

Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION

Summary of Key Financial Information for the financial period ended 31 March 2004

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/03/2004 RM '000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2003 RM '000	CURRENT YEAR TO DATE 31/03/2004 RM '000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2003 RM '000
1 Revenue	12,017	12,625	12,017	12,625
2 Profit/(loss) before tax	(1,149)	1,482	(1,149)	1,482
3 Profit/(loss) after tax and minority interest	(1,743)	875	(1,743)	875
4 Net profit/(loss) for the period	(1,743)	875	(1,743)	875
5 Basic earnings/(loss) per share (sen)	(0.44)	0.22	(0.44)	0.22
6 Dividend per share (sen)	0.00	0.00	0.00	0.00
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7 Net tangible assets per share (RM)	0.22		0.23	

Part A3 : ADDITIONAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/03/2004 RM '000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2003 RM '000	CURRENT YEAR TO DATE 31/03/2004 RM '000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2003 RM '000
1 Profit/(loss) from operations	1,496	1,423	1,496	1,423
2 Gross interest income	856	98	856	98
3 Gross interest expense	5,246	5,356	5,246	5,356

CONDENSED FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDING 31 MARCH 2004

	INDIVIDUAL QUARTER		Cumulative Quarter	
	CURRENT YEAR QUARTER 31/03/2004 RM '000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2003 RM '000	CURRENT YEAR TO DATE 31/03/2004 RM '000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2003 RM '000
1 (a) Revenue	12,017	12,625	12,017	12,625
(b) Investment income	-	-	-	-
(c) Other income	1,602	379	1,602	379
2 (a) Profit/(loss) before finance cost, depreciation and amortisation, exceptional items, income tax, minority interests and extraordinary items	1,496	1,423	1,496	1,423
(b) Finance cost	(5,246)	(5,356)	(5,246)	(5,356)
(c) Depreciation and amortisation	(571)	(799)	(571)	(799)
(d) Exceptional items	-	-	-	-
(e) Profit/(loss) before income tax, minority interests and extraordinary items	(4,321)	(4,732)	(4,321)	(4,732)
(f) Share of profits and losses of associated companies	3,172	6,214	3,172	6,214
(g) Profit/(loss) before income tax, minority interests and extraordinary items	(1,149)	1,482	(1,149)	1,482
(h) Income tax	(970)	(457)	(970)	(457)
(i) (i) Profit/(loss) after income tax before deducting minority interests	(2,119)	1,025	(2,119)	1,025
(ii) Minority interests	376	(150)	376	(150)
(j) Pre-acquisition profit/(loss), if applicable	-	-	-	-
(k) Net profit/(loss) from ordinary activities attributable to members of the company	(1,743)	875	(1,743)	875
(l) (i) Extraordinary items	-	-	-	-
(ii) Less Minority interests	-	-	-	-
(iii) Extraordinary items attributable to members of the company	-	-	-	-
(m) Net profit/(loss) attributable to members of the company	(1,743)	875	(1,743)	875

The condensed Financial Statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 31 December 2003.

PILECON ENGINEERING BERHAD (Company No. 29223-P)

(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDING 31 MARCH 2004**

INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
31/03/2004	31/03/2003	31/03/2004	31/03/2003
RM '000	RM '000	RM '000	RM '000

3 Profit / (Loss) per share based on 2 (m) above after deducting any provision for preference dividends, if any :-

(a) Basic (based on 399,642,012 (2003 : 399,642,012) ordinary shares for the current quarter and for the cumulative current year to date) - (Sen)

	(0.44)	0.22	(0.44)	0.22
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(b) Fully diluted
(Current and preceding year is anti-dilutive)

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The condensed Financial Statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 31 December 2003.

