24613, 37511, 33223-33227 and 18617 Mukim Bandar Kuala Lumpur Daerah Kuala Lumpur Negeri Wilayah Persekutuan	Land under development	30,869	Freehold	11,386	-	2007
Parcel Nos. A-G-02 to 04, A-G-23 to 28, B-G-02 to 07, C-G-55, C-G-56, C-G-58, C-G-59 and C-G-62 Master Title No. H.S. (D) 103045, PT 35940 Mukim Petaling District of Petaling State of Selangor	Single storey shop, ground floor of a 4-storey shop apartment	27,000	Title has not been issued by the State Authority	7,008	3	2007
Chanod Title No. 54386-54388, 59172, 54394, 59727 Land No. 2874-2876, 3116, 2882, 3156 Tumbol Shiengraknoi Amphur Bangpa-in Ayudhaya Province Thailand	Land under development	706,581	Freehold	13,795	-	2007

LIST OF PROPERTIES (CONT'D)

AS AT 31 DECEMBER 2008

Location	Description/ Existing Use	Area (Sq. Feet)	Tenure & Expiry Date	Net Book Value (RM'000)	Age of Building (Years)	Year of Acquisition
PT Nos. 1408 – 1414, 1416, 1419 – 1427 H.S. (D) 59039 – 59045, 59047, 59050 – 59058 Lot 210 Kawasan Bandar VI Daerah Melaka Tengah Negeri Melaka	Double storey terrace houses under inventory of unsold completed properties	29,058	Leasehold – expiring 2104	3,973	2	Not applicable
PT No. 59148 H.S. (D) 100909 Mukim Bandar Baru Bangi Daerah Ulu Langat Negeri Selangor	Double Storey terrace house under inventory of unsold completed properties	3,089	Leasehold – expiring 2104	189	3	Not applicable

ANALYSIS OF SHAREHOLDINGS

AS AT 6 APRIL 2009

Authorized share capital	:	RM100,000,000
Issued and paid-up share capital	:	RM63,391,372
Class of share	:	Ordinary shares of RM0.50 each
Voting rights	:	1 vote per shareholder on a show of hands and 1 vote per share on a poll

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	Total Shareholders	%
Less than 100	1,413	48.74	70,340	0.06
100 to 1,000	615	21.21	368,880	0.29
1,001 to 10,000	643	22.18	3,170,890	2.50
10,001 to 100,000	186	6.42	6,219,496	4.91
100,001 to 6,339,136 (less than 5% of issued shares)	38	1.31	27,400,613	21.61
6,339,137 and above (5% and above of issued shares)	4	0.14	89,552,525	70.63
Total	**2,899**	**100.00**	**126,782,744**	**100.00**

SUBSTANTIAL SHAREHOLDERS

(as per the Company's Register of Substantial Shareholders)

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Dato' Foo Chu Jong	14,790,000	11.67	51,490,625 (1)	40.61
Foo Chu Pak	-	-	51,490,625 (1)	40.61
Daya Setempat Sdn Bhd	51,490,625	40.61	51,490,625 (1)	40.61
Artradis Barracuda Fund	16,565,100 (2)	13.07	-	-
AB2 Fund	9,706,800 (2)	7.66	-	-

(1) Deemed interest through shareholdings in Daya Setempat Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.
(2) Held via UBS AG which in turn is held via Citicorp Nominees (Asing) Sdn Bhd.

DIRECTORS' SHAREHOLDINGS

(as per the Company's Register of Directors' Shareholdings)

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Seri Mohamad Noor Abdul Rahim	-	-	-	-
Datuk Nur Jazlan Bin Tan Sri Mohamed	-	-	-	-
To' Puan Seri Hajjah Nur Rahmah Binti Hj Mohd Zain	-	-	-	-
Dato' Foo Chu Jong	14,790,000	11.67	51,490,625(1)	40.61
Foo Chu Pak	-	-	51,490,625(1)	40.61
Foo Chew Sam	-	-	-	-

None of the Directors of the Company holds any share either directly or indirectly in the Company's subsidiaries except for the interest held through the Company.

ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 6 APRIL 2009

THIRTY (30) LARGEST SHAREHOLDERS

	Name	No. of Shares Held	%
1	Daya Setempat Sdn Bhd	51,490,625	40.61
2	Citigroup Nominees (Asing) Sdn Bhd UBS AG for Artradis Barracuda Fund	16,565,100	13.07
3	Foo Chu Jong	11,790,000	9.30
4	Citigroup Nominees (Asing) Sdn Bhd UBS AG for AB2 Fund	9,706,800	7.66
5	Alliancegroup Nominees (Tempatan) Sdn Bhd Pheim Asset Management Sdn Bhd for Employees Provident Fund	4,630,500	3.65
6	Tan Kim Guan	4,310,000	3.40
7	Foo Chu Jong	2,959,375	2.33
8	Pan Lee Chin	1,368,500	1.08
9	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Suan Gaik	1,218,000	0.96
10	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for MAAKL Al-Faid (4389)	1,182,000	0.93
11	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 2)	1,000,000	0.79
12	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Prudential Fund Management Berhad	1,000,000	0.79
13	Micheal Leong Yew Chong	928,900	0.73
14	Mohd Muhid Bin Sanib	890,000	0.70
15	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pan Kwe Chin (49720 BWSH)	780,000	0.62
16	Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad For MAAKL Value Fund (950290)	745,500	0.59
17	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeo Lee Hoe (49910 BESH)	744,000	0.59
18	Loong Yit Ming	639,797	0.50
19	Wong Chui Kheng	517,000	0.41
20	Lai Keng Onn	412,929	0.33
21	NBL Development (M) Sdn Bhd	333,780	0.26
22	Nancy Leong Choo Leng	317,000	0.25
23	Chia Soon Chay	305,900	0.24
24	Mepro Holdings Berhad	285,500	0.23

ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 6 APRIL 2009

	Name	No. of Shares Held	%
25	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for MAAKL Progress Fund (4082)	229,900	0.18
26	Raymond Fam Chye Soon	228,000	0.18
27	Wong Fong Kee @ Wong Kuan Yam	217,800	0.17
28	Amanah Raya Nominees (Tempatan) Sdn Bhd AUTB Progress Fund	205,000	0.16
29	Ultimate Quest Sdn Bhd	195,460	0.15
30	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Lee Er (D10)	170,500	0.13
	Total	**115,367,866**	**91.00**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting ("AGM") of Prinsiptek Corporation Berhad ("Company") will be held at the Setia Hall, Level 1, Carlton Holiday Hotel & Suites Shah Alam, No. 1, Persiaran Akuatik, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan on Tuesday, 26 May 2009 at 10.00 am for the following purposes:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Reports of the Directors and Auditors thereon. **Ordinary Resolution 1**

2. To approve the payment of Directors' fees totaling RM70,000 for the financial year ended 31 December 2008. **Ordinary Resolution 2**

3. To re-elect the following Directors who retire in accordance with Article 84 of the Company's Articles of Association:

   3.1 Y Bhg Tan Sri Dato' Seri Mohamad Noor Abdul Rahim **Ordinary Resolution 3**
   3.2 Mr Foo Chew Sam **Ordinary Resolution 4**

4. To re-elect Y Bhg To' Puan Seri Hajjah Nur Rahmah Binti Hj Mohd Zain who retires in accordance with Article 91 of the Company's Articles of Association. **Ordinary Resolution 5**

5. To re-appoint Messrs Anuarul Azizan Chew & Co. as Auditors of the Company and to authorize the Directors to fix their remuneration. **Ordinary Resolution 6**

AS SPECIAL BUSINESS

To consider, and if thought fit, pass the following ordinary resolutions:

6. **Authority To Allot And Issue Shares** **Ordinary Resolution 7**

   "THAT subject to the Companies Act, 1965 ("Act"), the Articles of Association of the Company and approval of the relevant authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Act to allot and issue shares in the Company at any time until the conclusion of the Company's next AGM and upon such terms and conditions, for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued and paid-up share capital of the Company at any one time during the validity of the authority granted herein."

7. **Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions** **Ordinary Resolution 8**

   "THAT subject to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given to the Company's subsidiaries to enter into the recurrent related party transactions as detailed in Section 2.2 of the Circular to Shareholders dated 4 May 2009, which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company ("Mandate").

   THAT the Mandate shall continue to be in force until:

   (i) the conclusion of the next AGM of the Company, unless by a resolution passed at the meeting, the authority is renewed;

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier.

THAT the Directors of the Company be and are hereby authorized to do all such acts and things as they may consider expedient or necessary in the best interest of the Company to give effect to the transactions contemplated and/ or authorized by this resolution."

8. **Proposed Authority To Purchase The Company's Own Shares ("Proposed Share Buy-Back")** **Ordinary Resolution 9**

"THAT subject to the provisions under the Act, the Companies Regulations 1966, the Company's Memorandum and Articles of Association, the Listing Requirements of Bursa Securities and the approvals of all relevant authorities, the Company be and is hereby authorized to purchase such number of ordinary shares of RM0.50 each in the Company ("Shares") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

(i) the aggregate number of Shares purchased pursuant to this resolution shall not exceed 10% of the total issued and paid-up share capital of the Company at any one time;

(ii) the maximum amount of funds to be used for the Proposed Share Buy-Back shall not exceed the Company's aggregate retained profits and/ or share premium;

(iii) the Directors shall treat the Shares purchased in the following manners at their discretion:

(a) cancel the Shares purchased; or

(b) retain the Shares purchased as treasury shares for distribution as share dividends to the Company's shareholders and/ or to be resold on Bursa Securities and/ or to be cancelled subsequently; or

(c) combination of (a) and (b) above.

THAT the authority conferred by this resolution will be effective immediately from the passing of this ordinary resolution until:

(i) the conclusion of the next AGM of the Company unless renewed by ordinary resolution passed at the meeting, either unconditionally or conditionally; or

(ii) the expiration of the period within which the next AGM of the Company is required by the law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first.