PILECON ENGINEERING BERHAD (Company No. 29223-P)
(Incorporated in Malaysia)
CONDENSED FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2004

	AS AT END OF CURRENT QUARTER 31/03/2004 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31/12/2003 RM '000
1 Property, Plant and Equipment	54,945	56,774
2 Property Development Expenditure	114,797	115,799
3 Development Costs	6,357	6,162
4 Investments in Associated Companies	130,932	133,955
5 Other Investments	18,393	17,012
6 Goodwill on consolidation	16,002	16,002
7 Current Assets		
<i>Land and Development Expenditure</i>	18,957	17,120
<i>Gross amount due from customers on construction works</i>	15,293	23,075
<i>Inventories</i>	90,261	88,992
<i>Trade Receivables</i>	47,771	43,154
<i>Other Receivables</i>	58,900	51,583
<i>Tax recoverable</i>	8,026	8,252
<i>Amount due from associated companies</i>	58,873	65,662
<i>Cash, bank balances and deposits</i>	6,185	10,580
	304,266	308,418
8 Current Liabilities		
<i>Gross amount due to customers on construction works</i>	3,699	2,578
<i>Trade Payables</i>	45,332	63,145
<i>Other Payables</i>	73,241	62,719
<i>Provisions for liabilities</i>	96,333	96,333
<i>Amount due to associated companies</i>	1,559	1,557
<i>Provision for Taxation</i>	775	905
<i>Short Term Borrowings</i>	280,759	280,909
<i>Retirement benefit obligations</i>	501	561
	502,199	508,707
9 Net Current Assets / (Liabilities)	(197,933)	(200,289)
	143,493	145,415
10 Shareholders' Funds		
Share Capital	199,821	199,821
Reserves		
<i>Share Premium</i>	138,744	138,744
<i>Exchange Fluctuation Reserve</i>	(10,341)	(10,286)
<i>Reserve on Consolidation</i>	811	811
<i>Capital Reserve</i>	1,400	1,400
<i>Accumulated Loss</i>	(218,335)	(216,592)
	112,100	113,898
11 Minority Interests	30,064	29,990
12 Long Term Liabilities	834	1,042
13 Deferred Taxation	63	63
14 Retirement benefit obligations	432	422
	143,493	145,415
15 Net tangible assets per share of RM0.50 each (RM)	0.22	0.23

The condensed Financial Statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 31 December 2003.

PILECON ENGINEERING BERHAD (Company No. 29223-P)
(Incorporated in Malaysia)
CONDENSED FINANCIAL STATEMENTS

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDING 31 MARCH 2004**

	1 January 2004 RM'000	Movements RM'000	31 March 2004 RM'000
<u>Non-Distributable</u>			
Share Capital	199,821	-	199,821
Share Premium	138,744	-	138,744
Exchange Fluctuation Reserve	(10,286)	(55)	(10,341)
Reserve on Consolidation	811	-	811
Accumulated Loss	(216,592)	(1,743)	(218,335)
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	112,498	(1,798)	110,700
<u>Distributable</u>			
Capital Reserve	1,400	-	1,400
	<hr/>	<hr/>	<hr/>
	113,898	(1,798)	112,100
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	1 January 2003 RM'000	Movements RM'000	31 March 2003 RM'000
<u>Non-Distributable</u>			
Share Capital	199,821	-	199,821
Share Premium	141,903	-	141,903
Exchange Fluctuation Reserve	(3,407)	1,565	(1,842)
Reserve on Consolidation	949	(1)	948
Accumulated loss	(85,963)	875	(85,088)
	<hr/>	<hr/>	<hr/>
	253,303	2,439	255,742
<u>Distributable</u>			
Capital Reserve	1,400	-	1,400
	<hr/>	<hr/>	<hr/>
	254,703	2,439	257,142
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The condensed Financial Statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 31 December 2003.

CONDENSED FINANCIAL STATEMENTS

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDING 31 MARCH 2004**

	2004	2003
	3 months ended 31 March	3 months ended 31 March
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	(1,149)	1,482
Adjustments for:		
Share of results of associated companies	(3,172)	(6,214)
Depreciation	571	799
Gain on disposal of property, plant and equipment	-	(39)
Interest expenses	5,246	5,356
Interest income	(856)	(98)
Operating (loss) / profit before working capital changes	<u>640</u>	<u>1,286</u>
Gross amount due to / (from) customers on construction contracts	8,903	816
Inventories	(1,269)	43
Trade and other receivables	(6,375)	13,932
Trade and other payables	(18,844)	(19,048)
Land and development expenditure	(835)	(33)
Associated companies balances	11,585	(4,066)
Cash used in operations	<u>(6,195)</u>	<u>(7,070)</u>
Interest paid	-	(192)
Interest received	856	98
Net cash used in operating activities	<u>(5,339)</u>	<u>(7,164)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	397
Proceeds from disposal of property, plant and equipment	-	76
Purchase of other investments	(1,381)	-
Dividend received from associated companies	1,400	-
Net cash (used in)/generated from investing activities	<u>19</u>	<u>473</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of short term borrowings	(150)	-
Net cash used in financing activities	<u>(150)</u>	<u>-</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(5,470)	(6,691)
EFFECTS OF EXCHANGE RATE CHANGES	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(69,350)	(53,652)
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>(74,820)</u>	<u>(60,343)</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash, bank balances and deposits	5,906	15,545
Cash held in Housing Developers Account (Housing Development Account) Regulations, 1991	<u>279</u>	<u>7</u>
	6,185	15,552
Bank overdrafts	(81,005)	(75,895)
	<u>(74,820)</u>	<u>(60,343)</u>

The condensed Financial Statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 31 December 2003

PILECON ENGINEERING BERHAD

(Company No. 29223 - P)

(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS - MASB

A1. Accounting Policies

The interim financial statements for the financial quarter and the three months period ended 31 March 2004 are unaudited and have been prepared in accordance with Accounting Standard MASB 26 (Interim Financial Reporting) issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9 of the Listing Requirements of the Kuala Lumpur Stock Exchange.

The accounting policies and methods of computation applied in the financial statements of the Group are consistent with those applied in the latest audited annual financial statements.

A2. Audit Report

The audit report of the Group's audited annual financial statements for the year ended 31 December 2003 was not subject to any qualification.

A3. Seasonal or Cyclical Factors

The construction, engineering and property sectors which encompass the major activities of the Group are subject to effects of the business cycle and the overall growth of the economy. The performance of the Group is affected by seasonal or cyclical factors.

A4. Items Affecting Net Income and Cash flow

There were no unusual items affecting the assets, liabilities, equity, net income, or cash flows for the financial quarter ended 31 March 2004.

A5. Changes in Estimates

There was no material change in estimates of amounts reported in preceding quarters of 2003 as well as in prior financial year that have a material effect on the financial quarter ended 31 March 2004.

A6. Issuance and Repayment of Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-back, share cancellation, shares held as treasury shares and resale of treasury shares during the current financial period ended 31 March 2004.

A7. Dividends Paid

There was no dividend paid during the financial quarter ended 31 March 2004.

A8. Segmental Reporting

Group	Period Ended 31/03/2004		
	Revenue RM '000	Profit/(Loss) Before Tax RM '000	Total Assets Employed RM '000
(a) <u>Business segments</u>			
Construction	11,357	(3,595)	243,353
Property development	412	(467)	391,552
Trading	248	(259)	10,787
Associated companies		3,172	
	12,017	(1,149)	645,692

Group	Period Ended 31/03/2004		
	Turnover RM '000	Profit/(Loss) Before Tax RM '000	Total Assets Employed RM '000
(b) <u>Geographical segments</u>			
Malaysia	11,942	(753)	618,720
Outside Malaysia			
Asia			
Singapore	75	(396)	11,061
Hong Kong	-	-	1,054
Others	-	-	14,857
	12,017	(1,149)	645,692

A9. Valuations of Property, Plant and Equipment

The values of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

A10. Subsequent Material Events

There was no material event occurring subsequent to the end of the interim period that have not been reflected in the financial statements for the said period.