THAT the Directors of the Company be and are hereby authorized to take all such steps to give full effect to any purchase of the Shares pursuant to the Proposed Share Buy-Back with full power to assent to any conditions, modifications, variations and/ or amendments as may be imposed by the relevant authorities and/ or to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company."

By Order Of the Board

Teoh Yee Shien
Low Yin Fong
Company Secretaries

Subang Jaya
4 May 2009

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes:

Appointment of Proxy

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies (but not more than two (2) save for an Authorized Nominee as defined in the Securities Industries (Central Depositories) Act, 1991) to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholding to be represented by each proxy. Each proxy appointed shall represent a minimum of 1,000 shares.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing or if such appointor is a corporation, either under its common seal or the hand of its officer or attorney duly authorized. The instrument duly completed shall be deposited at the Company's Registered Office, No. 83 & 85, Jalan SS15/4C, 47500 Subang Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before time appointed for holding the meeting or adjourned meeting.

Explanatory Notes to Special Business

1. **Ordinary Resolution 7**

   The proposed Ordinary Resolution 7, if passed, will empower the Directors to allot and issue shares up to 10% of the issued and paid-up share capital of the Company at any one time during the validity of the authority granted for such purposes as they may consider being in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

2. **Ordinary Resolution 8**

   The proposed Ordinary Resolution 8, if passed, will provide the Company's subsidiaries with a continuing mandate to enter into recurrent related parties transactions of a revenue or trading nature with the related party, Perunding CMF Sdn Bhd for its services in civil and structural consultation. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company. The details of the proposal are set out in the Circular to Shareholders dated 4 May 2009.

3. **Ordinary Resolution 9**

   The proposed Ordinary Resolution 9, if passed, will empower the Company to purchase its own shares up to 10% of the issued and paid-up share capital of the Company at any one time during the validity of the authority granted. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company. The details of the proposal are set out in the Circular to Shareholders dated 4 May 2009.

STATEMENT ACCOMPANYING NOTICE OF AGM

Further details of the Directors standing for re-election as indicated in the Agenda 3 and Agenda 4 are set out under the Profile of Board of Directors on pages 9 to 11 of this Annual Report. The Directors' interests in the securities of the Company and its subsidiaries are disclosed on page 82 of this Annual Report.

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PRINSIPTEK

PRINSIPTEK CORPORATION BERHAD
(595000-H)

PROXY FORM

Number of shares held

I/ We ____ Tel No. ____________________
(full name in block letters)

NRIC/ Company No. ____________________ ____________________ ____________________

____

being a member/ members of Prinsiptek Corporation Berhad ("Company"),

hereby appoint ______________________________ ____________________
(full name in block letters)

____

or failing him/ her, the Chairman of the Meeting, as my/ our proxy to vote for me/ us on my/ our behalf at the Seventh Annual General Meeting of the Company ("Meeting") to be held at the Setia Hall, Level 1, Carlton Holiday Hotel & Suites Shah Alam, No. 1, Persiaran Akuatik, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan on Tuesday, 26 May 2009 at 10.00 am and any adjournment thereof, in the manners as indicated below:

No.	Ordinary Resolution	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Reports of the Directors and Auditors thereon.		
2.	To approve the payment of Directors' fees totaling RM70,000 for the financial year ended 31 December 2008.		
3.	To re-elect Y Bhg Tan Sri Dato' Seri Mohamad Noor Abdul Rahim as Director.		
4.	To re-elect Mr Foo Chew Sam as Director.		
5.	To re-elect Y Bhg To' Puan Seri Hajjah Nur Rahmah Binti Hj Mohd Zain as Director.		
6.	To re-appoint Messrs Anuarul Azizan Chew & Co. as Auditors of the Company and to authorize the Directors to fix their remuneration.		
7.	To authorize the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		
8.	To approve the proposed renewal of shareholders' mandate for recurrent related party transactions.		
9.	To approve the Proposed Share Buy-Back.		

[Please indicate with an "X" in the spaces above as to how you wish your votes to be cast. If no specific direction as to voting is given, your proxy will vote or abstain from voting at his/ her discretion.]

Dated this _______ day of _______________, 2009

____
Signature / Common Seal of Shareholder

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies (but not more than two (2) save for an Authorized Nominee as defined in the Securities Industries (Central Depositories) Act, 1991) to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholding to be represented by each proxy. Each proxy appointed shall represent a minimum of 1,000 shares.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing or if such appointor is a corporation, either under its common seal or the hand of its officer or attorney duly authorised. The instrument duly completed shall be deposited at the Company's Registered Office, No. 83 & 85, Jalan SS15/4C, 47500 Subang Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before time appointed for holding the meeting or adjourned meeting.

Fold this flap for sealing

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AFFIX
STAMP

The Company Secretaries
PRINSIPTEK CORPORATION BERHAD
No. 83 & 85, Jalan SS15/4C
47500 Subang Jaya
Selangor Darul Ehsan, Malaysia

Fold here

Prinsiptek Corporation Berhad
(595000-H)

No. 83 & 85, Jalan SS15/4C, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia.
Tel: 603-5629 2600
Fax: 603-5635 1802
Email: prinsiptek@prinsiptek.com
Website: www.prinsiptek.com