A11. Changes in the Composition of the Group

There were no business combination, acquisition or disposal of subsidiaries and long-term investments, restructuring or discontinuing operations for the current financial period ended 31 March 2004, except as follows:-

- On 3 February 2004, Casterete Industries Sdn Bhd, a subsidiary of the Company has been struck off from the register by the Companies Commission of Malaysia pursuant to the powers of subsection 308 (4) of the Companies Act, 1965 and accordingly dissolved.
- On 11 March 2004, the creditors of Starch International Limited (under administration) ("Starch"), a subsidiary of the Company, resolved that Starch be wound up under Section 439C (c) of the Australian Corporation Act 2001 ("the Act") and accordingly, due to the application of Section 446A of the Act, Starch is taken to have passed a special resolution under Section 491 of the Act that it be wound up voluntarily on that date and Robert Elliott be appointed Liquidator.

Subsequent to 31 March 2004,

- On 20 May 2004, the Company has disposed off its entire 100% shareholding comprising 100,000 ordinary shares of RM1.00 each fully paid in Scancon Sdn Bhd for a total consideration of RM2.00.

A12. Commitments and Contingencies

(a) Contingent Liabilities

Contingent liabilities of the Group include the following:-

	As at 31/12/2003 RM '000	As at 24/05/04 RM '000	Increase/ (Decrease) for the period
Guarantee given in connection with unsecured facility granted to a associated company	987	850	(137)
Letters of Indemnity given in respect of the issuing of Performance Bonds	2,549	2,549	-
	3,536	3,399	(137)

(b) Capital Commitments

	As at 31/12/2003 RM '000	As at 24/05/04 RM '000	Increase/ (Decrease) for the period
Capital commitments:-			
- contracted but not provided for in the accounts	31,371	31,371	-

Danaharta Managers Sdn Bhd ("Danaharta") had in October 2001 called up the Company's Corporate Guarantee with respect to a joint venture agreement entered into by its subsidiary company for the property development rights. The Company is proposing resolving the matter with Danaharta via its corporate proposal as mentioned in Item B8 herein. The Company has made a provision of RM63 million arising from the said corporate guarantee for the financial period ended 31 December 2003.

B. KLSE LISTING REQUIREMENTS

B1. Review of Performance of the Company and its Principal Subsidiaries

During the financial quarter under review, the Group recorded a turnover of RM12.0 million with operating loss before share of profits from associated companies of RM4.3 million. The loss of the Group is largely attributed to lower ongoing projects and continuing overhead costs.

B2. Comment on Financial Results (current quarter compared to immediate preceding quarter)

The Group recorded a turnover in the first quarter of 2004 of RM12.0 million as compared to RM12.4 million in the fourth quarter of 2003. The Group's loss before tax in the first quarter of year 2004 was RM1.1 million as compared to loss before tax of RM130.5 million in the fourth quarter of 2003. The lower loss recorded in the first quarter of 2004 as compared to the loss recorded in the fourth quarter of 2003 is mainly due to provision made for corporate guarantee, impairment loss and written down of assets in the fourth quarter of 2003.

B3. Prospects for the Current Financial Year

The directors are of the opinion that the performance of the Group for the current financial year remains challenging.

B4. Variance of Actual Profit from Forecast Profit

Not applicable.

B5. Taxation

The provision of taxation made for the financial year under review is :-

	Current Year Quarter RM '000	Current Year ToDate RM '000
Prior period taxation of Group	(1)	(1)
Share of tax of Associated Companies	(969)	(969)
	<u>(970)</u>	<u>(970)</u>

The effective tax rate of the Group is higher than the standard rate applicable in Malaysia as losses of certain subsidiary companies cannot be set off against profits made by other subsidiary companies in the Group.

B6. Profit on Sale of Investments and/or Properties

There was no sale of investments and/or properties for the current financial period ended 31 March 2004.

B7. Quoted Securities

- (a) There was no purchase or disposal of quoted securities for the current financial period ended 31 March 2004.
- (b) There is no investment in quoted securities, other than securities in existing subsidiary and associated companies.

B8. Status of Corporate Proposals

The Company has submitted its Proposed Debt Restructuring Scheme ("the Proposal") dated 29 August 2003, to the Securities Commission. The Proposal was approved by its creditors in a Court Convened Meeting held on 15 August 2003.

On 29 January 2004, the Securities Commission had rejected the abovesaid Proposal. The Company has, on 28 February 2004, submitted an appeal against the Securities Commission's decision to reject the Proposal. In line with the appeal, the Company has also proposed certain variations to the original proposal.

On 18 March 2004, the Kuala Lumpur High Court has granted an order pursuant to Section 176(1) of the Act requiring the Company to convene a meeting to be held in respect of a particular class of its creditors comprising certain lenders and corporate guarantee creditors of the Company, excluding its trade creditors and secured creditors within ninety (90) days from 18 March 2004 for the purpose of considering and if thought fit approving with or without modification, the revised proposals. In conjunction with the order to convene the meeting, the Kuala Lumpur High Court has also, pursuant to S176 (10) of the Act, granted a Restraining Order for a period of 90 days from 30 March 2004.

On 26 April 2004, the Securities Commission had approved the Company's proposed exemption from rating for the proposed issuance of RM120,000,000 nominal amount of 5% redeemable convertible secured loan stocks.

B9. Group Borrowings and Debt Securities

	As at 31/03/2004 RM '000
(a) Short term borrowings	
- Unsecured	263,583
- Secured	17,130
- Portion of secured long term loan repayable within the next 12 months	46
	<u>280,759</u>

Included in the Other Payables is interest accrued of RM40.2 million and included in the Provision for liabilities is provision of corporate guarantee of RM75.0 million.

	As at 31/03/2004 RM '000
(b) Long term borrowings	
- Secured	880
- Portion of secured long term loan repayable within the next 12 months	(46)
	<u>834</u>

(c) Total loan in foreign currency	In Respective Currencies	In Equivalent RM'000
Singapore Dollar - S \$	1,329,909	3,000
Renmimbi - RMB	4,000,000	1,968
Pound - GBP	506,661	3,539
		<u>8,507</u>

B10. Off Balance Sheet Financial Instruments

There was no financial instrument with off balance sheet risk as at 24 May 2004, being the latest practicable date which shall not be earlier than 7 days from the date of issue of the quarterly report.

B11. Material Litigations

The material litigations of the Group as at 24 May 2004 involving claims exceeding 5% of the unaudited consolidated net tangible assets of the Group as at 31 March 2004 are:-

- i) Claim filed by Pilecon Geotechnics Sdn Bhd ("PGSB"), a wholly owned subsidiary of PEB, against Paul Y Construction Sdn Bhd ("Paul Y") on 11 August 2000 in respect of sub-contract for piling and sub-structure works at JB Landmark project for outstanding balance amounting to RM5,901,961.62 for loss and a further sum of RM5,668,412.78 for expenses and the sum of RM2.25 million for amount wrongfully retained by Paul Y. Paul Y counter claims for the sum of RM6,773,913.98 and RM191,050.93 as damages. Matter is fixed for case management and Defendant's appeal against the decision of the Senior Assistant Registrar in dismissing their application for security for costs was dismissed.
- ii) E & E Equipment Sdn Bhd ("E&E"), a wholly owned subsidiary of PEB has on 25 August 1999 filed a Writ of Summons and Statement of Claim against Speci Avenue (M) Sdn Bhd ("SA") claiming for instalment payments amounting to RM9,432,859.64 made on behalf of SA to various finance companies for hire purchase of fourteen (14) cranes. Judgement in Default had been initially obtained against SA but was set aside on 9 June 2000. The solicitors for E & E has filed a notice of appeal on the same day. The appeal was fixed for hearing on the 18 July 2001 wherein the High Court judge ordered the parties to file in their respective written submissions. Our appeal against the decision of SAR setting aside the judgment in default is now fixed for mention on 29 June 2004.

- iii) Claim by Pilecon Industrial Engineering Sdn Bhd ("PIESB"), a subsidiary of PEB, against Maxson Resource Ltd ("MRL"), a Hong Kong sub-contractor. PIESB's solicitors have filed a Writ of Summons and Statement of Claim against MRL for damages amounting to RM16,986,435.89. Writ has been filed on 1 June 2000 and Order for service of the writ out of jurisdiction was obtained on 12 February 2001. Our solicitors are in the midst of serving the same against MRL through Wisma Putra. We are in the process of serving the cause papers onto the Defendant in Hong Kong.

Arbitration proceedings in Hong Kong is currently stayed pursuant to the Kuala Lumpur High Court (Originating Summons No: R1-24-34-00) order dated 12 June 2001 pending disposal of the Originating Summons filed by Pilecon Industrial Engineering Sdn. Bhd. which is fixed for hearing on 3 July 2002 has been adjourned to 23 October 2002. In the interim, our solicitors had on 27 June 2002 proceeded with an Ex-parte application for leave to institute contempt proceedings against the Defendant. The application has been fixed for continued hearing before the High Court judge on 3 September 2002. The matter which was fixed for hearing on 23 October 2002 has been postponed to 29 October 2002 as the Judge was on leave. Matter did not go on 29 October 2002. The court would write to inform us of the next date.

- iv) Claim by PIESB against MRL and Mr Joe Muller for a sum of RM10,500,000.00 for defamation. Though leave was obtained from court to serve the cause papers out of jurisdiction to the Defendant, but it was unsuccessful as the Defendant's premises were found to be locked. Attempt was also made to serve the cause paper unto M/s Tan Swee Im & Co (Solicitor for Maxson Resources Limited for Suit R1-24-34-2000) but we were informed that they are not representing the Defendant in this matter. Our solicitors are now in the midst of filing an application for substituted service to be effected in Hong Kong. The High Court Judge has directed our Solicitor to conduct research. Written submission was also filed on 27 September 2002. The matter which was fixed for continued hearing and decision on 29 October 2002, did not proceed. The court would write to inform us of the next date.

- v) Claim by MRL, against PIESB, at the Hong Kong International Arbitration Centre, for unpaid sum due under the works order and costs for additional varied work, prolongation and disruption amounting to HK\$8,128,765.06 together with continuing interest at a daily rate of HK\$1,453.63 until payment.

PIESB counterclaims for a total sum of HK\$39,287,059.17 being the liquidated damage, loss and expenses for delay, costs of engaging a third party to complete the work together with general damages for breach of contract.

PIESB has obtained an injunction to stay the Arbitration pending the hearing of the originating summons filed by PIESB to determine the venue of the arbitration. The originating summons filed by PIESB had been referred to the Court of Appeal against the decision of the High Court judge in granting the injunction to restrain MRL from taking any further steps in the arbitration proceedings before the Arbitrator in Hong Kong until the disposal of the same. The Originating Summons which was fixed for hearing on 3 July 2002 has been adjourned to 23 October 2002. The Arbitrator allowed the claimants claim of RM 11,500,000.00. A motion ought to be filed by our solicitor at the Hong Kong High Court to set aside the award on the ground of misconduct on the part of arbitrator for having breached the interlocutory injunction order granted by High Court of Malaya on 12 June 2001.

- vi) Constrajaya Sdn Bhd ("CSB") filed a suit against Johor Coastal Development Sdn Bhd ("JCD"), a subsidiary of PEB, for declaration, inter alia, on whether JCD's notice of termination in respect of Lots 7 and 14, Parcel C JB Waterfront City amounts to repudiation of the Sales and Purchase Agreements and CSB is discharged from all further obligations in respect of its performance and/or whether JCD is entitled to forfeit the sum of RM9,018,400.00 paid by CSB under the Sales and Purchase Agreement. CSB also claims for the return of the sum of RM9,018,400.00 and damages of JCD to be assessed.

CSB obtained judgment against JCD for the sum of RM8,998,400 and had on the 20 July 2001 served Section 218 Notice onto JCD demanding for the said judgment sum.

The High Court of Johor has on the 6 November 2001 dismissed our application for an interlocutory injunction to restrain Constrajaya from taking any further steps in the winding up petition against Johor Coastal Development Sdn. Bhd ("JCD") However, in view of the Court of Appeal's order for stay of execution, Constrajaya now do not intend to proceed with the winding up petition (Shah Alam High Court No: MT4-28-178-2001) but is applying to stay the said petition. We have on the 12 September 2001 filed and served the Record of Appeal at the Court of Appeal. Our appeal is now fixed for hearing on 14 June 2004.

- vii) The Guarantor Banks for the Bond (Affin Bank Bhd, Bumiputra-Commerce Bank Berhad, RHB Bank Berhad, Southern Bank Berhad and Public Bank Berhad) had on 24 February 2003 served a writ of summons against the Company for the sum of RM82,073,000 together with accruing interest of RM7,374,177 as at 1 October 2002 for the breach of contract under the Guarantee Facility Agreement and Letter of Undertaking.

The Company has appointed Messrs Kadir Andri Aidham & Partners to protect its interest. The Company has obtained Restraining Order from KL High Court for a period of 90 days from 30 March 2004.

- viii) On 17 April 2003, the Kuala Lumpur High Court had granted an order to wind up Pilecon Building Construction Sdn Bhd ("PBC"), a wholly-owned subsidiary of the Company in relation to the winding-up petition served by a sub-contractor, Perniagaan Kim Chong. Our solicitors have filed an appeal to the Court of Appeal and is currently awaiting for a hearing date to be fixed by the Registry of the Court of Appeal.

- ix) Claim by Public Bank Bhd against Transbay Ventures Sdn Bhd ("TVSB") for bridging loan facility of RM13,860,089.29 as at 31 October 2001. Plaintiff's application under Order 14 was allowed with cost. Our appeal to the Judge in Chambers against the decision of the High Court Judge is fixed on 13 January 2004.

Plaintiff also commenced foreclosure proceeding at JB High Court. Order to foreclose was granted by the Court on 7 October 2003. Our solicitors are appealing against the Order granted. No auction date has been fixed as the Plaintiff's solicitor is yet to file the summons for direction. Meanwhile, our application for a stay pending appeal has been postponed to 7 September 2004.

- x) Claim by PGSB against Torie Development Sdn Bhd for an outstanding sum of RM6,565,410.50 being the balance for the progress payments of piling works done at Lot 20218 Bandar Johor Bahru. Our solicitors have filed the Proof of Debt on 27 August 2003 for the amount owing. Currently waiting for creditors meeting to be fixed by the Liquidator.

B12. Proposed Dividend

The Directors do not recommend any dividend for the quarter under review.

B13. Earnings Per Share (EPS)

CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
31/03/2004	31/03/2003	31/03/2004	31/03/2003

a) Basic Earnings

Net profit / (loss) attributable to shareholders (RM'000)	(1,743)	875	(1,743)	875
Weighted average no of ordinary shares in use ('000)	399,642	399,642	399,642	399,642
Basic earnings per share (sen)	(0.44)	0.22	(0.44)	0.22

b) Diluted Earnings

Not applicable as current and preceding year is antidilutive.

By Order of the Board

Shah Alam
27 May 2004